



DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND
JANUARY 1, 2010, AND FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010,
AND INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

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

We have audited the accompanying consolidated financial statements of Daelim Industrial Co., Ltd. and subsidiaries (collectively, the "Group"). The consolidated financial statements consist of the consolidated statements of financial position as of December 31, 2011, December 31, 2010 and January 1, 2010, respectively, and the related consolidated statements of income, statements of comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows, all expressed in Korean won, for the years ended December 31, 2011 and 2010, all expressed in Korean won respectively. The Group's management is responsible for the preparation and fair presentation of the consolidated financial statements and our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Daelim Saudi Arabia Co., Ltd., and four other subsidiaries whose financial statements represent 3.62%, 2.28% and 3.47% of the Group's consolidated total asset as of December 31, 2011, December 31, 2010 and January 1, 2010, respectively. Those subsidiaries represent 5.68% and 9.10% of the Group's consolidated total sales for the years ended December 31, 2011 and 2010.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2011, December 31, 2010 and January 1, 2010, respectively, and the results of its operations and its cash flows for the years ended December 31, 2011 and 2010, respectively, in conformity with Korean International Financial Reporting Standards ("K-IFRS").

In addition to the comparative consolidated financial statements as of December 31, 2010, not included in the accompanying consolidated financial statements, the Group's management prepared the consolidated statements of financial statements of the Group as of December 31, 2010, with previous generally accepted accounting principles in the Republic of Korea. We conducted audit on these consolidated financial statements and an unqualified opinion was expressed on its independent auditors' report dated March 30, 2011.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying consolidated financial statements are not intended to present the consolidated 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 consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

March 7, 2012

Deloitte Amgen LLC

Notice to Readers

This report is effective as of March 7, 2012, 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 consolidated financial statements and may result in modifications to the auditors' report.

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010, AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

The accompanying consolidated financial statements including all footnote disclosures were prepared by and are the responsibility of the Daelim Industrial Co., Ltd.

Kim, Yoon
Daelim Industrial Co., Ltd. Chief Executive Officer

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010

		Korean won		
	Notes	December 31, 2011	December 31, 2010	January 1, 2010
			(In millions)	
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	5,7,8	₩ 1,325,037	₩ 1,280,621	₩ 1,197,143
Short-term financial assets	5,7	156,121	76,967	49,598
Trade and other accounts receivable	7,10,35	2,511,750	2,235,967	1,634,973
Progress billing due from customer	6	1,148,017	897,821	1,178,408
Inventories	12	1,378,301	1,220,319	1,426,591
Current assets held for sale	37	92,851	250,908	173,440
AFS financial assets	7,9	-	12	8
Derivative assets	7,28	14,275	16,494	34,188
Income tax receivable	34	1,311	726	790
Other current assets	11	531,174	466,817	721,265
		7,158,837	6,446,652	6,416,404
NON-CURRENT ASSETS:				
Long-term financial assets	5,7	16,256	51,486	560
Long-term trade and other accounts receivables	7,10	776,984	576,558	392,706
Investments in associates and joint ventures	17	665,139	799,118	680,217
AFS financial assets	7,9,27	268,376	270,718	342,298
Property, plant and equipment	13,27	1,634,886	1,386,042	1,333,567
Intangible assets	15	76,676	79,910	73,340
Investment property	14	121,000	123,752	132,042
Derivative assets	7,28	789	4,053	16,700
Deferred tax assets	34	31,204	-	-
Other non-current assets	11	14,496	4,880	496
		3,605,806	3,296,517	2,971,926
TOTAL ASSETS		₩ 10,764,643	₩ 9,743,169	₩ 9,388,330

(Continued)

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010

		Korean won			
	Notes	December 31, 2011	December 31, 2010	January 1, 2010	
			(In millions)		
<u>LIABILITIES</u>					
CURRENT LIABILITIES:					
Trade and other accounts payable	7,18,35	₩ 1,711,014	₩ 1,320,567	₩ 1,413,293	
Progress billing due to customer	6	777,270	488,358	684,433	
Short-term borrowings and current portions of long-term financial liabilities	7,19	941,211	1,272,069	811,067	
Payable related to assets held for sale	37	92,851	171,078	92,888	
Income tax payable	34	93,525	59,921	30,926	
Other provisions	22	19,842	2,926	1,440	
Derivative liabilities	7,28	33,926	16,082	7,561	
Other current liabilities	21	980,092	929,624	637,404	
		4,649,731	4,260,625	3,679,012	
NON-CURRENT LIABILITIES:					
Long-term trade and other accounts payable	7,18	136,686	179,394	127,020	
Long-term borrowings and corporate bond	7,19	1,045,450	615,541	1,228,264	
Retirement benefit obligation	5,20	32,079	17,630	20,016	
Provision for construction warranty		79,527	80,371	78,461	
Other provisions	22	4,095	2,841	12,637	
Financial guarantee contract liabilities	7,27	100,116	230,384	201,255	
Derivative financial instruments	7,28	6,455	10,328	10,353	
Deferred tax liabilities	34	73,106	105,928	123,795	
		1,477,514	1,242,417	1,801,801	
TOTAL LIABILITIES		6,127,245	5,503,042	5,480,813	
<u>SHAREHOLDERS' EQUITY</u>					
SHAREHOLDERS' EQUITY:					
Capital stock	23	218,500	218,500	218,500	
Other paid-in capital	24	512,658	537,732	537,821	
Retained earnings	26	3,623,466	3,276,840	2,956,180	
Other equity	25	62,257	144,862	140,827	
		4,416,881	4,177,934	3,853,328	
NON-CONTROLLING INTERESTS		220,517	62,193	54,189	
TOTAL SHAREHOLDERS' EQUITY		4,637,398	4,240,127	3,907,517	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		₩ 10,764,643	₩ 9,743,169	₩ 9,388,330	

See accompanying notes to consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Korean won	
		2011	2010
		(In millions, except for income per share data)	
	Notes		
SALES	35	₩ 7,988,146	₩ 7,437,579
COST OF SALES	29,35	7,058,469	6,559,772
GROSS PROFIT		929,677	877,807
Selling and administrative expenses	30	492,221	490,198
Other income	32	301,821	160,841
Other expense	32	223,514	235,896
OPERATING INCOME	38	515,763	312,554
Financial income	33	94,675	95,544
Financial expense	33	129,073	122,679
Share of profits of associates and joint ventures	17	38,096	174,534
INCOME BEFORE INCOME TAX EXPENSE		519,461	459,953
INCOME TAX EXPENSE	34	139,623	101,993
NET INCOME		₩ 379,838	₩ 357,960
NET INCOME ATTRIBUTABLE TO:			
Owners of the Company		₩ 365,675	₩ 333,694
Non-controlling interests		14,163	24,266
NET INCOME PER SHARE:	31		
Basic income per share		₩ 9,469	₩ 8,640
Diluted income per share		₩ 9,469	₩ 8,640

See accompanying notes to consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Korean won	
	2011	2010
	(In millions)	
NET INCOME	₩ 379,838	₩ 357,960
OTHER COMPREHENSIVE INCOME (LOSS):		
Loss on disposal of AFS financial assets held for sale	(104,118)	(722)
Gain (loss) on valuation of AFS financial assets	(3,845)	12,012
Loss on overseas operations translation	6,286	(4,811)
Share of other comprehensive income of associates and joint ventures	5	(328)
Gain on valuation of derivatives	-	181
Actuarial loss on defined benefit plans	(20,881)	(11,530)
Tax effects on other comprehensive income	27,296	86
	(95,257)	(5,112)
COMPREHENSIVE INCOME	₩ 284,581	₩ 352,848
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	₩ 268,071	₩ 328,745
Non-controlling interests	16,510	24,103

See accompanying notes to consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Korean won								
	Other paid-in capital								
	Capital stock	Additional paid-in capital	Gain from merger	Gain on sale of treasury stocks	Others	Retained earnings	Other equity	Non-controlling interest	Total share-holders' equity
	(In millions)								
Balances as of January 1, 2010	₩ 218,500	₩ 296,044	₩ 145,062	₩ 98,344	₩ (1,629)	₩ 2,956,180	₩ 140,827	₩ 54,189	₩ 3,907,517
Dividends	-	-	-	-	-	(4,050)	-	(16,395)	(20,445)
Comprehensive income:									
Net income	-	-	-	-	-	333,694	-	24,266	357,960
Loss on disposal of AFS									
financial assets held for sale	-	-	-	-	-	-	(563)	-	(563)
Gain on valuation of AFS									
financial assets	-	-	-	-	-	-	9,371	-	9,371
Loss on overseas operations translation	-	-	-	-	-	-	(4,658)	(153)	(4,811)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	(256)	-	(256)
Gain on valuation of derivatives	-	-	-	-	-	-	141	-	141
Actuarial loss on defined benefit plans	-	-	-	-	-	(8,984)	-	(11)	(8,995)
Changes in non-controlling interest	-	-	-	-	-	-	-	(598)	(598)
Changes due to subsidiaries' equity changes	-	-	-	-	(89)	-	-	(17)	(106)
Changes in scope of consolidation	-	-	-	-	-	-	-	912	912
Balances as of December 31, 2010	₩ 218,500	₩ 296,044	₩ 145,062	₩ 98,344	₩ (1,718)	₩ 3,276,840	₩ 144,862	₩ 62,193	₩ 4,240,127
Balances as of January 1, 2011	₩ 218,500	₩ 296,044	₩ 145,062	₩ 98,344	₩ (1,718)	₩ 3,276,840	₩ 144,862	₩ 62,193	₩ 4,240,127
Dividends	-	-	-	-	-	(4,050)	-	(15,119)	(19,169)
Comprehensive income:									
Net income	-	-	-	-	-	365,674	-	14,163	379,837
Loss on disposal of AFS									
financial assets held for sale	-	-	-	-	-	-	(81,212)	-	(81,212)
Gain on valuation of AFS									
financial assets	-	-	-	-	-	-	(3,715)	1	(3,714)
Loss on overseas operations translation	-	-	-	-	-	-	3,046	3,239	6,285
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	(724)	-	(724)
Actuarial loss on defined benefit plans	-	-	-	-	-	(14,998)	-	(894)	(15,892)
Changes in non-controlling interest	-	-	-	-	-	-	-	(1)	(1)
Changes due to subsidiaries' equity changes	-	-	-	-	(25,074)	-	-	156,685	131,611
Changes in scope of consolidation	-	-	-	-	-	-	-	250	250
Balances as of December 31, 2011	₩ 218,500	₩ 296,044	₩ 145,062	₩ 98,344	₩ (26,792)	₩ 3,623,466	₩ 62,257	₩ 220,517	₩ 4,637,398

See accompanying notes to consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Korean won	
	Notes	2011	2010
		(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operating activities:			
Net income		₩ 379,838	₩ 357,960
Adjustments	37	286,097	237,235
Changes in assets and liabilities from operating activities	37	(127,638)	81,390
Interest income received		47,860	72,904
Interest expense paid		(114,529)	(107,419)
Dividend income received		172,907	50,156
Income taxes paid		(143,332)	(91,322)
Net cash provided by operating activities		501,203	600,904
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in short-term loans		167,995	228,792
Increase in short-term loans		(373,211)	(510,732)
Decrease in short-term financial instruments		299,336	165,745
Increase in short-term financial instruments		(323,207)	(193,127)
Increase in current portion of AFS financial assets		(236)	-
Decrease in AFS financial assets		14,380	13,764
Increase in AFS financial assets		(30,136)	(26,384)
Disposal of non-current assets held for sale		72,888	29,477
Disposal of investments in associates and joint ventures		-	4,549
Acquisition of investments in associates and joint ventures		-	(400)
Decrease in long-term financial instruments		-	543
Increase in long-term financial instruments		(20,054)	(51,254)
Decrease in long-term loans		560,024	369,987
Increase in long-term loans		(706,239)	(369,853)
Acquisition of property, plant and equipment		(301,958)	(97,160)
Disposal of property, plant and equipment		2,596	4,172
Disposal of investment in properties		4,524	6,503
Acquisition of investment in properties		-	(57)
Disposal of intangible assets		-	7
Acquisition of intangible assets		(3,215)	(11,332)
Disposal of other investment in properties		-	246
Acquisition of other investment in properties		(10,025)	-
Net cash used in investment activities		(646,538)	(436,514)

(Continued)

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	Korean won	
		2011	2010
		(In millions)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings		₩ 3,056,011	₩ 2,066,688
Repayment of short-term borrowings		(3,352,164)	(1,461,448)
Proceeds from long-term borrowings		823,750	57,140
Repayment of long-term borrowings		(178,226)	(77,626)
Proceeds from subsidiaries' paid-in capital		131,861	(3,056)
Proceeds from long-term debenture		295,677	12,000
Repayment of long-term debenture		-	(245,000)
Increase in government grants		244	200
Decrease in government grants		(515)	(181)
Proceeds from current portion of long-term financial liabilities		(567,205)	(403,487)
Payment of dividends		(19,719)	(23,607)
Increase in treasury stocks		-	(50)
Net cash provided by (used in) financing activities		<u>189,714</u>	<u>(78,427)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>44,379</u>	<u>85,963</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,280,621	1,197,143
CHANGES IN CASH AND CASH EQUIVALENTS DUE TO FOREIGN CURRENCY TRANSLATION		<u>37</u>	<u>(2,485)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	8	<u>₩ 1,325,037</u>	<u>₩ 1,280,621</u>

See accompanying notes to consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010, AND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. GENERAL INFORMATION:

Daelim Industrial Co., Ltd. (the “Owners of the Group”), which is a controlling company in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1027 *Consolidated and separate financial statements*, was incorporated in October 10, 1939. The Owners of the Group was listed on the Korea Stock Exchange in 1976.

In 1999, the Owners of the Group and Hanhwa Petrochemical Corporation spun off their naphtha cracking centers to form Yeochun NCC Co., Ltd. The Owners of the Group also merged with Daelim Engineering Co., Ltd., to maximize and create the synergy of engineering business and the competitiveness of construction department. The Owners of the Group is mainly in the construction industry, manufacturing and selling polyethylene and its related product, and the petrochemical industry.

The Owners of the Group’s capital stock, including preferred stock of ₩21,000 million, amounted to ₩218,500 million as of December 31, 2011. The largest stockholder of common stock as of December 31, 2011, is Daelim Corporation with 21.67% ownership.

2. STANDARDS AFFECTING PRESENTATION AND DISCLOSURE AND SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of preparing consolidated financial statements

The Owners of the Group and its consolidated subsidiaries (collectively, the “Group”) have adopted K-IFRS for the annual period beginning on January 1, 2011. In accordance with K-IFRS 1101 *First-time adoption of International Financial Reporting Standards*, the transition date to K-IFRS is January 1, 2010. The significant accounting policies under K-IFRS followed by the Group in the preparation of its consolidated financial statements are summarized in Note 3.

Major accounting policies used for the preparation of the consolidated financial statements are stated below. Unless stated otherwise, these accounting policies have been applied consistently to the consolidated financial statements for the current period and the accompanying comparative period.

The accompanying consolidated financial statements have been prepared on the historical cost basis, except for certain accounts and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group has not applied the following new and revised K-IFRSs that have been issued, but are not yet effective:

K- IFRS 1107 *Financial Instruments: Disclosures – Transfers of Financial Assets*

The amendments to K-IFRS 1107 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred, but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. K-IFRS 1107 is effective for annual periods beginning on or after July 1, 2011.

Amendments to K-IFRS 1012 Deferred Tax – Recovery of Underlying Assets

The amendments to K-IFRS 1012 provide an exception to the general principles in K-IFRS 1012 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow the manner in which the Company expects to recover the carrying amount of an asset. Investment property or a non-depreciable asset measured using the revaluation model in K-IFRS 1016 *Property, Plant and Equipment* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendments to K-IFRS 1012 are effective for annual periods beginning on or after January 1, 2012.

K-IFRS 1019 (as revised in 2011) Employee Benefits

The amendments to K-IFRS 1019 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur and, hence, eliminate the 'corridor approach' permitted under the previous version of K-IFRS 1019 and accelerate the recognition of past service costs. The amendments to K-IFRS 1019 are effective for annual periods beginning on or after January 1, 2013, and require retrospective application with certain exceptions.

K-IFRS 1113 Fair Value Measurement

K-IFRS 1113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. K-IFRS 1113 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The Group does not anticipate that the amendments referred above will have a significant effect on the Group's consolidated financial statements and disclosures.

(2) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including special-purpose entities (SPEs)) controlled by the Owners of the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Owners of the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Owners of the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings).

The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1039 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(3) Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012 and K-IFRS 1019, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with K-IFRS 1102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another K-IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are those that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with K-IFRS 1039 or K-IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Group obtains control) and the resultant gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above) or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(4) Investments in associates (equity-accounted investees)

Associates are the entities that the Group is able to exercise significant influence over investees, but is not the Group's subsidiaries or joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies. If an entity holds, directly or indirectly (e.g., through subsidiaries), 20% or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale; in which case, it is accounted for in accordance with K-IFRS 1105. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of K-IFRS 1039 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value, less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(5) Investments in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e., when the strategic financial and operating policy decisions related to the activities of the joint venture require the unanimous consent of the parties sharing control).

When the Group undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets and its share of joint venture expenses are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each acquirer has an interest are referred to as jointly controlled entities.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see Note 2.(3) and Note 2.(6)).

When the Group, including any subsidiary/or its subsidiary, transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognized in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

(6) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any. For impairment test, goodwill is allocated to the Group's cash-generating units ("CGUs") or groups of CGUs, which are expected to benefit from the synergies of the business combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill that is generated by acquisition of associates is stated in Note 2.(4).

(7) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value, less costs to sell.

(8) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. When the Group can measure the amount of revenue reliably and it is probable that the economic benefits associated with the transaction will flow to the Group and if the Group meets the qualification of the below, the Group recognizes revenue.

1) Sale of goods

Revenue from the sale of goods is recognized when the Group has transferred the significant risks and rewards of ownership of the goods to the buyer.

2) Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the installation. The Group considers the characteristic of contracts, investigates the work progressed and calculates rate of cumulated work progressed over total anticipated work and accumulated cost over total cost for measuring percentage of completion reliably.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholders' right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4) Rental income

The Group's policy for recognition of revenue from operating leases is described in Note 2. (10) below.

(9) Construction contract

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Under K-IFRS, the due from or due to customers amount is the net amount of cost incurred, plus recognized profits, less the sum of the recognized losses and progress billing. If the costs incurred, plus recognized profit (or losses) exceeds progress billings, a due from customer amount is recognized as an asset and if the progress billing exceeds the cost incurred, plus recognized profit (or losses), a due to customer amount is recognized as a liability. Before the related construction progress, the amount received is recognized as advances from customers. Also, the amount of progress billings but not received is included in trade receivable and other accounts receivable.

(10) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on the straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on the straight-line basis over the lease term.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets; in which case, they are capitalized in accordance with the Group's general policy (see Note 2. (12)) on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on the straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on the straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(11) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Currency Units (CU), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings related to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 2. (24) below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in CU using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period; in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests in equity and are not recognized in profit or loss. For all other partial disposals (i.e., of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(12) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(13) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognized as revenue over the periods to correspond to the costs it intends to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future-related costs are recognized in profit or loss in the period in which they become receivable.

(14) Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The present value of the retirement benefit is calculated using the interest rate of fine securities whose maturity is similar with payment date. However, there is no proper market of those securities and the Group uses market interest rate of government securities. The profit or loss occurring from changes of the assumptions and difference between actual and assumption is recognized in other comprehensive income in the consolidated statement of comprehensive income.

The Group allocates recognized actuarial gains and losses as retained earnings, not reclassified to gains and losses. Past service cost is recognized immediately to the extent that the benefits are already vested and, otherwise, is amortized on the straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(15) Income tax

Income tax consists of current tax and deferred tax.

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Also, the Group does not recognize deferred tax on the initial transactions that do not affect the taxable income and accounting income.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In addition, deferred tax assets and liabilities, which are classified in the same section, are offset when the Group has the 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.

3) Current tax and deferred tax for the year

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(16) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as an asset if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land and certain tangible assets. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Description	Useful lives (years)
Buildings	20–40
Structures	8–40
Machinery	4–15
Vehicles and others	1–12

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Group reviews the depreciation method; the estimated useful lives; and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

In addition, when an acquisition of a tangible asset occurs free of charge or at a value less than fair market value due to government subsidy, the acquisition cost, less government subsidy, is recorded as the acquisition cost upon initial acquisition and depreciation expense is calculated based on the carrying amount.

(17) Investment property

Investment property, which is property held to earn rentals and/or for capital, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in carrying amount of an asset or as an asset if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

Amongst the investment properties, land is not depreciated. However, investment properties other than land are depreciated over 20–40 years of their useful lives using the straight-line method.

The depreciation method, residual value and useful lives of investment properties are reassessed or reviewed at the end of each annual reporting period, and any changes from them are treated as change in accounting estimates.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(18) Intangible asset

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on the straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

2) Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, improvement of technical feasibility and development of new product or the ability to measure reliably the expenditure attributable to the intangible asset during its development is demonstrated.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses.

3) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(19) Impairment of tangible and intangible assets, except for goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount for an individual asset cannot be estimated, recoverable amount is determined for the CGU. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell, or value in use. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is immediately recognized as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(20) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories, except for those in transit, is measured using the weighted-average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

The carrying amount of inventories sold in the period and the amount of any write-down of inventories to net realizable value and all losses of inventories in the period, less the amount of any reversal in the period of any write-down of the inventories arising from an increase in net realizable value, are recognized as expense during the period.

(21) Provision

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

1) Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision. The Group decides the contract where unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received under it.

2) Product warranty

The Group sells goods with a warranty under which customers are covered for the cost of repairs of any manufacturing defects. The Group recognizes best estimates of an obligation on the date of sale.

3) Consideration transferred in a business combination

After initial recognition and until the liability is settled, canceled or it expires, the acquirer shall measure a contingent liability recognized in a business combination at the higher of the amount that would be recognized in accordance with K-IFRS 1037 and the amount initially recognized less, if appropriate, cumulative amortization recognized in accordance with K-IFRS 1018 *Revenue*.

(22) Financial assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (“HTM”) investments, available-for-sale (“AFS”) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

2) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL upon initial recognition. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in near term. Every financial instrument, containing one or more embedded derivatives and treated separately from the host contract, is classified as held for trading if it is a derivative that is not designated and effective as a hedge. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Transaction costs attributable to acquisition upon initial recognition are immediately recognized in profit or loss in the period they occur.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset, other than a financial asset held for trading, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and K-IFRS 1039 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item in the consolidated statement of income. The transaction costs attributable to acquisition upon initial recognition are also immediately recognized in profit or loss in the period they occur.

3) HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as HTM investments. HTM investments are measured at amortized cost using the effective interest method, less any impairment, with revenue recognized on an effective yield basis.

4) AFS financial assets

Non-derivatives financial assets that are not classified as HTM, held for trading, designated as at FVTPL or loans and receivables are classified as financial assets AFS. They are subsequently measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Unquoted AFS financial assets whose fair value cannot be measured reliably and derivative assets linked with unquoted equity financial assets that pay for the equity financial assets are carried at acquisition cost, less impairment.

5) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

6) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty,
- default or delinquency in interest or principal payments,
- it becoming probable that the borrower will enter bankruptcy or financial reorganization, or
- the market of financial assets extinct due to financial difficulty.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. Also, in respect of AFS debt securities, if, in a subsequent period, the amount of the fair value increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

7) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

If the Group derecognizes financial assets entirely, the difference between proceeds received and carrying value of the assets and accumulated gain or loss in other comprehensive income is recognized as profit or loss.

If an entity neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset and retains control of the transferred asset, the entity continues to recognize the transferred asset to the extent of its continuing involvement. The extent of the entity's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. The Group allocates the previous carrying amount to fair value of the assets and recognizes as profit or loss the difference between proceeds received and allocated carrying value and allocated accumulated profit or loss.

(23) Financial liabilities and equity instruments

1) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

When the Group reacquires its stocks, it is deducted from equity directly. The profit or loss on disposal of the treasury stock is not recognized as profit or loss.

3) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

4) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held for trading, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and K-IFRS 1039 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other incomes and expenses' line item in the consolidated statement of comprehensive income. The interest expenses related the financial liabilities are included in its profit or loss.

5) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

6) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with K-IFRS 1037 and
- the amount initially recognized, less cumulative amortization recognized in accordance with the K-IFRS 1018 *Revenue*

7) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or they expire.

(24) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument; in such case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset and a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

2) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

3) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the consolidated statement of income related to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship; the hedging instrument expires or is sold, terminated or exercised; or it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

4) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss related to the ineffective portion is recognized immediately in profit or loss and included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss in the same line of the consolidated statement of income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship; the hedging instrument expires or is sold, terminated or exercised; or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

5) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument related to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss related to the ineffective portion is recognized immediately in profit or loss and included in the 'other gains and losses.'

Gains and losses on the hedging instrument related to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences related to the foreign operation.

(25) Segment information

Management of the Group, which makes strategic decision, decides the line of business. The Group's segment information is prepared for the purpose of resource allocation and assessment of segment performance. Segment information for the years ended December 31, 2011 and 2010, is as follows.

1) Operating results by reportable segment for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011						Adjustment or elimination	Total
	Civil engineering	Construction	Plant	Manufacture	Other	Common		
Sales	₩ 1,454,798	₩ 2,300,775	₩ 2,842,066	₩ 1,634,195	₩ 52,541	₩ 9,531	₩ (305,760)	₩ 7,988,146
Cost of sales	(1,247,010)	(2,175,755)	(2,411,980)	(1,462,160)	(44,427)	(8,039)	290,902	(7,058,469)
Gross profit	207,788	125,020	430,086	172,035	8,114	1,492	(14,858)	929,677
Selling and administrative expenses and other gain (loss)	78,006	(197,441)	(42,783)	56,620	(8,171)	(213,565)	(86,580)	(413,914)
Operating income (loss)	285,794	(72,421)	387,303	228,655	(57)	(212,073)	(101,438)	515,763
Financial income	1,081	48,245	9,954	1,993	1,489	37,480	(5,566)	94,675
Financial expense	(3,801)	(729)	(5,980)	(11,909)	(940)	(105,815)	100	(129,073)
Share of profits of associates and joint ventures	-	-	-	-	-	-	38,096	38,096
Income before income tax expense	283,074	(24,905)	391,277	218,739	492	(280,408)	(68,808)	519,461
Income tax expense	(68,504)	(527)	(93,299)	(55,221)	(3,026)	74,869	6,085	(139,623)
Net income	₩ 214,570	₩ (25,432)	₩ 297,978	₩ 163,518	₩ (2,534)	₩ (205,539)	₩ (62,723)	₩ 379,838
Depreciation	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 50,331	₩ -	₩ 50,331
Amortization	-	-	-	-	-	4,625	-	4,625

	2010						Adjustment or elimination	Total
	Civil engineering	Construction	Plant	Manufacture	Other	Common		
Sales	₩ 1,524,253	₩ 1,957,753	₩ 2,537,134	₩ 1,473,975	₩ 48,810	₩ 7,891	₩ (112,237)	₩ 7,437,579
Cost of sales	(1,320,687)	(1,897,125)	(2,134,105)	(1,270,965)	(41,815)	(7,046)	111,971	(6,559,772)
Gross profit	203,566	60,628	403,029	203,010	6,995	845	(266)	877,807
Selling and administrative expenses and other loss	(28,472)	(290,160)	(18,047)	(65,877)	(5,641)	(102,933)	(54,123)	(565,253)
Operating income (loss)	175,094	(229,532)	384,982	137,133	1,354	(102,088)	(54,389)	312,554
Financial income	112	51,223	25,526	2,622	351	15,853	(143)	95,544
Financial expense	(3,914)	(15,483)	(620)	(10,908)	(86)	(91,811)	143	(122,679)
Share of profits of associates and joint ventures	-	-	-	-	-	-	174,534	174,534
Income before income tax expense	171,292	(193,792)	409,888	128,847	1,619	(178,046)	120,145	459,953
Income tax expense	(40,979)	46,898	(92,107)	(31,783)	(139)	38,308	(22,191)	(101,993)
Net income	₩ 130,313	₩ (146,894)	₩ 317,781	₩ 97,064	₩ 1,480	₩ (139,738)	₩ 97,954	₩ 357,960
Depreciation	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 44,026	₩ -	₩ 44,026
Amortization	-	-	-	-	-	4,344	-	4,344

Revenues reported above are from external customers.

The policies of segments are same as the Group's policies explained above in Note 2. The profit of segments is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2) Assets and liabilities by reportable segments as of December 31, 2011 and 2010, are as follows (Korean won in millions):

December 31, 2011									
	Civil engineering	Construction	Plant	Manufacture	Other	Common	Adjustment or elimination	Total	
Investments in associates and joint ventures	₩ -	₩ 9,190	₩ 135,601	₩ 457,239	₩ -	₩ 562,287	₩ (499,178)	₩	665,139
Non-current assets (*1)	85,066	16,761	6,773	694,213	709,036	415,960	(95,248)		1,832,561
Other assets	996,085	4,055,228	1,344,627	468,004	118,919	1,356,028	(71,948)		8,266,943
Total assets	1,081,151	4,081,179	1,487,001	1,619,456	827,955	2,334,275	(666,374)		10,764,643
Total liabilities	654,530	1,250,244	1,827,448	501,210	309,265	1,690,838	(106,290)		6,127,245
Impairment of assets	-	(15,874)	-	(213)	-	(101,382)	103,303		(14,166)

December 31, 2010									
	Civil engineering	Construction	Plant	Manufacture	Other	Common	Adjustment or elimination	Total	
Investments in associates and joint ventures	₩ -	₩ 8,370	₩ 63,365	₩ 457,239	₩ -	₩ 645,614	₩ (375,470)	₩	799,118
Non-current assets (*1)	81,534	16,794	3,589	660,897	429,341	421,468	(23,918)		1,589,705
Other assets	1,056,360	3,842,614	786,780	408,437	80,601	1,206,580	(27,026)		7,354,346
Total assets	1,137,894	3,867,778	853,734	1,526,573	509,942	2,273,662	(426,414)		9,743,169
Total liabilities	750,325	1,311,702	1,095,309	506,160	109,788	1,735,553	(5,795)		5,503,042
Impairment of assets	-	(42,775)	-	(746)	-	(3,746)	15,483		(31,784)

(*1) Excludes the rights from financial instruments, pension plan assets and insurance contracts

3) The Group operates its business in four main areas. Operating results from external customers by geographical areas for the years ended December 31, 2011, are as follows (Korean won in millions):

	Korea	Middle East	Asia	Europe	Other	Adjustment or elimination	Total
Total assets	₩ 10,069,200	₩ 1,226,695	₩ 135,122	₩ -	₩ -	₩ (666,374)	₩ 10,764,643
Non-current assets (*1)	1,920,669	6,764	376	-	-	(95,248)	1,832,561
Sales from external customers	5,238,781	2,034,862	754,175	81,385	184,703	(305,760)	7,988,146

(*1) Excludes the rights from financial instruments, pension plan assets and insurance contracts

4) Information of key customers

The Group's sales from key customers, who comprise more than 10% of the Group's sale for the year ended December 31, 2011 and 2010, are ₩1,924,527 million and ₩1,638,992 million, respectively.

3. TRANSITION TO K-IFRS:

The accompanying consolidated financial statements for the year ended December 31, 2011, have been prepared in accordance with K-IFRS. Until the year ended December 31, 2010, the Group prepared its consolidated financial statements in accordance with generally accepted accounting principles in the Republic of Korea ("Korean GAAP"). Beginning year ending December 31, 2011, the Group prepares its consolidated financial statements in accordance with K-IFRS.

The Group prepared its opening K-IFRS consolidated statement of financial position as of the date of transition, January 1, 2010, in accordance with the provisions of K-IFRS 1101.

Transition adjustments from previous Korean GAAP to K-IFRSs that affected the Group's financial position, financial performance and cash flows are as follows:

(1) IFRS 1101 – Optional exemptions

K-IFRS 1101 provides for a number of optional exemptions from the general principle of full retrospective applications. The optional exemptions for first-time adoption of IFRSs of the Group are as follows:

1) Fair value or revaluation as deemed cost

Land and properties that the Group owns have been revaluated under previous Korean GAAP at, or before, the date of transition to K-IFRS and that revaluation is used as the asset's deemed cost.

2) Borrowing costs

Borrowing costs related to all qualifying assets is capitalized when the commencement date for capitalization is on or after the date of transition.

3) Accumulated currency translation differences

As of January 1, 2010, the Group reset to ₩0 all accumulated currency translation differences for foreign business.

(2) Significant differences between Korean GAAP and K-IFRS applicable to the Group

As of the date of transition to K-IFRS, the Group's significant changes are as follows:

1) Changes in scope of consolidation

As of transition date, changes in scope of consolidation due to adoption of K-IFRS are as follows.

		Company
Included in consolidation under K-IFRS	Under the former 'Act on External Audit of Stock companies' Article 1.3 Section 2.1 in the Republic of Korea, companies whose total assets are less than ₩10 billion were not subject to consideration, but they are subject to consolidation under K-IFRS	Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.) PT. Daelim Utama Construction and DALIN (Nanjing) Construction Project Mgt. Co., Ltd.
	Under Standing Interpretations Committee ("SIC") 12 <i>Consolidation—Special Purpose Entities</i> the Company consolidated the SPEs due to substance control	Incheon Shinhyun Co., Ltd. and Incheon Shinhyun 2nd Co., Ltd.
Excluded in consolidation under K-IFRS	Under the former 'Act on External Audit of Stock companies' Article 1.3 Section 2.1 in the Republic of Korea, entities where the Company owns more than 30% of shares and is the largest shareholder with the largest voting rights were included in the scope	Samho Int'l Co., Ltd.

2) Retirement benefit obligation and long-term employee benefits obligation

Under Korean GAAP, at the end of a reporting period, a benefit obligation is calculated and recognized based on an assumption that all employees who have worked over a year were to retire as of the reporting period-end. Under K-IFRS, the retirement benefit amount is appropriated as a defined benefit obligation by actuarial assessment using the projected unit credit method. Also, the Group recognizes its long-term employee benefits obligation by actuarial assessment using the projected unit credit method.

3) Goodwill or bargain purchase acquired by business combinations

Under Korean GAAP, the Group amortized goodwill or recognizes a gain in relation to bargain purchase (negative goodwill) acquired as a result of business combinations on the straight-line method 5-20years from the year of acquisition.

Under K-IFRS, negative goodwill is not amortized, but reviewed for impairment annually. Bargain purchase is recognized immediately in the consolidated statement of income. Negative goodwill previously recognized under Korean GAAP is reclassified as retained earnings.

4) Financial assets – measurement, impairment and derecognition

The Group's cash-settled share-based payments, AFS securities, loans and receivables and other financial assets are measured at fair value.

Under Korean GAAP, expected loss was estimated and set as allowance for doubtful accounts based on the Group's evaluation of loans' and receivables' collectability. However, under K-IFRS, the Group reviews whether or not impairment exists for individually significant loans and receivables. For other loans and receivables, the Group's loans and receivables that have similar credit risks, the Group performs collective impairment test and estimates the incurred loss as allowance for doubtful loans and receivables.

Under Korean GAAP, when the Group transferred a financial asset to financial institutions and it was determined that control over the asset has been transferred, the Group derecognized the financial asset. Under K-IFRS, if the Group retains substantially all the risks and rewards of ownership of the asset, the asset is not derecognized, but instead the related cash proceeds are recognized as financial liabilities.

5) Construction contracts

Under Korean GAAP, there was no concept of recognizing the gross amount due from or due to customers as an asset or liability. Under K-IFRS, the due from or due to customers amount is the net amount of cost incurred, plus recognized profits, less the sum of the recognized losses and progress billing. If the costs incurred, plus recognized profit (or losses), exceed progress billings, a due from customer amount is recognized as an asset and if the progress billing exceeds the cost incurred, plus recognized profit (or losses), a due to customer amount is recognized as a liability.

6) Income tax

Under Korean GAAP, deferred tax assets and liabilities were classified as either current or non-current based on the classification of their underlying assets and liabilities. If there were no corresponding assets or liabilities, deferred tax assets and liabilities were classified based on the periods the temporary differences were expected to reverse. Under K-IFRS, deferred tax assets and liabilities are all classified as non-current in the consolidated statement of financial position.

Under Korean GAAP, differences between the carrying value and the tax base of the investments in subsidiaries, branches and associates and interest in joint ventures were considered as temporary differences and recognized as deferred tax assets and liabilities. Under K-IFRS, the temporary differences associated with investments in subsidiaries, branches and associates and interest in joint ventures are recognized as deferred assets and liabilities, reflecting the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

7) Other reclassifications

- Memberships and guarantee deposits

Under Korean GAAP, memberships and guarantee deposits were classified as other non-current assets. Under K-IFRS, facility-use memberships are recognized as intangible assets with an indefinite useful life and guarantee deposits that satisfy the definition of financial assets are classified as loans and receivables at amortized costs.

- Investment property and intangible assets

Under Korean GAAP, properties acquired to earn rental income and/or for capital appreciation (including property under construction for such purposes) were classified as property, plant and equipment. Under K-IFRS, such properties are reclassified separately as investment properties and property under construction with intangible asset-type items are classified separately within intangible assets.

- Government grant

Under Korean GAAP, unused government grant received in cash for asset acquisition purposes at the end of a reporting period was presented as a contra-account against cash and cash equivalents. Under K-IFRS, such amount has been reclassified as a liability.

- Other

Reclassifications from Korean GAAP have been made for K-IFRS consolidated financial statement purposes.

(3) Effects of the transition from Korean GAAP to K-IFRS for financial position, results of operations and cash flows

1) The Group's financial position effects of K-IFRS adoption at January 1, 2010, are as follows (Korean won in millions):

			Adjustment		
	Notes	Korean GAAP	Change in scope of consolidation	Others	K-IFRS
<u>ASSETS</u>					
CURRENT ASSETS:					
Cash and cash equivalents		₩ 1,199,798	₩ (2,736)	₩ 81	₩ 1,197,143
Short-term financial assets		80,821	(31,223)	-	49,598
Trade and other accounts receivable		2,850,013	(373,150)	(841,890)	1,634,973
Progress billing due from customer	1	-	-	1,178,408	1,178,408
Inventories	2	1,083,965	(17,059)	359,685	1,426,591
Non-current assets held for sale	3	-	-	173,440	173,440
Deferred tax assets	4	50,243	(17,558)	(32,685)	-
AFS financial assets		8	-	-	8
Derivatives assets		34,188	-	-	34,188
Income tax receivables		790	-	-	790
Other current assets		693,732	(15,880)	43,413	721,265
		5,993,558	(457,606)	880,452	6,416,404
NON-CURRENT ASSETS:					
Long-term financial assets		19,744	(19,184)	-	560
Long-term trade and other accounts receivable	5	349,265	(8,378)	51,819	392,706
Investments in associates and joint ventures	6	649,797	24,535	5,885	680,217
AFS financial assets	3	517,764	(19,477)	(155,989)	342,298
Property, plant and equipment	7	1,910,808	(105,443)	(471,798)	1,333,567
Intangible assets		61,297	(144)	12,187	73,340
Investment property	7	-	-	132,042	132,042
Derivatives assets		16,700	-	-	16,700
Deferred tax assets		2,353	(2,353)	-	-
Other non-current assets	2,5	90,195	(9,216)	(80,483)	496
		3,617,923	(139,660)	(506,337)	2,971,926
TOTAL ASSETS		₩ 9,611,481	₩ (597,266)	₩ 374,115	₩ 9,388,330
<u>LIABILITIES</u>					
CURRENT LIABILITIES:					
Trade and other accounts payable		₩ 1,522,675	₩ (127,578)	₩ 18,196	₩ 1,413,293
Progress billing due to customer	1	-	-	684,433	684,433
Short-term borrowings and current portions of		810,918	149	-	811,067

	Notes	Korean GAAP	Adjustment		K-IFRS
			Change in scope of consolidation	Others	
long-term financial liabilities					
Payable related to assets held for sale	3	₩ -	₩ -	₩ 92,888	₩ 92,888
Income tax payable		33,868	(2,942)	-	30,926
Other provisions		1,440	-	-	1,440
Derivatives liabilities		7,561	-	-	7,561
Other current liabilities		1,078,482	(19,278)	(421,800)	637,404
		<u>3,454,944</u>	<u>(149,649)</u>	<u>373,717</u>	<u>3,679,012</u>
NON-CURRENT LIABILITIES:					
Long-term trade and other accounts payable	13	9,989	(103)	117,134	127,020
Long-term borrowings and corporate bond		1,509,502	(281,238)	-	1,228,264
Retirement benefit obligation	8	35,549	(2,654)	(12,879)	20,016
Provision for construction warranty	9	58,956	(8,395)	27,900	78,461
Other provisions	10	228,102	(26,523)	(188,942)	12,637
Financial guarantee contract liabilities	10	-	-	201,255	201,255
Derivative liabilities		10,353	-	-	10,353
Deferred tax liabilities	11	222,851	-	(99,056)	123,795
Other non-current liabilities	13	150,353	(33,220)	(117,133)	-
		<u>2,225,655</u>	<u>(352,133)</u>	<u>(71,721)</u>	<u>1,801,801</u>
TOTAL LIABILITIES		<u>5,680,599</u>	<u>(501,782)</u>	<u>301,996</u>	<u>5,480,813</u>
SHAREHOLDERS' EQUITY:					
Capital stock		218,500	-	-	218,500
Other paid-in capital	12	1,343,407	(14,329)	(791,257)	537,821
Retained earnings	12	1,729,948	4,266	1,221,966	2,956,180
Other equity	12	502,225	(2,262)	(359,136)	140,827
		<u>3,794,080</u>	<u>(12,325)</u>	<u>71,573</u>	<u>3,853,328</u>
NON-CONTROLLING INTERESTS		136,802	(83,159)	546	54,189
TOTAL SHAREHOLDERS' EQUITY		<u>3,930,882</u>	<u>(95,484)</u>	<u>72,119</u>	<u>3,907,517</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>₩ 9,611,481</u>	<u>₩ (597,266)</u>	<u>₩ 374,115</u>	<u>₩ 9,388,330</u>

- (*1) Cancellation of offset receivables with payables and recognition of progress billings due from or due to customers
- (*2) Reclassification of properties and other non-current assets, qualifying inventory's condition
- (*3) Reclassification of AFS financial assets, qualifying held for sale and related payable
- (*4) Reclassification of current portion of deferred tax assets to non-current assets
- (*5) Reclassification of deposits that were recognized as non-current assets to long-term trade and other accounts receivable
- (*6) Transition effects on investments in associates and joint ventures and changes in scope of consolidation
- (*7) Reclassification of properties, qualifying investment property's condition
- (*8) Change in method of calculation of retirement benefit obligation
- (*9) Increasing provision for construction warranties of construction in progress
- (*10) Reclassification of liabilities due to financial guarantee contracts from other provisions
- (*11) Derecognition of tax effect related to the changes in equity of investments in subsidiaries
- (*12) The Group, adopting K-IFRS 1101, elected to use the revalued amount in accordance with Korean GAAP as deemed cost and reclassified related equity items to retained earnings
- (*13) Reclassification of deposits received to non-current accounts payable

2) The Group's financial position effects on K-IFRS adoption at December 31, 2010, are as follows (Korean won in millions):

		Adjustment			
	Notes	Korean GAAP	Change in scope of consolidation	Others	K-IFRS
<u>ASSETS</u>					
CURRENT ASSETS:					
Cash and cash equivalents		₩ 1,311,939	₩ (31,618)	₩ 300	₩ 1,280,621
Short-term financial assets		102,172	(25,205)	-	76,967
Trade and other accounts receivable		3,005,964	(284,858)	(485,139)	2,235,967
Progress billing due from customer	1	-	-	897,821	897,821
Inventories	2	923,009	(8,975)	306,285	1,220,319
Non-current assets held for sale	3	-	-	250,908	250,908
Deferred tax assets	4	79,001	(24,090)	(54,911)	-
AFS financial assets		12	-	-	12
Derivative assets		16,494	-	-	16,494
Income tax receivables		726	-	-	726
Other current assets		445,173	(16,473)	38,117	466,817
		<u>5,884,490</u>	<u>(391,219)</u>	<u>953,381</u>	<u>6,446,652</u>
NON-CURRENT ASSETS:					
Long-term financial assets		75,462	(23,976)	-	51,486
Long-term trade and other accounts receivable		578,969	(60,541)	58,130	576,558
Investments in associates and joint ventures	6	809,744	26,670	(37,296)	799,118
AFS financial assets	3	479,194	(20,378)	(188,098)	270,718
HTM financial assets		360	-	(360)	-
Property, plant and equipment	7	1,879,378	(84,468)	(408,868)	1,386,042
Intangible assets		55,479	(102)	24,533	79,910
Investment property	7	-	-	123,752	123,752
Derivative assets		4,053	-	-	4,053
Deferred tax assets		10,172	(10,172)	-	-
Other non-current assets	2,5	90,158	(9,979)	(75,299)	4,880
		<u>3,982,969</u>	<u>(182,946)</u>	<u>(503,506)</u>	<u>3,296,517</u>
TOTAL ASSETS		<u>₩ 9,867,459</u>	<u>₩ (574,165)</u>	<u>₩ 449,875</u>	<u>₩ 9,743,169</u>
<u>LIABILITIES</u>					
CURRENT LIABILITIES:					
Trade and other accounts payable		₩ 1,402,156	₩ (97,032)	₩ 15,443	₩ 1,320,567
Progress billing due to customer	1	-	-	488,358	488,358
Short-term borrowings and current portions of long-term financial liabilities		1,282,542	(10,656)	183	1,272,069
Payable related to assets held for sale	3	-	-	171,078	171,078
Income tax payable		58,060	-	1,861	59,921
Other provisions		2,926	-	-	2,926
Derivative liabilities		16,082	-	-	16,082
Other current liabilities		1,056,897	(52,423)	(74,850)	929,624
		<u>3,818,663</u>	<u>(160,111)</u>	<u>602,073</u>	<u>4,260,625</u>
NON-CURRENT LIABILITIES:					
Long-term trade and other accounts payable	13	23,328	-	156,066	179,394
Long-term borrowings and corporate bond		899,536	(283,995)	-	615,541
Retirement benefit obligation	8	28,779	(1,404)	(9,745)	17,630
Provision for construction warranty	9	67,894	(10,661)	23,138	80,371
Other provisions	10	296,997	(26,522)	(267,634)	2,841
Financial guarantee contract liabilities	1	-	-	230,384	230,384
Derivative liabilities		10,328	-	-	10,328
Deferred tax liabilities	11	210,034	-	(104,106)	105,928
Other non-current liabilities	13	275,990	(28,335)	(247,655)	-
		<u>1,812,886</u>	<u>(350,917)</u>	<u>(219,552)</u>	<u>1,242,417</u>
TOTAL LIABILITIES		<u>5,631,549</u>	<u>(511,028)</u>	<u>382,521</u>	<u>5,503,042</u>

			Adjustment		
	Notes	Korean GAAP	Change in scope of consolidation	Others	K-IFRS
SHAREHOLDERS' EQUITY:					
Capital stock		₩ 218,500	₩ -	₩ -	₩ 218,500
Other paid-in capital	12	1,342,885	(14,225)	(790,928)	537,732
Retained earnings	12	2,079,809	8,575	1,188,456	3,276,840
Other equity	12	477,845	(2,256)	(330,727)	144,862
		4,119,039	(7,906)	66,801	4,177,934
NON-CONTROLLING INTERESTS					
		116,871	(55,231)	553	62,193
TOTAL SHAREHOLDERS' EQUITY		4,235,910	(63,137)	67,354	4,240,127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		₩ 9,867,459	₩ (574,165)	₩ 449,875	₩ 9,743,169

- (*1) Cancellation of offset receivables with payables and recognition of progress billings due from or due to customers
- (*2) Reclassification of properties and other non-current assets, qualifying inventory's condition
- (*3) Reclassification of AFS financial assets, qualifying held for sale and related payable
- (*4) Reclassification of current portion of deferred tax assets to non-current assets
- (*5) Reclassification of deposits that were recognized as non-current assets to long-term trade and other accounts receivable
- (*6) Transition effects on investments in associates and joint ventures and changes in scope of consolidation
- (*7) Reclassification of properties, qualifying investment property's condition
- (*8) Change in method of calculation of retirement benefit obligation
- (*9) Increasing provision for construction warranties of construction in progress
- (*10) Reclassification of liabilities due to financial guarantee contracts from other provisions
- (*11) Derecognition of tax effect related to the changes in equity of investments in subsidiaries
- (*12) The Group, adopting K-IFRS 1101, elected to use the revalued amount in accordance with Korean GAAP as deemed cost and reclassified related equity items to retained earnings
- (*13) Reclassification of deposits received to non-current accounts payable

(4) Adjustment of comprehensive income effects on K-IFRS adoption

The Group's comprehensive income effects on K-IFRS adoption for the year ended December 31, 2010, are as follows (Korean won in millions):

	Notes	Korean GAAP	Adjustment		K-IFRS
			Change in scope of consolidation	Others	
SALES	1	₩ 7,690,947	₩ (415,440)	₩ 162,072	₩ 7,437,579
COST OF SALES	1	6,731,067	(352,008)	180,713	6,559,772
GROSS PROFIT		959,880	(63,432)	(18,641)	877,807
Selling and administrative expenses		530,094	(25,543)	(14,353)	490,198
Other income		204,744	(3,634)	(40,269)	160,841
Other expense	1	360,738	(52,103)	(72,739)	235,896
OPERATING INCOME		273,792	10,580	28,182	312,554
Financial income		92,815	2,764	(35)	95,544
Financial expense		122,761	(34,693)	34,611	122,679
Share of profits of associates and joint ventures	2	192,476	(11,315)	(6,627)	174,534
INCOME BEFORE INCOME TAX EXPENSE		436,322	36,722	(13,091)	459,953
INCOME TAX EXPENSE		84,803	14,044	3,146	101,993
NET INCOME		351,519	22,678	(16,237)	357,960
NET INCOME ATTRIBUTABLE TO:					
Owners of the Company		353,390	(562)	(19,134)	333,694
Non-controlling interests		(1,871)	23,240	2,897	24,266
OTHER COMPREHENSIVE INCOME (LOSS):					
Loss on overseas operations translation		(1,860)	7	(2,958)	(4,811)

	Notes	Korean GAAP	Adjustment					
			Change in scope of consolidation		Others		K-IFRS	
Gain (loss) on valuation of AFS financial assets	2	₩ (18,886)	₩	448	₩	27,809	₩	9,371
Loss on disposal of AFS financial assets held for sale		-		-		(563)		(563)
Gain on shares of other comprehensive income of associates and joint ventures		(2,143)		47		1,840		(256)
Loss on share of other comprehensive income of associates and joint ventures		739		-		(739)		-
Gain on property revaluation	3	(1,503)		-		1,503		-
Gain on valuation of derivatives		91		-		50		141
Actuarial loss on defined benefit plans		-		-		(8,994)		(8,994)
		(23,562)		502		17,948		(5,112)
COMPREHENSIVE INCOME		₩ 327,957	₩	23,180	₩	1,711	₩	352,848
COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company		329,011		(302)		36		328,745
Non-controlling interests		(1,054)		23,482		1,675		24,103

(*1) Reclassification of properties and other non-current assets, qualifying inventory's condition and accounting the amount of disposal of assets and its cost as sales and cost of sales

(*2) Cancellation of profit or loss that is recognized under Korean GAAP due to reclassify the investment in Daelim Corporation to AFS financial assets from investment in associates

(*3) Reclassification of reserve of property revaluation to retained earnings

(5) Adjustments in the consolidated statement of cash flows as of December 31, 2010, due to transition to K-IFRS

Under Korean GAAP, dividends received, interest received and paid, and income tax paid were presented as non-cash items, and now under K-IFRS, they are presented as separate items in operating cash flows.

In addition, effects of foreign currency translation of cash and cash equivalents were classified as operating cash flows under Korean GAAP, and now under K-IFRS, they are stated separately in either from operating, investing and financing cash flows.

Interest income received, interest expense paid and income taxes paid were presented as non-cash items under Korean GAAP, and now under K-IFRS, they are presented as separate items classified as operating cash flows. In addition, the effects of foreign currency translation of cash and cash equivalents were classified as operating cash flows in accordance with Korean GAAP, and now under K-IFRS, they are stated separately from operating, investing and financing cash flows as part of the effects of foreign exchange rate changes on the balance of cash held in foreign currencies.

4. SIGNIFICANT CONSIDERATION AND KEY SOURCES OF UNCERTAINTY ESTIMATION:

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimates.

The estimates and underlying assumptions are continuously reviewed. The changes in accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period or in the period of change and future periods if the change affects both current and future periods.

1) Impairment of goodwill

To determine whether goodwill is impaired, the Group estimates the value of the CGUs to which goodwill has been allocated. The value in use is calculated based on the management's estimation on the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

2) Defined benefit pension plan

For the defined benefit pension plan, the service cost is determined using actuarial valuations. In order to apply actuarial valuations, it is necessary to assume a discount rate, an expected rate of return on plan assets, wage increase rate, etc. The retirement benefit plan contains significant uncertainties on the estimation due to its long-term nature. As of December 31, 2011, the defined benefit pension plan amounts to ₩32,079 million (₩17,630 million and ₩20,016 million as of December 31, 2010 and January 1, 2010, respectively), which are detailed in Note 20.

3) Estimation of tangible assets' useful lives

As noted at Note 2.(16), an estimate of the tangible assets' useful lives is made at the end of the reporting period.

5. RESTRICTED DEPOSITS:

Details of restricted deposits as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	Institution	December 31, 2011	December 31, 2010	January 1, 2010	Restriction
Cash and cash equivalents and trust deposits	Woori Bank and others	₩ 90,049	₩ 109,670	₩ 56,370	Trust deposits related to corporation bond
Short-term financial instruments	BNP PARIBAS and others	6,010	557	38,678	Pledged as collateral
Long-term financial instruments	Woori Bank and others	61	43	61	Guarantee deposits for checking accounts
Severance insurance deposit	Kyobo Life Insurance Co., Ltd. and others	64	8,162	7,015	Severance insurance deposits
Pension plan assets	Kyobo Life Insurance Co., Ltd. and others	83,087	60,377	39,942	Severance insurance deposits
		<u>₩ 179,271</u>	<u>₩ 178,809</u>	<u>₩ 142,066</u>	

6. CONSTRUCTION CONTRACTS:

(1) Details of changes of construction contracts and construction revenue recognized for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011			
	Beginning balance	Changes in contract amount	Construction revenue recognized	Ending balance
Domestic civil engineering	₩ 4,297,505	₩ 1,553,269	₩ 1,219,094	₩ 4,631,680
Domestic construction	7,369,384	2,232,619	1,785,093	7,816,910
Domestic plant	1,857,938	432,509	476,178	1,814,269
Domestic other	379	558	661	276
Lotting-out (*1,2)	1,429,592	694,076	472,612	1,651,056
Overseas construction subcontract	6,132,761	5,861,498	2,306,187	9,688,072
	<u>₩ 21,087,559</u>	<u>₩ 10,774,529</u>	<u>₩ 6,259,825</u>	<u>₩ 25,602,263</u>

2010				
	Beginning balance	Changes in contract amount	Construction revenue recognized	Ending balance
Domestic civil engineering	₩ 4,478,030	₩ 1,152,243	₩ 1,332,768	₩ 4,297,505
Domestic construction	6,760,107	2,127,602	1,518,325	7,369,384
Domestic plant	1,022,250	2,275,109	1,439,421	1,857,938
Domestic other	498	-	119	379
Lotting-out (*1,2)	1,757,668	104,156	432,232	1,429,592
Overseas construction subcontract	4,580,891	2,774,677	1,222,807	6,132,761
	<u>₩ 18,599,444</u>	<u>₩ 8,433,787</u>	<u>₩ 5,945,672</u>	<u>₩ 21,087,559</u>

(*1) Balance related to lotting-out is total estimated prices.

(*2) Sales for inventories (completion houses) delivered as a substitute include ₩266,126 million and ₩144, 936 million as of December 31, 2011 and 2010, respectively.

(2) Details of changes of cumulated construction profit or loss and progress billing due from customers and due to customers as of December 31, 2011 and 2010, are as follows (Korean won in millions):

2011							
	Cumulated construction revenue	Cumulated construction cost	Cumulated construction profit	Advances from customer	Progress billings due from customer	Progress billings due to customer	Withholding
Domestic civil engineering	₩ 3,595,784	₩ 3,090,942	₩ 504,842	₩ 66,780	₩ 281,663	₩ 60,796	₩ -
Domestic construction	2,429,448	2,291,134	138,314	281,766	402,651	131,583	-
Domestic plant	798,909	756,081	42,828	52,844	40,632	100,161	-
Domestic other	273	251	22	-	-	53	-
Lotting-out	142,670	166,054	(23,384)	-	23,847	19,298	-
Overseas construction subcontract	7,167,801	6,130,852	1,036,949	464,586	399,224	465,379	91,464
	<u>₩14,134,885</u>	<u>₩12,435,314</u>	<u>₩ 1,699,571</u>	<u>₩ 865,976</u>	<u>₩ 1,148,017</u>	<u>₩ 777,270</u>	<u>₩ 91,464</u>

2010							
	Cumulated construction revenue	Cumulated construction cost	Cumulated construction profit	Advances from customer	Progress billings due from customer	Progress billings due to customer	Withholdings
Domestic civil engineering	₩ 3,510,838	₩ 3,059,530	₩ 451,308	₩ 16,427	₩ 231,654	₩ 81,087	₩ -
Domestic construction	1,865,517	1,753,143	112,374	271,176	374,771	188,051	-
Domestic plant	1,521,639	1,471,273	50,366	87,483	43,713	15,902	-
Domestic other	660	541	119	-	-	185	-
Overseas construction subcontract	5,892,982	5,031,088	861,894	399,005	247,683	203,133	100,187
	<u>₩12,791,636</u>	<u>₩11,315,575</u>	<u>₩ 1,476,061</u>	<u>₩ 774,091</u>	<u>₩ 897,821</u>	<u>₩ 488,358</u>	<u>₩ 100,187</u>

7. FINANCIAL INSTRUMENTS:

- (1) Details of the Group's financial instrument assets by categorization as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011		December 31, 2010		January 1, 2010	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Cash and cash equivalents:						
Cash and cash equivalents	₩ 1,325,037	₩ 1,325,037	₩ 1,280,621	₩ 1,280,621	₩ 1,197,143	₩ 1,197,143
Financial assets at FVTPL:						
Derivative assets	13,124	13,124	18,377	18,377	42,651	42,651
Designated hedging instrument:						
Derivative assets	1,939	1,939	2,169	2,169	8,237	8,237
AFS financial assets:						
Current portions of AFS financial assets	-	-	12	12	8	8
AFS financial assets	268,377	268,377	270,718	270,718	342,298	342,298
Non-current assets held for sale	92,851	92,851	250,908	250,908	173,440	173,440
Trade and other accounts receivable:						
Short-term financial instruments	156,121	156,121	76,967	76,967	49,598	49,598
Trade receivables	1,191,648	1,191,648	1,219,310	1,219,310	1,182,965	1,182,965
Short-term loans	346,998	346,998	331,147	331,147	149,547	149,547
Current other accounts receivables	922,500	922,500	662,101	662,101	291,078	291,078
Accrued income	50,604	50,604	23,409	23,409	11,382	11,382
Long-term financial assets	16,256	16,256	51,486	51,486	560	560
Long-term trade receivables	64,656	64,656	20,832	20,832	3,818	3,818
Deposits	60,259	60,259	49,446	49,446	51,174	51,174
Long-term loans	649,710	649,710	504,285	504,285	337,714	337,714
Non-current other accounts receivables	2,360	2,360	1,995	1,995	-	-
	<u>₩ 5,162,440</u>	<u>₩ 5,162,440</u>	<u>₩ 4,763,783</u>	<u>₩ 4,763,783</u>	<u>₩ 3,841,613</u>	<u>₩ 3,841,613</u>

- (2) Details of financial instrument liabilities by categorization as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011		December 31, 2010		January 1, 2010	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial liabilities at FVTPL:						
Derivative liabilities	₩ 38,442	₩ 38,442	₩ 23,888	₩ 23,888	₩ 8,318	₩ 8,318
Designated hedging instrument:						
Derivative instruments liabilities	1,939	1,939	2,522	2,522	9,596	9,596
Amortized cost of financial liabilities:						
Trade payable	1,390,620	1,390,620	1,132,445	1,132,445	1,106,115	1,106,115
Current other accounts payable	295,692	295,692	139,511	139,511	253,309	253,309
Short-term borrowings	469,366	469,366	680,206	680,206	394,151	394,151
Current portion of long-term financial liabilities	468,244	468,244	588,263	588,263	416,916	416,916
Accrued expenses	24,702	24,702	48,611	48,611	53,869	53,869
Long-term trade payable	11,490	11,490	23,328	23,328	9,989	9,989
Non-current other accounts payable	436	436	707	707	688	688
Corporate bond	471,356	471,356	445,196	445,196	793,721	793,721
Long-term borrowings	577,694	577,694	173,946	173,946	434,543	434,543
Long-term accrued expenses	-	-	229	229	218	218
Deposits received	124,761	124,761	155,129	155,129	116,124	116,124
Financial guarantee contract liabilities	100,116	100,116	230,384	230,384	201,255	201,255
	<u>₩ 3,974,858</u>	<u>₩ 3,974,858</u>	<u>₩ 3,644,365</u>	<u>₩ 3,644,365</u>	<u>₩ 3,798,812</u>	<u>₩ 3,798,812</u>

8. CASH AND CASH EQUIVALENTS:

The Group's cash and cash equivalents in the consolidated statements of cash flows are equivalent to cash and cash equivalents in the consolidated statements of financial position. Details of cash and cash equivalents as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Cash on hand	₩ 1,283	₩ 1,072	₩ 3,420
Checking accounts	248	612	258
Savings	26,972	26,479	20,040
Savings in foreign currencies	324,024	182,971	222,938
Short-term investments	377,541	279,521	249,437
Other savings	31,291	23,559	12,662
Cash equivalents	563,678	766,407	688,388
	₩ 1,325,037	₩ 1,280,621	₩ 1,197,143

9. AFS FINANCIAL ASSETS:

(1) Details of AFS financial assets as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011		December 31, 2010		January 1, 2010	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Equity securities (*1)						
Non-marketable equity securities	₩ 103,185	₩ 103,185	₩ 106,295	₩ 106,295	₩ 103,102	₩ 103,102
Capital investments	31,357	31,357	31,212	31,212	30,392	30,392
SOC equity securities	121,386	121,386	130,295	130,295	205,351	205,351
Beneficiary certificate	9,473	9,473	-	-	-	-
	265,401	265,401	267,802	267,802	338,845	338,845
Debt securities						
Government bonds and others	731	731	471	471	1,364	1,364
Subordinated bonds	2,244	2,244	2,457	2,457	2,097	2,097
Less: Current maturities	-	-	(12)	(12)	(8)	(8)
	2,975	2,975	2,916	2,916	3,453	3,453
	₩ 268,376	₩ 268,376	₩ 270,718	₩ 270,718	₩ 342,298	₩ 342,298

(*1) Excludes investments in associates and joint ventures

(2) Details of the Group's non-marketable equity securities as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011						
Investee	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value	Unrealized gain or loss	Accumulated impairment loss
Korea Economic Daily Co., Ltd.	41,806	0.22	₩ 527	₩ 306	₩ 306	₩ 74	₩ 295
Kihyup Technology Banking Corp.	60,000	1.03	300	403	403	103	-
Jeju International Convention Center Co., Ltd.	100,000	0.30	500	390	390	(110)	-
Microglove Co., Ltd.	31,287	1.10	16	16	9	-	-
Korea Housing Guarantee Co., Ltd.	1,565,564	0.24	32,958	11,565	8,909	4,376	25,769
Yeosu Petrochemical Logistics Corporation	5,000	5.00	25	25	55	-	-
PentaPort Development Co., Ltd.	780,000	6.50	3,900	-	(6,040)	-	3,900
PentaPort Co., Ltd.	3,900	6.50	20	20	22	-	-
Metrocorona Co., Ltd.	4,464	7.44	22	22	19	-	-
Corona Development Co., Ltd.	490,200	5.70	2,451	466	466	-	1,985
Alpha Dome City Co., Ltd.	2,360,000	2.59	11,800	8,715	8,715	(3,085)	-
Alpha Dome Asset							

December 31, 2011

Investee	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value	Unrealized gain or loss	Accumulated impairment loss
Management Co., Ltd.	4,000	4.00	₩ 20	₩ 20	₩ 21	₩ -	₩ -
Bichae-Nuri Development Co., Ltd.	657,800	11.50	3,289	2,020	2,020	(1,269)	-
Bichae-Nuri Co., Ltd.	11,500	11.50	58	58	58	-	-
Hwanam Construction Co., Ltd.	29,268	7.90	1,170	1,205	1,148	35	-
Seoul Lite Tower Co., Ltd.	2,440,000	5.04	12,200	12,200	10,425	-	-
Seoul Lite Asset Management Corporation	14,500	14.50	73	73	126	-	-
Gwanggyo Lucky Seven Co., Ltd.	190,000	19.00	950	-	(8,154)	(950)	-
Chungjin 2,3 Project Co., Ltd.	199,999	19.99	1,000	-	(1,481)	(1,000)	-
Chungjin 2,3 Asset Management Co., Ltd.	1,999	19.99	10	10	11	-	-
Anyang KDC Project Co., Ltd.	519,999	19.99	2,600	2,411	2,411	(189)	-
Anyang KDC Asset Management Corporation	1,999	19.99	10	10	11	-	-
Osan Landmark Project Co., Ltd.	190,000	19.00	950	410	410	(540)	-
Wootoo housing CR-REITS 1st Co., Ltd. (*1)	3,983,800	21.65	19,899	13,812	19,824	-	6,087
Raintree PM Corporation	20,000	3.57	100	100	92	-	-
Daelim Corporation	455,235	6.18	7,933	48,928	48,783	40,994	-
			₩ 102,781	₩ 103,185	₩ 88,959	₩ 38,439	₩ 38,036

December 31, 2010

Investee	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value	Unrealized gain or loss	Accumulated impairment loss
Korea Economic Daily Co., Ltd.	41,806	0.22	₩ 527	₩ 232	₩ 285	₩ -	₩ 295
Kihyup Technology Banking Corp.	60,000	1.03	300	300	397	-	-
Jeju International Convention Center Co., Ltd.	100,000	0.30	500	414	414	(86)	-
Microglove Co., Ltd.	31,287	1.56	16	16	4	-	-
Korea Housing Guarantee Co., Ltd.	1,565,564	0.24	32,958	7,189	8,592	-	25,769
Yeosu Petrochemical Logistics Corporation	5,000	5.00	25	25	43	-	-
PentaPort Development Co., Ltd.	780,000	6.50	3,900	236	236	(3,664)	-
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	754	(1,697)	-
Alpha Dome City Co., Ltd.	2,360,000	2.59	11,800	9,378	9,378	(2,422)	-
Alpha Dome City Asset Management Co., Ltd.	4,000	4.00	20	20	22	-	-
Bichae-Nuri Development Co., Ltd.	657,800	11.50	3,289	2,301	2,301	(988)	-
Bichae-Nuri Co., Ltd.	11,500	11.50	58	58	58	-	-
Hwanam Construction Co., Ltd.	29,268	8.29	1,170	741	741	(429)	-
Seoul Lite Tower Co., Ltd.	1,540,000	5.00	7,700	9,604	9,604	1,904	-
Seoul Lite Asset Management Corporation	14,500	14.50	73	73	67	-	-
Gwanggyo Lucky Seven Co., Ltd.	190,000	19.00	950	-	(8,154)	(950)	-
Chungjin 2,3 Project Co., Ltd.	199,999	19.99	1,000	-	(345)	(1,000)	-
Chungjin 2,3 Asset Management Co., Ltd.	1,999	19.99	10	10	10	-	-
Anyang KDC Project Co., Ltd.	519,999	19.99	2,600	2,220	2,220	(380)	-
Osan Landmark Project Co., Ltd.	190,000	19.00	950	740	740	(210)	-
Wootoo housing CR-REITS 1st Co., Ltd. (*1)	3,983,800	21.65	19,899	19,899	19,824	-	-
Daelim Corporation	455,235	6.18	7,933	52,043	49,447	44,110	-
			₩ 98,171	₩ 106,295	₩ 96,680	₩ 34,188	₩ 26,064

January 1, 2010							
Investee	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value	Unrealized gain or loss	Accumulated impairment loss
Korea Economic Daily Co., Ltd.	41,806	0.22	₩ 527	₩ 232	₩ 265	₩ -	₩ 295
Kihyup Technology Banking Corp.	60,000	1.03	300	300	397	-	-
Jeju International Convention Center Co., Ltd.	100,000	0.30	500	414	414	(86)	-
Microglove Co., Ltd.	31,287	1.56	16	16	4	-	-
Korea Housing Guarantee Co., Ltd.	1,565,564	0.24	32,958	10,935	7,585	-	22,023
Yeosu Petrochemical Logistics Corporation	5,000	5.00	25	25	32	-	-
PentaPort Development Co., Ltd.	780,000	6.50	3,900	175	175	(3,725)	-
PentaPort Co., Ltd.	3,900	6.50	20	20	19	-	-
Metrocorona Co., Ltd.	4,464	7.44	22	22	22	-	-
Corona Development Co., Ltd.	490,200	5.70	2,451	834	834	(1,617)	-
Alpha Dome City Co., Ltd.	2,360,000	2.59	11,800	10,047	10,047	(1,753)	-
Alpha Dome City Asset Management Co., Ltd.	4,000	4.00	20	20	18	-	-
Bichae-Nuri Development Co., Ltd.	657,800	11.50	3,289	2,714	2,301	(575)	-
Bichae-Nuri Co., Ltd.	11,500	11.50	58	58	58	-	-
Hwanam Construction Co., Ltd.	29,268	8.29	1,170	782	741	(388)	-
Seoul Lite Tower Co., Ltd.	1,540,000	5.00	7,700	6,406	9,604	(1,294)	-
Seoul Lite Asset Management Corporation	14,500	14.50	73	73	67	-	-
Gwanggyo Lucky Seven Co., Ltd.	190,000	19.00	950	-	(8,154)	(950)	-
Wootoo housing CR-REITS 1st Co., Ltd. (*1)	3,983,800	21.65	19,899	19,899	19,824	-	-
Daelim Corporation	455,235	6.18	7,933	50,130	51,583	42,197	-
			₩ 93,611	₩ 103,102	₩ 95,836	₩ 31,809	₩ 22,318

(*1) As the investments on Wootoo housing CR-REITS 1st Co., Ltd., are non-participating and non-cumulative preferred stocks, the Group does not have voting rights.

(3) Details of the Group's Capital investments as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

December 31, 2011						
Investee	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value	Unrealized gain or loss
Korea Construction Financial Cooperative (*1)	23,157	0.60	₩ 21,941	₩ 31,240	₩ 31,282	₩ 9,299
Korea Electric Engineers Association	200	0.15	20	20	39	-
Electronic Contractors' Financial Cooperative	300	0.01	57	57	114	-
Information and Communication Financial Cooperative	100	0.01	15	15	40	-
Others	-	-	25	25	124	-
			₩ 22,058	₩ 31,357	₩ 31,599	₩ 9,299

Investee	December 31, 2010						Unrealized gain or loss
	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value		
Korea Construction Financial Cooperative (*1)	23,157	0.60	₩ 21,941	₩ 31,095	₩ 31,282	₩	9,154
Korea Electric Engineers Association	200	0.15	20	20	39		-
Electronic Contractors' Financial Cooperative	300	0.01	57	57	106		-
Information and Communication Financial Cooperative	100	0.01	15	15	40		-
Others	-	-	25	25	120		-
			₩ 22,058	₩ 31,212	₩ 31,587	₩	9,154

Investee	January 1, 2010						Unrealized gain or loss
	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value		
Korea Construction Financial Cooperative (*1)	22,887	0.59	₩ 21,703	₩ 30,046	₩ 30,715	₩	8,343
Korea Electric Engineers Association	200	0.15	20	20	37		-
Electronic Contractors' Financial Cooperative	300	0.01	57	57	99		-
Information and Communication Financial Cooperative	100	0.01	15	15	37		-
Others	-	-	254	254	258		-
			₩ 22,049	₩ 30,392	₩ 31,146	₩	8,343

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

(4) Details of the Group's SOC equity securities as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Investee	December 31, 2011						Unrealized gain or loss
	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value		
Kangnam Beltway Co., Ltd.	414,000	2.05	₩ 2,070	₩ 2,070	₩ 1,840	₩	-
Kyounggi Highway Co., Ltd.	7,732,704	16.00	38,664	38,780	24,501		116
Kyounggi Railroad Co., Ltd.	815,930	18.13	4,080	4,080	3,827		-
Kimhae Dongseo Tunnel Co., Ltd.	155,400	37.00	777	777	746		-
Neo Trans Co., Ltd.	2,858	14.29	14	14	51		-
Seseoul Railroad Co., Ltd.	224	11.20	1	1	1		-
Seoul-Munsan Highway Co., Ltd.	82,075	9.14	410	410	10		-
Seoul Bukbu Highway Co., Ltd.	200,640	17.60	1,003	1,003	646		-
Sinbundang Railway Project Co., Ltd.	4,122,000	10.00	20,610	20,804	16,870		194
Ecosulihall Co., Ltd.	640,000	100.00	3,200	3,200	3,446		-
Youngcheon-Sangju Highway Co., Ltd.	214,880	27.20	1,074	1,074	489		-
Yongma Tunnel Co., Ltd.	537,600	13.86	2,688	2,688	2,280		-
Yong-in LHT Co., Ltd.	4,315,763	13.24	21,579	21,579	15,764		-
Puren Kimpo Co., Ltd.	188,158	10.65	910	910	878		-
Pyeongtaek Ecopia Co., Ltd.	170,200	11.90	851	851	834		-
Pohang-Youngil New Harbor Co., Ltd.	4,602,000	29.50	23,010	23,010	8,490		-
P-Waters Co., Ltd.	24,000	12.00	120	120	120		-
Seoul Tunnel Co., Ltd.	2,960	29.60	15	15	15		-
			₩ 121,076	₩ 121,386	₩ 80,808	₩	310

Investee	December 31, 2010					
	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value	Unrealized gain or loss
Kangnam Beltway Co., Ltd.	414,000	2.05	₩ 2,070	₩ 2,070	₩ 1,840	₩ -
Kyounggi Highway Co., Ltd.	7,732,704	16.00	38,664	47,224	28,272	8,560
Kyounggi Railroad Co., Ltd.	478,490	18.15	2,393	2,393	2,376	-
Kimhae Dongseo Tunnel Co., Ltd.	155,400	37.00	777	777	746	-
Neo Trans Co., Ltd.	2,858	14.29	14	14	12	-
Seseoul Railroad Co., Ltd.	224	11.20	1	1	1	-
Seoul-Munsan Highway Co., Ltd.	82,075	14.90	410	410	106	-
Seoul Bukbu Highway Co., Ltd.	126,720	17.60	634	634	404	-
Sudokwon Seobu Highway Co., Ltd.	420,631	11.10	2,103	2,103	1,981	-
Sinbundang Railway Project Co., Ltd.	4,122,000	10.00	20,610	20,610	17,857	-
Ecosulihall Co., Ltd.	640,000	100.00	3,200	3,200	2,825	-
Youngcheon-Sangju Highway Co., Ltd.	123,420	24.20	617	617	203	-
Yongma Tunnel Co., Ltd.	537,600	19.26	2,688	2,688	2,202	-
Yong-in LHT Co., Ltd.	4,315,763	13.24	21,579	21,579	17,433	-
Taeyoung Grain Terminal Co., Ltd. (Pyeongtaek-Dangjin Port Co., Ltd.)	252,236	2.33	1,261	1,261	1,202	-
Puren Kimpo Co., Ltd.	170,680	10.00	853	853	800	-
Pyeongtaek Ecopia Co., Ltd.	170,200	11.90	851	851	840	-
Pohang-Youngil New Harbor Co., Ltd.	4,602,000	29.50	23,010	23,010	13,239	-
			₩ 121,735	₩ 130,295	₩ 92,339	₩ 8,560

Investee	January 1, 2010					
	Number of shares	Ownership (%)	Acquisition cost	Carrying value	Net asset value	Unrealized gain or loss
Kangnam Beltway Co., Ltd.	414,000	2.23	₩ 2,070	₩ 2,070	₩ 1,862	₩ -
Kyounggi Highway Co., Ltd.	7,732,704	16.00	38,664	38,664	34,544	-
Kyounggi Railroad Co., Ltd.	1,130	11.30	6	6	6	-
Gongju Environment Co., Ltd.	224,840	22.00	1,124	1,124	1,182	-
Kimhae Dongseo Tunnel Co., Ltd.	155,400	37.00	777	777	741	-
Neo Trans Co., Ltd.	2,858	14.29	14	14	31	-
Seoul-Munsan Highway Co., Ltd.	52,275	14.90	261	261	121	-
Seoul Bukbu Highway Co., Ltd.	56,320	17.60	282	282	187	-
Sudokwon Seobu Highway Co., Ltd.	20,349	9.69	102	102	47	-
Sinbundang Railway Project Co., Ltd.	4,122,000	10.00	20,610	20,610	18,777	-
Ecosulihall Co., Ltd.	640,000	100.00	3,200	3,200	2,010	-
Youngcheon-Sangju Highway Co., Ltd.	123,420	24.20	617	617	319	-
Yongma Tunnel Co., Ltd.	78,720	9.60	1,834	1,834	1,486	-
Yong-in LHT Co., Ltd.	3,494,487	12.59	18,225	18,225	15,335	-
GK Marine Load Co., Ltd.	18,318,000	21.30	91,590	91,590	89,546	-
Taeyoung Grain Terminal Co., Ltd. (Pyeongtaek-Dangjin Port Co., Ltd.)	252,236	2.97	1,261	1,261	1,220	-
Puren Kimpo Co., Ltd.	112,025	10.00	853	853	830	-
Pyeongtaek Ecopia Co., Ltd.	170,200	13.84	851	851	716	-
Pohang-Youngil New Harbor Co., Ltd.	4,602,000	29.50	23,010	23,010	19,176	-
			₩ 205,351	₩ 205,351	₩ 188,136	₩ -

The Group 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. 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 Group calculated the net asset values using unaudited consolidated financial statements as of December 31, 2011, or the latest financial statements of investees that reflect paid-in capital increase and other significant subsequent events.

- (5) Details of the Group's beneficiary certificates as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Investee	December 31, 2011					December 31, 2010	January 1, 2010
	Acquisition cost	Fair value	Unrealized gain or loss	Accumulated impairment loss	Carrying value	Carrying value	Carrying value
KIAMCO Road Investment Private 1st	₩ 9,473	₩ 9,473	₩ -	₩ -	₩ 9,473	₩ -	₩ -

- (6) Details of the Group's government and public bonds as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Investee	December 31, 2011					December 31, 2010	January 1, 2010
	Acquisition cost	Fair value	Unrealized gain or loss	Accumulated impairment loss	Carrying value	Carrying value	Carrying value
National Housing Bond and others	₩ 763	₩ 731	₩ (32)	₩ -	₩ 731	₩ 471	₩ 1,364
Less: Current maturities	-	-	-	-	-	(12)	(8)
	₩ 763	₩ 731	₩ (32)	₩ -	₩ 731	₩ 459	₩ 1,356

The annual maturities of government and public bonds as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Maturity	December 31, 2011			December 31, 2010	January 1, 2010
	Acquisition cost	Fair value	Carrying value	Carrying value	Carrying value
Less than 1 year	₩ -	₩ -	₩ -	₩ 12	₩ 8
1 year-5 years	763	731	731	459	689
5 years-10 years	-	-	-	-	667
	₩ 763	₩ 731	₩ 731	₩ 471	₩ 1,364

- (7) The subordinated bonds as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Investee	December 31, 2011					December 31, 2010	January 1, 2010
	Acquisition cost	Fair value	Unrealized gain or loss	Accumulated impairment loss	Carrying value	Carrying value	Carrying value
Jushinbo NH 1st Securitization Specialty Co., Ltd. (*1)	₩ 1,138	₩ 1,138	₩ -	₩ -	₩ 1,138	₩ 1,138	₩ 1,138
Jushinbo 2009 1st Securitization Specialty Co., Ltd. (*1)	959	959	-	-	959	959	959
2010 Sinbo New Challenge Construction No. 1 (*2)	360	147	-	213	147	360	-
	₩ 2,457	₩ 2,244	₩ -	₩ 213	₩ 2,244	₩ 2,457	₩ 2,097

(*1) The above subordinated bonds are related to primary collateralized bond obligations issuance.

(*2) The consolidated Group took over the above subordinated bonds in accordance with the conditions for issuing 50 privately placed bonds.

(8) Changes of unrealized gain or loss of AFS financial assets are as follows (Korean won in millions):

		2011			
		Beginning balance	Increase (decrease)	Tax effect	Ending balance
Gain (loss) on valuation of AFS financial assets	₩	40,461	₩ (3,847)	₩ 131	₩ 36,745

		2010			
		Beginning balance	Increase (decrease)	Tax effect	Ending balance
Gain (loss) on valuation of AFS financial assets	₩	31,090	₩ 12,013	₩ (2,642)	₩ 40,461

10. TRADE AND OTHER ACCOUNTS RECEIVABLE:

(1) Details of trade and other accounts receivable as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

		December 31, 2011						
		Neither past due nor impaired	Past due but not impaired	Impaired (*1)	Subtotal	Allowance for doubtful accounts	Discount on present value	Total
Current:								
Trade receivables:								
Construction work receivables	₩	545,287	₩ 50,932	₩ 531,950	₩ 1,128,169	₩ (269,626)	₩ -	₩ 858,543
Lotting-out receivables		-	420	1,497	1,917	(1,462)	-	455
Others		311,215	16,894	12,359	340,468	(7,818)	-	332,650
Short-term loans		101,754	468	286,923	389,145	(42,147)	-	346,998
Accounts receivable		473,051	72,226	475,669	1,020,946	(98,443)	(3)	922,500
Accrued income		35,015	234	17,982	53,231	(2,627)	-	50,604
	₩	1,466,322	₩ 141,174	₩ 1,326,380	₩ 2,933,876	₩ (422,123)	₩ (3)	₩ 2,511,750
Non-current:								
Trade receivables:								
Construction work receivables	₩	64,389	₩ -	₩ 1,193	₩ 65,582	₩ (1,193)	₩ -	₩ 64,389
Others		-	14	1,587	1,601	(1,192)	(142)	267
Long-term loans		619,389	15,795	74,758	709,942	(60,232)	-	649,710
Accounts receivable		3,087	-	6,695	9,782	(6,695)	(728)	2,359
Deposits		60,259	-	171	60,430	(171)	-	60,259
	₩	747,124	₩ 15,809	₩ 84,404	₩ 847,337	₩ (69,483)	₩ (870)	₩ 776,984

		December 31, 2010						
		Neither past due nor impaired	Past due but not impaired	Impaired (*1)	Subtotal	Allowance for doubtful accounts	Discount on present value	Total
Current:								
Trade receivables:								
Construction work receivables	₩	557,538	₩ 144,461	₩ 435,541	₩ 1,137,540	₩ (161,990)	₩ -	₩ 975,550
Lotting-out receivables		16,754	172	1,324	18,250	(1,462)	-	16,788
Others		212,301	12,233	7,562	232,096	(5,124)	-	226,972
Short-term loans		293,859	11,970	44,951	350,780	(19,633)	-	331,147
Accounts receivable		450,642	113,584	155,500	719,726	(57,625)	-	662,101
Accrued income		18,015	4,967	2,129	25,111	(1,702)	-	23,409
	₩	1,549,109	₩ 287,387	₩ 647,007	₩ 2,483,503	₩ (247,536)	₩ -	₩ 2,235,967
Non-current:								
Trade receivables:								
Construction work receivables	₩	21,042	₩ -	₩ 5,215	₩ 26,257	₩ (5,425)	₩ -	₩ 20,832
Others		-	-	1,041	1,041	(1,041)	-	-
Long-term loans		456,240	2,062	90,088	548,390	(44,105)	-	504,285
Accounts receivable		1,142	-	8,182	9,324	(7,329)	-	1,995
Deposits		49,446	-	256	49,702	(256)	-	49,446
	₩	527,870	₩ 2,062	₩ 104,782	₩ 634,714	₩ (58,156)	₩ -	₩ 576,558

		January 1, 2010						
		Neither past due nor impaired	Past due but not impaired	Impaired (*1)	Subtotal	Allowance for doubtful accounts	Discount on present value	Total
Current:								
Trade receivables:								
Construction work receivables	₩	423,315	₩ 146,801	₩ 393,184	₩ 963,300	₩ (127,911)	₩ -	₩ 835,389
Lotting-out receivables		168,180	995	1,080	170,255	(2,799)	-	167,456
Others		165,797	14,578	2,881	183,256	(3,136)	-	180,120
Short-term loans		131,236	-	41,684	172,920	(23,373)	-	149,547
Accounts receivable		132,320	49,923	137,350	319,593	(28,514)	-	291,079
Accrued income		11,309	1,208	2,155	14,672	(3,290)	-	11,382
		<u>₩ 1,032,157</u>	<u>₩ 213,505</u>	<u>₩ 578,334</u>	<u>₩ 1,823,996</u>	<u>₩ (189,023)</u>	<u>₩ -</u>	<u>₩ 1,634,973</u>
Non-current:								
Trade receivables:								
Construction work receivables	₩	12,983	₩ -	₩ -	₩ 12,983	₩ (9,165)	₩ -	₩ 3,818
Others		-	-	627	627	(627)	-	-
Long-term loans		295,545	5,251	46,544	347,340	(9,626)	-	337,714
Accounts receivable		-	-	6,777	6,777	(6,777)	-	-
Deposits		51,147	-	257	51,404	(229)	-	51,175
		<u>₩ 359,675</u>	<u>₩ 5,251</u>	<u>₩ 54,205</u>	<u>₩ 419,131</u>	<u>₩ (26,424)</u>	<u>₩ -</u>	<u>₩ 392,707</u>

(*1) Individual assessment

The Group's trade and other accounts receivable are measured at amortized cost and its fair value is same as carrying value.

(2) Details of the Group's term structures of trade and other receivables past due but not impaired as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

		December 31, 2011					
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Current:							
Trade receivables:							
Construction work receivables	₩	-	₩ 36,653	₩ 13,210	₩ 1,069	₩ -	₩ 50,932
Lotting-out receivables		-	420	-	-	-	420
Others		10,411	5,356	650	477	-	16,894
Short-term loans		-	468	-	-	-	468
Accounts receivable		-	44,426	22,452	5,184	164	72,226
Accrued income		-	234	-	-	-	234
		<u>₩ 10,411</u>	<u>₩ 87,557</u>	<u>₩ 36,312</u>	<u>₩ 6,730</u>	<u>₩ 164</u>	<u>₩ 141,174</u>
Non-current:							
Trade receivables	₩	-	₩ -	₩ 11	₩ 3	₩ -	₩ 14
Long-term loans		-	8,343	1,673	4,653	1,126	15,795
		<u>₩ -</u>	<u>₩ 8,343</u>	<u>₩ 1,684</u>	<u>₩ 4,656</u>	<u>₩ 1,126</u>	<u>₩ 15,809</u>

December 31, 2010						
	Less than 6 months	6 months –1 year	1–2 years	2–3 years	More than 3 years	Total
Current:						
Trade receivables:						
Construction work receivables	₩ -	₩ 81,227	₩ 20,372	₩ 42,862	₩ -	₩ 144,461
Lotting-out receivables	-	-	-	172	-	172
Others	7,614	2,332	1,443	602	242	12,233
Short-term loans	-	1,972	9,998	-	-	11,970
Accounts receivable	-	83,978	16,503	13,095	8	113,584
Accrued income	-	4,271	215	481	-	4,967
	<u>₩ 7,614</u>	<u>₩173,780</u>	<u>₩ 48,531</u>	<u>₩ 57,212</u>	<u>₩ 250</u>	<u>₩ 287,387</u>
Non-current:						
Long-term loans	₩ -	₩ -	₩ 200	₩ 1,862	₩ -	₩ 2,062
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 200</u>	<u>₩ 1,862</u>	<u>₩ -</u>	<u>₩ 2,062</u>
January 1, 2010						
	Less than 6 months	6 months –1 year	1–2 years	2–3 years	More than 3 years	Total
Current:						
Trade receivables:						
Construction work receivables	₩ -	₩ 84,660	₩ 53,977	₩ 8,164	₩ -	₩ 146,801
Lotting-out receivables	-	823	172	-	-	995
Others	7,225	3,868	2,841	644	-	14,578
Accounts receivable	-	19,170	26,007	4,746	-	49,923
Accrued income	-	728	480	-	-	1,208
	<u>₩ 7,225</u>	<u>₩109,249</u>	<u>₩ 83,477</u>	<u>₩ 13,554</u>	<u>₩ -</u>	<u>₩ 213,505</u>
Non-current:						
Long-term loans	₩ -	₩ 200	₩ 5,051	₩ -	₩ -	₩ 5,251
	<u>₩ -</u>	<u>₩ 200</u>	<u>₩ 5,051</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 5,251</u>

(3) Details of term structures of trade and other receivables impaired as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

December 31, 2011						
	Less than 6 months	6 months –1 year	1–2 years	2–3 years	More than 3 years	Total
Current:						
Trade receivables:						
Construction work receivables	₩ 110,634	₩ 81,183	₩ 127,760	₩ 74,404	₩ 137,969	₩ 531,950
Lotting-out receivables	-	1,324	-	-	173	1,497
Others	3,847	1,381	1,964	2,521	2,646	12,359
Short-term loans	113,204	13,100	139,462	11,158	9,999	286,923
Accounts receivable	202,944	67,680	179,875	13,137	12,033	475,669
Accrued income	16,395	1,587	-	-	-	17,982
	<u>₩ 447,024</u>	<u>₩ 166,255</u>	<u>₩ 449,061</u>	<u>₩ 101,220</u>	<u>₩ 162,820</u>	<u>₩1,326,380</u>
Non-current:						
Trade receivables:						
Construction work receivables	₩ -	₩ 1,193	₩ -	₩ -	₩ -	₩ 1,193
Others	-	-	560	-	1,027	1,587
Long-term loans	719	308	67,088	3,436	3,207	74,758
Accounts receivable	-	6,695	-	-	-	6,695
Deposits	-	-	-	-	171	171
	<u>₩ 719</u>	<u>₩ 8,196</u>	<u>₩ 67,648</u>	<u>₩ 3,436</u>	<u>₩ 4,405</u>	<u>₩ 84,404</u>

December 31, 2010						
	Less than 6 months	6 months –1 year	1–2 years	2–3 years	More than 3 years	Total
Current:						
Trade receivables:						
Construction work receivables	₩ 25,329	₩ 88,979	₩ 163,687	₩ 121,424	₩ 36,122	₩ 435,541
Lotting-out receivables	-	244	-	-	1,080	1,324
Others	2,631	1,481	1,377	986	1,087	7,562
Short-term loans	3,251	35,763	5,937	-	-	44,951
Accounts receivable	15,062	107,448	22,194	1,898	8,898	155,500
Accrued income	48	69	617	29	1,366	2,129
	<u>₩ 46,321</u>	<u>₩ 233,984</u>	<u>₩ 193,812</u>	<u>₩ 124,337</u>	<u>₩ 48,553</u>	<u>₩ 647,007</u>
Non-current:						
Trade receivables:						
Construction work receivables	₩ -	₩ 5,215	₩ -	₩ -	₩ -	₩ 5,215
Others	-	-	-	-	1,041	1,041
Long-term loans	44,060	21,683	8,681	-	15,664	90,088
Accounts receivable	1,572	-	-	-	6,610	8,182
Deposits	-	-	-	-	256	256
	<u>₩ 45,632</u>	<u>₩ 26,898</u>	<u>₩ 8,681</u>	<u>₩ -</u>	<u>₩ 23,571</u>	<u>₩ 104,782</u>
January 1, 2010						
	Less than 6 months	6 months –1 year	1–2 years	2–3 years	More than 3 years	Total
Current:						
Trade receivables:						
Construction work receivables	₩ 81,439	₩ 148,844	₩ 126,831	₩ 11,211	₩ 24,859	₩ 393,184
Lotting-out receivables	-	-	-	-	1,080	1,080
Others	1,609	28	171	1,073	-	2,881
Short-term loans	35,741	5,943	-	-	-	41,684
Accounts receivable	102,425	22,194	1,951	218	10,562	137,350
Accrued income	134	619	29	1,000	373	2,155
	<u>₩ 221,348</u>	<u>₩ 177,628</u>	<u>₩ 128,982</u>	<u>₩ 13,502</u>	<u>₩ 36,874</u>	<u>₩ 578,334</u>
Non-current:						
Trade receivables:						
Construction work receivables	₩ 228	₩ -	₩ -	₩ 10	₩ 389	₩ 627
Long-term loans	21,177	9,549	-	429	15,389	46,544
Accounts receivable	-	-	-	-	6,777	6,777
Deposits	-	-	-	-	257	257
	<u>₩ 21,405</u>	<u>₩ 9,549</u>	<u>₩ -</u>	<u>₩ 439</u>	<u>₩ 22,812</u>	<u>₩ 54,205</u>

(4) Details of changes in the provisions for credit losses are as follows (Korean won in millions):

2011						
	Beginning balance	Provisions for credit losses	Write-off	Recoveries	Other	Ending balance
Current:						
Trade receivables:						
Construction work receivables	₩ 161,990	₩ 25,873	₩ -	₩ -	₩ 81,763	₩ 269,626
Lotting-out receivables	1,462	-	-	-	-	1,462
Others	5,124	3,352	(658)	-	-	7,818
Short-term loans	19,633	23,143	-	-	(629)	42,147
Accounts receivable	57,625	12,659	(2,471)	-	30,630	98,443
Accrued income	1,702	999	(74)	-	-	2,627
	<u>₩ 247,536</u>	<u>₩ 66,026</u>	<u>₩ (3,203)</u>	<u>₩ -</u>	<u>₩ 111,764</u>	<u>₩ 422,123</u>

		2011					
		Beginning balance	Provisions for credit losses	Write-off	Recoveries	Other	Ending balance
Non-current:							
Trade receivables:							
Construction work receivables	₩	5,425	₩ (355)	₩ (3,878)	₩ -	₩ 1	₩ 1,193
Others		1,041	309	-	-	(158)	1,192
Long-term loans		44,105	19,410	(7,713)	-	4,430	60,232
Accounts receivable		7,329	(634)	-	-	-	6,695
Deposits		256	(82)	(3)	-	-	171
	₩	58,156	₩ 18,648	₩ (11,594)	₩ -	₩ 4,273	₩ 69,483
		2010					
		Beginning balance	Provisions for credit losses	Write-off	Recoveries	Other	Ending balance
Current:							
Trade receivables:							
Construction work receivables	₩	127,911	₩ 33,904	₩ (18)	₩ -	₩ 193	₩ 161,990
Lotting-out receivables		2,799	(1,337)	-	-	-	1,462
Others		3,136	2,728	(740)	-	-	5,124
Short-term loans		23,373	(3,740)	-	-	-	19,633
Accounts receivable		28,514	30,054	(1,839)	896	-	57,625
Accrued income		3,290	(678)	(910)	-	-	1,702
	₩	189,023	₩ 60,931	₩ (3,507)	₩ 896	₩ 193	₩ 247,536
Non-current:							
Trade receivables:							
Construction work receivables	₩	9,165	₩ (3,740)	₩ -	₩ -	₩ -	₩ 5,425
Others		627	414	-	-	-	1,041
Long-term loans		9,626	35,363	(1,194)	-	310	44,105
Accounts receivable		6,777	552	-	-	-	7,329
Deposits		229	27	-	-	-	256
	₩	26,424	₩ 32,616	₩ (1,194)	₩ -	₩ 310	₩ 58,156

(*1) Includes changes of foreign currency rate and substitutes from financial guarantee liabilities

(5) The maximum exposures of credit risk are fair value of debt securities above.

11. OTHER ASSETS:

Details of other assets as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

		December 31, 2011	December 31, 2010	January 1, 2010
Current:				
Prepaid payments	₩	304,434	₩ 233,521	₩ 484,152
Prepaid expenses		36,295	33,775	42,282
Prepaid construction expenses		184,302	199,196	194,545
Others		6,143	325	286
		531,174	466,817	721,265
Non-current:				
Prepaid expenses		14,496	4,587	204
Other investment assets		-	293	292
		14,496	4,880	496
	₩	545,670	₩ 471,697	₩ 721,761

12. INVENTORIES:

- (1) Details of inventories as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows
(Korean won in millions):

	December 31, 2011			December 31, 2010			January 1, 2010		
	Acquisition cost	Allowance	Carrying value	Acquisition cost	Allowance	Carrying value	Acquisition cost	Allowance	Carrying value
Merchandise	₩ 2,380	₩ (90)	₩ 2,290	₩ 2,067	₩ (27)	₩ 2,040	₩ 1,728	₩ -	₩ 1,728
Finished goods	77,006	(2,141)	74,865	74,053	(704)	73,349	54,343	(1,138)	53,205
Work in process	10,713	(207)	10,506	10,264	(76)	10,188	9,706	-	9,706
Raw materials	55,526	(2,870)	52,656	50,673	(774)	49,899	36,904	(808)	36,096
Supplies	55,650	(165)	55,485	46,855	(20)	46,835	38,192	-	38,192
Inventories in transit	11,504	-	11,504	10,597	-	10,597	29,289	-	29,289
Land	690,401	-	690,401	557,408	-	557,408	712,714	-	712,714
Finished housing	411,449	(21,112)	390,337	444,646	(63,756)	380,890	416,723	(52,783)	363,940
Unfinished housing	77,659	-	77,659	88,000	-	88,000	180,461	-	180,461
Materials in transit	12,598	-	12,598	1,113	-	1,113	1,260	-	1,260
	₩1,404,886	₩ (26,585)	₩1,378,301	₩1,285,676	₩ (65,357)	₩1,220,319	₩1,481,320	₩ (54,729)	₩1,426,591

- (2) Details of reversal of inventory valuation losses due to increase of net realizable value and impairment up to net realizable value for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Losses on inventory valuation	₩ 3,872	₩ 167
Reversal of losses on inventory valuation	-	(512)

13. PROPERTY, PLANT AND EQUIPMENT:

- (1) Details of property, plant and equipment as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011						
	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress
Acquisition cost	₩ 862,222	₩ 382,009	₩ 68,979	₩ 420,540	₩ 12,207	₩ 149,049	₩ 207,148
Accumulated depreciation	-	(89,433)	(22,495)	(232,772)	(8,531)	(110,866)	-
Accumulated impairment	(1,661)	-	-	-	-	-	-
Government grants	-	(339)	-	(1,139)	-	(32)	-
Carrying value	₩ 860,561	₩ 292,237	₩ 46,484	₩ 186,629	₩ 3,676	₩ 38,151	₩ 207,148

	December 31, 2010						
	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress
Acquisition cost	₩ 856,905	₩ 373,305	₩ 65,544	₩ 343,982	₩ 10,782	₩ 144,364	₩ 26,869
Accumulated depreciation	-	(79,311)	(20,364)	(218,793)	(7,363)	(107,685)	-
Accumulated impairment	(1,661)	-	-	-	-	-	-
Government grants	-	(363)	-	(118)	-	(51)	-
Carrying value	₩ 855,244	₩ 293,631	₩ 45,180	₩ 125,071	₩ 3,419	₩ 36,628	₩ 26,869

	January 1, 2010							Total
	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	
Acquisition cost	₩ 841,877	₩ 366,291	₩ 65,368	₩ 309,424	₩ 10,292	₩ 134,669	₩ 8,224	₩ 1,736,145
Accumulated depreciation	-	(69,287)	(17,921)	(207,507)	(6,717)	(100,571)	-	(402,003)
Accumulated impairment	-	-	-	-	-	-	-	-
Government grants	-	(387)	-	(145)	-	(43)	-	(575)
Carrying value	₩ 841,877	₩ 296,617	₩ 47,447	₩ 101,772	₩ 3,575	₩ 34,055	₩ 8,224	₩ 1,333,567

(2) Details of changes in property, plant and equipment for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011							Total
	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	
Beginning balance	₩ 855,244	₩ 293,631	₩ 45,180	₩ 125,071	₩ 3,419	₩ 36,628	₩ 26,869	₩1,386,042
Acquisition	5,347	670	188	9,190	1,684	8,049	276,830	301,958
Transfer	-	8,572	4,271	74,083	390	9,285	(97,786)	(1,185)
Disposal	(30)	(335)	(521)	(682)	(293)	(628)	-	(2,489)
Depreciation	-	(10,301)	(2,634)	(19,867)	(1,625)	(15,181)	-	(49,608)
Changes in government grants	-	-	-	(1,235)	-	-	1,235	-
Effect of foreign currency translation	-	-	-	69	101	(2)	-	168
Ending balance	₩ 860,561	₩ 292,237	₩ 46,484	₩ 186,629	₩ 3,676	₩ 38,151	₩ 207,148	₩1,634,886

	2010							Total
	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	
Beginning balance	₩ 841,877	₩ 296,617	₩ 47,447	₩ 101,772	₩ 3,575	₩ 34,055	₩ 8,224	₩1,333,567
Acquisition	13,332	6,088	154	10,531	1,338	8,843	56,873	97,159
Transfer	7,903	1,177	391	26,753	26	9,049	(38,008)	7,291
Disposal	(6,207)	(185)	(166)	(101)	(9)	(303)	(220)	(7,191)
Depreciation	-	(10,066)	(2,646)	(13,885)	(1,514)	(15,021)	-	(43,132)
Impairment loss	(1,661)	-	-	-	-	-	-	(1,661)
Effect of foreign currency translation	-	-	-	1	3	5	-	9
Ending balance	₩ 855,244	₩ 293,631	₩ 45,180	₩ 125,071	₩ 3,419	₩ 36,628	₩ 26,869	₩1,386,042

(3) A portion of the Group's land and buildings is pledged as collateral for its borrowings (see Note 27).

14. INVESTMENT PROPERTY:

(1) Details of investment property as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011		
	Land	Buildings	Total
Acquisition cost	₩ 104,448	₩ 32,837	₩ 137,285
Accumulated depreciation	-	(9,932)	(9,932)
Accumulated impairment	-	(6,353)	(6,353)
Carrying value	₩ 104,448	₩ 16,552	₩ 121,000

	December 31, 2010		
	Land	Buildings	Total
Acquisition cost	₩ 104,448	₩ 36,039	₩ 140,487
Accumulated depreciation	-	(10,382)	(10,382)
Accumulated impairment	-	(6,353)	(6,353)
Carrying value	₩ 104,448	₩ 19,304	₩ 123,752

	January 1, 2010		
	Land	Buildings	Total
Acquisition cost	₩ 107,021	₩ 48,555	₩ 155,576
Accumulated depreciation	-	(12,281)	(12,281)
Accumulated impairment	-	(11,253)	(11,253)
Carrying value	₩ 107,021	₩ 25,021	₩ 132,042

(2) Details of changes in investment property for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011		
	Land	Buildings	Total
Beginning balance	₩ 104,448	₩ 19,304	₩ 123,752
Transfer	-	35	35
Disposal	-	(2,064)	(2,064)
Depreciation	-	(723)	(723)
Ending balance	₩ 104,448	₩ 16,552	₩ 121,000

	2010		
	Land	Buildings	Total
Beginning balance	₩ 107,021	₩ 25,021	₩ 132,042
Acquisition	54	2	56
Transfer	-	207	207
Disposal	(2,627)	(5,032)	(7,659)
Depreciation	-	(894)	(894)
Ending balance	₩ 104,448	₩ 19,304	₩ 123,752

(3) Details of income and expenditure for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Rental income	₩ 1,159	₩ 1,232
Expenditure on operating investment property	2,446	2,800
Expenditure on non-operating investment property	-	-
	₩ (1,287)	₩ (1,568)

(4) Details of fair value of investment property as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011		December 31, 2010		January 1, 2010	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Land	₩ 104,448	₩ 104,448	₩ 104,448	₩ 104,448	₩ 107,021	₩ 104,448
Buildings	16,552	18,807	19,304	23,502	25,021	29,570
	₩ 121,000	₩ 123,255	₩ 123,752	₩ 127,950	₩ 132,042	₩ 134,018

The investment property's fair values were evaluated by independent appraiser, Kyungil Appraisal Co., Ltd., on December 31, 2009. The Group anticipated that the changes of fair value between the latest appraisal date and as of December 31, 2011, were not significantly different.

15. INTANGIBLE ASSETS:

- (1) Details of intangible assets as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

December 31, 2011							
	Development costs	Industrial property rights	Software	Membership	Goodwill	Others	Total
Acquisition cost	₩ 9,224	₩ 517	₩ 9,812	₩ 22,058	₩ 38,728	₩ 35,689	₩ 116,028
Accumulated depreciation	(4,609)	(271)	(6,085)	-	-	(22,200)	(33,165)
Accumulated impairment	(746)	-	-	(2,009)	-	(2,995)	(5,750)
Government grants	(437)	-	-	-	-	-	(437)
Carrying value	₩ 3,432	₩ 246	₩ 3,727	₩ 20,049	₩ 38,728	₩ 10,494	₩ 76,676

December 31, 2010							
	Development costs	Industrial property rights	Software	Membership	Goodwill	Others	Total
Acquisition cost	₩ 8,665	₩ 375	₩ 6,845	₩ 21,046	₩ 38,728	₩ 35,756	₩ 111,415
Accumulated depreciation	(3,622)	(221)	(3,433)	-	-	(20,250)	(27,526)
Accumulated impairment	(746)	-	-	-	-	(2,995)	(3,741)
Government grants	(238)	-	-	-	-	-	(238)
Carrying value	₩ 4,059	₩ 154	₩ 3,412	₩ 21,046	₩ 38,728	₩ 12,511	₩ 79,910

January 1, 2010							
	Development costs	Industrial property rights	Software	Membership	Goodwill	Others	Total
Acquisition cost	₩ 8,397	₩ 308	₩ 13,694	₩ 12,186	₩ 38,728	₩ 35,574	₩ 108,887
Accumulated depreciation	(2,700)	(178)	(10,692)	-	-	(18,041)	(31,611)
Accumulated impairment	-	-	-	-	-	(2,995)	(2,995)
Government grants	(941)	-	-	-	-	-	(941)
Carrying value	₩ 4,756	₩ 130	₩ 3,002	₩ 12,186	₩ 38,728	₩ 14,538	₩ 73,340

- (2) Details of changes in intangible assets for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

2011							
	Development costs	Industrial property rights	Software	Membership	Goodwill	Others	Total
Beginning balance	₩ 4,059	₩ 154	₩ 3,412	₩ 21,046	₩ 38,728	₩ 12,511	₩ 79,910
Acquisition cost (*1)	274	118	1,790	1,012	-	21	3,215
Transfer	-	24	161	-	-	-	185
Amortization (*1)	(901)	(50)	(1,636)	-	-	(2,038)	(4,625)
Impairment loss	-	-	-	(2,009)	-	-	(2,009)
Ending balance	₩ 3,432	₩ 246	₩ 3,727	₩ 20,049	₩ 38,728	₩ 10,494	₩ 76,676

2010							
	Development costs	Industrial property rights	Software	Membership	Goodwill	Others	Total
Beginning balance	₩ 4,756	₩ 130	₩ 3,002	₩ 12,186	₩ 38,728	₩ 14,538	₩ 73,340
Acquisition cost (*1)	827	46	1,498	8,867	-	94	11,332
Transfer	-	21	314	-	-	-	335
Disposal	-	-	-	(7)	-	-	(7)
Amortization (*1)	(778)	(43)	(1,402)	-	-	(2,121)	(4,344)
Impairment loss	(746)	-	-	-	-	-	(746)
Ending balance	₩ 4,059	₩ 154	₩ 3,412	₩ 21,046	₩ 38,728	₩ 12,511	₩ 79,910

(*1) Government grants are included in acquisition cost and amortization.

Amortization expenses ₩3,088 million and ₩2,843 million for the years ended December 31, 2011 and 2010, respectively, are allocated as selling, general and administrative expenses. Other amortization expenses are allocated as cost of sales, etc.

- (3) The Company performs impairment test of goodwill annually. The assumptions are growth rate of sales and interest rate before tax that are used to discount future cash flows. Also, the Group decides the growth rate of sales based on past performance and anticipated changes of future markets. The discount rate is considered specific risk of related business segments.

16. INVESTMENTS IN SUBSIDIARIES:

- (1) Details of the Group's investments in subsidiaries as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Investee	Location	Main business	Consolidated financial statements	Percentage of ownership and voting right (%)		
				December 31, 2011	December 31, 2010	January 1, 2010
Daelim Motors Co., Ltd.	Korea	Motorcycle Manufacturing	12.31	59.02	100.00	100.00
ORA Resort Co., Ltd.	Korea	Hotel	12.31	100.00	100.00	100.00
Daelim C&S Co., Ltd.	Korea	Manufacture of Concrete Pipes and Structural Component Concrete Products	12.31	69.77	65.64	65.64
Songdo Power Co., Ltd.	Korea	Fire Power Generation	12.31	100.00	100.00	100.00
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	Korea	Industrial Plant Construction	12.31	60.00	100.00	100.00
Chunan-Dujeong Landmark Project Co., Ltd.	Korea	Real Estate Consultancy and Brokerage	12.31	95.00	-	-
Easytop 1 st Co., Ltd. (*1)	Korea	Acquisition, operation and management of asset- backed securities	-	-	-	-
		Acquisition, operation and management of asset- backed securities	-	-	-	-
Incheon Shinhyun Co., Ltd.	Korea	Acquisition, operation and management of asset- backed securities	-	-	-	-
Incheon Shinhyun 2nd Co., Ltd.	Korea	Acquisition, operation and management of asset- backed securities	-	-	-	-
Daelim Saudi Arabia Co., Ltd.	Saudi Arabia	Industrial Plant Construction	12.31	50.00	50.00	50.00
Daelim-Dar Co., Ltd.	Saudi Arabia	Industrial Plant Construction	12.31	70.00	70.00	-
P.T. Daelim Utama Construction	Indonesia	Industrial Plant Construction	12.31	100.00	100.00	100.00
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	China	Industrial Plant Construction	12.31	100.00	100.00	100.00

(*1) The Group consolidated the SPE due to substance control under SIC 12.

- (2) Financial data of the investees as of and for the years ended December 31, 2011 and 2010, is as follows
(Korean won in millions):

Investee	2011					
	Asset	Liability	Equity	Sales	Net income	Comprehensive income
Daelim Motors Co., Ltd.	₩ 400,559	₩ 166,673	₩ 233,886	₩ 348,519	₩ 3,433	₩ 1,575
ORA Resort Co., Ltd.	310,989	55,764	255,225	45,680	2,668	(320)
Daelim C&S Co., Ltd.	276,798	153,843	122,955	205,678	5,962	5,572
Songdo Power Co., Ltd.	38,605	249	38,356	-	(767)	(767)
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	342,752	197,184	145,568	-	(2,593)	(2,626)
Chunan-Dujeong Landmark Project Co., Ltd.	101,961	124,045	(22,084)	35,666	(27,084)	(27,084)
Easytop 1 st Co., Ltd.	-	4	(4)	1,439	(4)	(4)
Daelim Saudi Arabia Co., Ltd.	396,341	336,541	59,800	459,129	32,256	38,780
Daelim-Dar Co., Ltd.	4,405	2,781	1,624	2,922	(1,339)	(1,415)
P.T. Daelim Utama Construction	49	4,436	(4,387)	-	(1,580)	(1,640)
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	13,158	5,341	7,817	8,902	235	1,020

Investee	2010					
	Asset	Liability	Equity	Sales	Net income	Comprehensive income
Daelim Motors Co., Ltd.	₩ 378,196	₩ 216,653	₩ 161,543	₩ 296,823	₩ 1,274	₩ 1,350
ORA Resort Co., Ltd.	309,371	52,825	256,546	41,821	5,729	4,998
Daelim C&S Co., Ltd.	254,723	150,931	103,792	180,987	3,575	3,544
Songdo Power Co., Ltd.	38,581	246	38,335	-	(991)	(991)
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	23,791	971	22,820	-	(1,021)	(1,014)
Easytop 1 st Co., Ltd.	27,246	27,246	-	54	-	-
Daelim Saudi Arabia Co., Ltd.	214,637	163,380	51,257	682,185	(991)	(1,144)
Daelim-Dar Co., Ltd.	3,039	-	3,039	-	-	-
P.T. Daelim Utama Construction	8,701	10,905	(2,204)	-	5	(44)
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	1,862	501	1,361	4,808	1,751	1,758

- (3) The Group made contribution to Chunan-Dujeong Landmark Project Co., Ltd., which became as subsidiary of the Group for the ended December 31, 2011.

17. INVESTMENT IN ASSOCIATES AND JOINT VENTURES:

- (1) Details of the Group's investments in associates and joint ventures as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Investee	Location	Main business	December 31, 2011		
			Ownership (%)	Net assets	Carrying value
Yeocheon NCC Co., Ltd.	Korea	Manufacture of Basic Organic Petrochemicals	50.00	₩ 581,600	₩ 544,843
Poly Mirae Co., Ltd.	Korea	Manufacture of Synthetic Resin and Other Plastic Materials	50.00	46,724	43,318
Korea Development Corp.	Korea	Construction of Highways, Streets and Roads	29.75	36,573	27,640
KR Copolymer Co., Ltd.	Korea	Manufacture of Basic Organic Petrochemicals	40.00	16,641	16,951
Samho Int'l Co., Ltd.	Korea	Construction of Highways, Streets			

Investee	Location	Main business	December 31, 2011		
			Ownership (%)	Net assets	Carrying value
		and Roads	46.76	₩ 35,624	₩ 31,192
Wootoo housing CR-REITS Co., Ltd._CS	Korea	Real Estate Property Management	56.60	273	376
Humphreys SLQ ONE Co., Ltd.	Korea	Development and Subdivision of Residential Buildings	28.74	371	-
Daelim Philippines, Inc.	Philippines	Construction of Industrial Plants	25.00	819	819
Daelim Malaysia, Sdn. Bhd.	Malaysia	Construction of Industrial Plants	25.00	(90)	-
				₩ 718,535	₩ 665,139

Investee	Location	Main business	December 31, 2010		
			Ownership (%)	Net assets	Carrying value
Yechun NCC Co., Ltd.	Korea	Manufacture of Basic Organic Petrochemicals	50.00	₩ 608,935	₩ 566,956
Poly Mirae Co., Ltd.	Korea	Manufacture of Synthetic Resin and Other Plastic Materials	50.00	53,060	49,301
Korea Development Corp.	Korea	Construction of Highways, Streets and Roads	29.75	106,530	97,212
KR Copolymer Co., Ltd.	Korea	Manufacture of Basic Organic Petrochemicals	40.00	23,216	23,593
Samho Int'l Co., Ltd.	Korea	Construction of Highways, Streets and Roads	46.76	56,929	52,736
Wootoo housing CR-REITS Co., Ltd._CS	Korea	Real Estate Property Management	56.60	8,082	8,185
Humphreys SLQ ONE Co., Ltd.	Korea	Development and Subdivision of Residential Buildings	28.74	389	348
Daelim Philippines, Inc.	Philippines	Construction of Industrial Plants	25.00	787	787
Daelim Malaysia, Sdn. Bhd.	Malaysia	Construction of Industrial Plants	25.00	(91)	-
				₩ 857,837	₩ 799,118

Investee	Location	Main business	January 1, 2010		
			Ownership (%)	Net assets	Carrying value
Yechun NCC Co., Ltd.	Korea	Manufacture of Basic Organic Petrochemicals	50.00	₩ 449,798	₩ 408,272
Poly Mirae Co., Ltd.	Korea	Manufacture of Synthetic Resin and Other Plastic Materials	50.00	56,277	52,716
Korea Development Corp.	Korea	Construction of Highways, Streets and Roads	29.75	107,010	97,305
KR Copolymer Co., Ltd.	Korea	Manufacture of Basic Organic Petrochemicals	40.00	15,547	15,928
Samho Int'l Co., Ltd.	Korea	Construction of Highways, Streets and Roads	46.76	80,266	76,351
Wootoo housing CR-REITS Co., Ltd._CS	Korea	Real Estate Property Management	56.60	23,723	23,826
Humphreys SLQ ONE Co., Ltd.	Korea	Development and Subdivision of Residential Buildings	28.74	-	-
Daelim Philippines, Inc.	Philippines	Construction of			

Investee	Location	Main business	January 1, 2010			
			Ownership (%)	Net assets	Carrying value	
Daelim Malaysia, Sdn. Bhd.	Malaysia	Industrial Plants Construction of Industrial Plants	25.00	₩ 839	₩	840
Daelim I&S Co., Ltd.	Korea	System Software Development and Supply	25.00	(83)		-
INTEGRATED ENGINEERING LTD.	Malaysia	Construction of Industrial Plants	12.55	4,889		4,960
			100.00	19		19
				₩ 738,285	₩	680,217

The Group classified Daelim I&S Co., Ltd., as an associate due to having significant influence on the investee. INTEGRATED ENGINEERING LTD. is excluded from subsidiaries due to the exception of small-size company having net assets lower than ₩1 thousand millions under Korean GAAP. Also, the Group did not classify the investee as a subsidiary due to the anticipated the liquidation in 2010.

- (2) Fair market value of the listed subsidiaries as of December 31, 2011, December 31, 2010 and January 1, 2010, is as follows (Korean won in millions):

	December 31, 2011		December 31, 2010		January 1, 2010	
Korea Development Corp.	₩	10,502	₩	28,590	₩	31,833
Samho Int'l Co., Ltd.	₩	11,111	₩	23,098	₩	25,253

- (3) Changes of the investment in subsidiaries for years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

Investee	2011					
	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (loss)	Dividend received	Ending balance
Yeochoon NCC Co., Ltd.	₩ 566,956	₩ -	₩ 127,887	₩ -	₩ (150,000)	₩ 544,843
Poly Mirae Co., Ltd.	49,301	-	7,517	-	(13,500)	43,318
Korea Development Corp.	97,212	-	(69,544)	(28)	-	27,640
KR Copolymer Co., Ltd.	23,593	-	1,938	-	(8,580)	16,951
Samho Int'l Co., Ltd.	52,736	-	(21,577)	33	-	31,192
Wootoo housing CR-REITS Co., Ltd._CS	8,185	-	(7,809)	-	-	376
Humphreys SLQ ONE Co., Ltd.	348	-	(348)	-	-	-
Daelim Philippines, Inc.	787	-	32	-	-	819
	₩ 799,118	₩ -	₩ 38,096	₩ 5	₩ (172,080)	₩ 665,139

Investee	2010					
	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (loss)	Dividend received	Ending balance
Yeochoon NCC Co., Ltd.	₩ 408,272	₩ -	₩ 188,684	₩ -	₩ (30,000)	₩ 566,956
Poly Mirae Co., Ltd.	52,716	-	14,085	-	(17,500)	49,301
Korea Development Corp.	97,305	-	277	(370)	-	97,212
KR Copolymer Co., Ltd.	15,928	-	9,433	-	(1,768)	23,593
Samho Int'l Co., Ltd.	76,351	-	(23,632)	17	-	52,736
Wootoo housing CR-REITS Co., Ltd._CS	23,826	-	(15,641)	-	-	8,185
Humphreys SLQ ONE Co., Ltd.	-	400	(52)	-	-	348
Daelim Philippines, Inc.	840	-	(78)	25	-	787
Daelim I&S Co., Ltd.	4,960	(6,056)	1,458	-	(362)	-
Integrated Engineering Ltd.	19	(19)	-	-	-	-
	₩ 680,217	₩ (5,675)	₩ 174,534	₩ (328)	₩ (49,630)	₩ 799,118

- (*1) On October 25, 2010, the consolidated Group sold out all shares of Daelim I&S Co., Ltd., at a price of ₩4,258 million to Daelim I&S Co., Ltd.

The Group has applied the equity method of accounting for the unaudited or unreviewed consolidated financial statements. In order to verify the reliability of such unaudited or unreviewed consolidated financial statements, the Group has performed procedures and found no significant errors.

- (4) Financial data of the investees as of and for the years ended December 31, 2011 and 2010, is as follows
(Korean won in millions):

Investee	2011				
	Asset	Liability	Equity	Sales	Net income
Yechun NCC Co., Ltd.	₩ 2,590,931	₩ 1,427,730	₩ 1,163,201	₩ 7,521,171	₩ 250,179
Poly Mirae Co., Ltd.	271,529	178,080	93,449	1,117,359	14,328
Korea Development Corp.	1,077,673	954,741	122,932	611,530	(235,058)
KR Copolymer Co., Ltd.	60,001	18,399	41,602	89,575	5,011
Samho Int'l Co., Ltd.	597,754	521,570	76,184	516,011	(46,394)
Wootoo housing CR-REITS Co., Ltd._CS	174,018	81,984	92,034	22,652	(13,800)
Humphreys SLQ ONE Co., Ltd.	51,678	50,081	1,597	-	(62)
Daelim Philippines, Inc.	69,973	66,698	3,275	27,461	129
Daelim Malaysia, Sdn. Bhd.	74	433	(359)	-	(3)

Investee	2010				
	Asset	Liability	Equity	Sales	Net income
Yechun NCC Co., Ltd.	₩ 2,516,516	₩ 1,298,646	₩ 1,217,870	₩ 6,317,121	₩ 383,614
Poly Mirae Co., Ltd.	320,142	214,022	106,120	1,099,939	28,567
Korea Development Corp.	1,138,697	780,612	358,085	622,496	(369)
KR Copolymer Co., Ltd.	77,818	19,777	58,041	125,795	23,594
Samho Int'l Co., Ltd.	736,403	614,656	121,747	449,790	(49,182)
Wootoo housing CR-REITS Co., Ltd._CS	186,576	80,744	105,832	2,505	(27,635)
Humphreys SLQ ONE Co., Ltd.	10,900	9,241	1,659	-	(17)
Daelim Philippines, Inc.	19,274	16,127	3,147	-	(65)
Daelim Malaysia, Sdn. Bhd.	78	440	(362)	-	-

- (5) Details of the cumulated unrecognized equity changes of the investments as of December 31, 2011, are as follows (Korean won in millions):

Investee	Unrecognized share of loss		Unrecognized Share of other comprehensive loss	
	Unrecognized share of loss		Unrecognized Share of other comprehensive loss	
Humphreys SLQ ONE Co., Ltd.	₩	45	₩	-
Daelim Malaysia, Sdn. Bhd.		85		5

18. TRADE AND OTHER PAYABLES:

Details of the Group's trade and other payables as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Current:			
Trade payables	₩ 1,390,620	₩ 1,132,445	₩ 1,106,115
Accounts payable	295,692	139,511	253,309
Accrued expenses	24,702	48,611	53,869
	<u>1,711,014</u>	<u>1,320,567</u>	<u>1,413,293</u>
Non-current:			
Trade payables	11,490	23,328	9,989
Accounts payable	436	707	688
Accrued expenses	-	229	218
Deposits	124,760	155,128	116,125
	<u>136,686</u>	<u>179,394</u>	<u>127,020</u>
	<u>₩ 1,847,700</u>	<u>₩ 1,499,961</u>	<u>₩ 1,540,313</u>

19. BORROWINGS:

- (1) Details of the Group's borrowings as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	Creditor	Interest rate (%)	December 31, 2011	December 31, 2010	January 1, 2010
Short-term borrowings					
General loans	The Export-Import Bank of Korea	4.20-6.95	₩ 469,366	₩ 550,206	₩ 154,017
Commercial paper	SMHILL First Asset Securitization Co., Ltd.	-	-	130,000	-
			₩ 469,366	₩ 680,206	₩ 154,017
Long-term borrowings					
Loans for equipment purchases	Korea Development Bank	3.45-7.73	₩ 108,564	₩ 115,166	₩ 82,658
General loans	Nonghyup and others	1.00-7.41	669,767	284,073	355,118
			778,331	399,239	437,776
	Less: Discounts on borrowings		(199,458)	(224,795)	(2,566)
	Less: Current maturities		(1,179)	(498)	(667)
			₩ 577,694	₩ 173,946	₩ 434,543

- (2) Details of the Group's debentures as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Description	Issued date	Maturity	Interest rate (%)	December 31, 2011	December 31, 2010	January 1, 2010
Current						
241 st private	2009.02.20	2010.02.19	-	₩ -	₩ -	₩ 30,000
242 nd public	2009.03.09	2010.03.09	-	-	-	150,000
245 th private	2009.12.26	2010.12.26	-	-	-	50,000
44 th private	2009.02.19	2010.02.18	-	-	-	833
45 th private	2009.03.30	2010.03.29	-	-	-	4,300
46 th private	2009.12.24	2010.12.24	-	-	-	5,000
48 th private	2010.09.30	2011.09.30	-	-	3,600	-
51 st private	2011.09.30	2012.09.30	6.61-7.70	3,600	-	-
				3,600	3,600	240,133
Non-current						
227 th public	2006.11.23	2010.11.23	-	-	-	50,000
230-2 nd public	2007.07.11	2010.07.11	-	-	-	50,000
231 st public	2007.09.20	2010.09.20	-	-	-	35,028
233-1 st public	2007.10.18	2010.10.18	-	-	-	35,028
233-3 rd public	2007.10.18	2010.10.18	-	-	-	50,000
234-1 st public	2008.01.21	2010.07.21	-	-	-	10,000
235 th public	2008.03.20	2010.03.20	-	-	-	70,056
238 th private	2008.10.06	2010.10.06	-	-	-	100,000
234-2 nd public (*1)	2008.01.21	2011.01.21	-	-	150,000	150,000
234-3 rd public (*1)	2008.01.21	2013.01.21	6.82	70,000	70,000	70,000
236 th foreign currency private	2008.03.20	2011.03.20	-	-	79,723	81,732
237-1 st public (*1)	2008.05.29	2011.05.29	-	-	60,000	60,000
237-2 nd public (*1)	2008.05.29	2013.05.29	6.43	90,000	90,000	90,000
239 th private	2008.12.17	2011.12.16	-	-	74,400	74,400
243 rd private	2009.03.26	2012.03.24	6.23	70,000	70,000	70,000
244 th public (*1)	2009.06.09	2012.06.09	6.80	200,000	200,000	200,000
246 th public (*1)	2011.06.10	2014.06.10	4.80	100,000	-	-
41 st private	2007.11.09	2010.11.09	-	-	-	5,000
42 nd public	2007.12.06	2010.12.06	-	-	-	10,000
50 th private	2010.12.14	2013.12.14	6.53	12,000	12,000	-
1-1 st public (*1)	2011.09.23	2016.09.23	4.61	30,000	-	-
1-2 nd public (*1)	2011.09.23	2017.09.23	4.92	30,000	-	-
1-3 rd public (*1)	2011.09.23	2018.09.23	5.22	30,000	-	-
1-4 th public (*1)	2011.09.23	2019.09.23	5.40	30,000	-	-
1-5 th public (*1)	2011.09.23	2020.09.23	5.58	40,000	-	-
1-6 th public (*1)	2011.09.23	2021.09.23	5.73	40,000	-	-

Description	Issued date	Maturity	Interest rate (%)	December 31, 2011	December 31, 2010	January 1, 2010
				₩ 742,000	₩ 806,123	₩ 1,211,244
Less: Current maturities				(270,000)	(364,123)	(415,112)
Less: Discounts on debentures				(4,244)	(405)	(2,411)
				₩ 467,756	₩ 441,595	₩ 793,721

(*1) Nonguaranteed

- (3) The aggregate annual maturities of long-term borrowings and debentures outstanding as of December 31, 2011, are as follows (Korean won in millions):

Years ending December 31	Long-term borrowings	Debentures (par value)	Total
2013	₩ 511,798	₩ 172,000	₩ 683,798
2014	38,929	100,000	138,929
2015	13,521	-	13,521
Thereafter	14,625	200,000	214,625
	₩ 578,873	₩ 472,000	₩ 1,050,873

20. RETIREMENT BENEFIT PLAN:

- (1) The Group operates a defined contribution plan for qualified employees, under which the Group is obligated to make payments to third-party funds. The contribution of the Group is reduced by losing contributions when employees retire before meeting the vesting condition.

The Group recognized ₩2,188 million of the Group's contribution portion under its defined contribution plan in the consolidated statement of income for the year ended December 31, 2011. Also, ₩11 million was unpaid as of December 31, 2011, which was paid in the subsequent period.

- (2) The Group operates a defined benefit plan for qualified employees. The valuation of related plan assets and the defined benefit liability is performed by Kyobo Life Insurance Co., Ltd. Also, the present value of defined benefit obligation, current service cost and past service cost is determined using the projected unit credit method.

- 1) As of December 31, 2011, December 31, 2010 and January 1, 2010, amounts recognized in the consolidated statements of financial position related to retirement benefit obligations are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Present value of defined benefit obligations	₩ 118,929	₩ 86,337	₩ 74,338
Fair value of plan assets	(86,850)	(68,707)	(54,322)
Retirement benefit obligations	₩ 32,079	₩ 17,630	₩ 20,016

- 2) Changes in present value of defined benefit obligations for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Beginning balance	₩ 86,337	₩ 74,338
Current service cost	23,246	20,288
Interest cost	4,534	4,231
Actuarial gains before tax	20,797	11,905
Benefit paid	(15,985)	(22,975)
Others (*1)	-	(1,450)
Ending balance	₩ 118,929	₩ 86,337

- (*1) Changes due to change in subsidiaries' policies

3) Changes in pension plan assets for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Beginning balance	₩ 68,707	₩ 54,322
Expected return on plan assets	3,289	3,138
Employer's contribution	18,718	16,727
Actuarial gains before tax	(84)	384
Benefit paid (*1)	(3,780)	(5,864)
Ending balance	₩ 86,850	₩ 68,707

(*1) Paid by asset management organizations

The Group has invested full amount of plan assets in time deposit for securing stable finance.

4) Income and loss related to defined benefit plan for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Current service cost	₩ 23,246	₩ 20,288
Interest cost	4,534	4,231
Expected return on plan assets	(3,289)	(3,138)
	₩ 24,491	₩ 21,381

5) The principal assumptions used for actuarial valuation are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Discount rate	5.10%	6.00%	7.00%
Expected return on plan assets	4.20%	5.10%	6.50%
Future salary increase rate (including inflation)	4.94%	4.94%	5.00%

The Group used sixth survival and mortality rate on plan assets as mortality rate. The rate is announced and generated by Korea Insurance Development Institute, which provides reference rates and statistical analyses under the Insurance Business Act.

21. **OTHER LIABILITIES:**

(1) Details of other liabilities as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Current			
Advances received	₩ 896,223	₩ 819,717	₩ 545,469
Withholdings	83,561	109,166	91,518
VAT withholdings	308	741	418
	₩ 980,092	₩ 929,624	₩ 637,405

22. OTHER PROVISIONS:

Details of changes in other provisions and classification by liquidity as of December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011						Liquidity	
	Beginning balance	Additional provisions	Utilization	Reversal	Other	Ending balance	Current	Non-Current
Product warranties (*1)	₩ 2,926	₩ 3,675	₩ (3,016)	₩ -	₩ -	₩ 3,585	₩ 3,585	₩ -
Completion cost (*2)	-	12,369	(2,913)	(842)	7,643	16,257	16,257	-
Litigations (*3)	1,921	3,110	(470)	(628)	-	3,933	-	3,933
Construction warranties (*4)	921	507	(1,266)	-	-	162	-	162
	<u>₩ 5,768</u>	<u>₩ 19,661</u>	<u>₩ (7,665)</u>	<u>₩ (1,470)</u>	<u>₩ 7,643</u>	<u>₩ 23,937</u>	<u>₩ 19,842</u>	<u>₩ 4,095</u>

	2010						Liquidity	
	Beginning balance	Additional provisions	Utilization	Reversal	Other	Ending balance	Current	Non-Current
Product warranties (*1)	₩ 1,440	₩ 4,599	₩ (3,113)	₩ -	₩ -	₩ 2,926	₩ 2,926	₩ -
Litigations (*3)	11,776	1,498	(43)	(11,552)	242	1,921	-	1,921
Construction warranties (*4)	861	797	(737)	-	-	921	-	921
	<u>₩ 14,077</u>	<u>₩ 6,894</u>	<u>₩ (3,893)</u>	<u>₩ (11,552)</u>	<u>₩ 242</u>	<u>₩ 5,768</u>	<u>₩ 2,926</u>	<u>₩ 2,842</u>

(*1) The Group recognized the provision for product warranty that occurred from deficiency of products during warranty periods.

(*2) The Group recognized other provisions considering the unavoidable costs after completion of construction as of December 31, 2011.

(*3) The Group recognized anticipated losses as provisions considering the first and second trial as of December 31, 2011 and 2010.

(*4) Within the Suksan business area, aggregates have been quarried after the Group obtains soil and stone quarrying permission related to the aggregate extraction business. With the regard to the area, the Group has obligations for restoration. The Group recognized the anticipated expense as other provisions.

23. CAPITAL STOCK:

Details of capital stock as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Authorized shares of capital stock	120,000,000 shares	120,000,000 shares	120,000,000 shares
Par value	₩ 5,000	₩ 5,000	₩ 5,000
Issued shares of common stock			
Common stock	34,800,000 shares	34,800,000 shares	34,800,000 shares
Preferred stock (*1)	3,800,000 shares	3,800,000 shares	3,800,000 shares
Capital stock			
Common stock	₩ 197,500 million	₩ 197,500 million	₩ 197,500 million
Preferred stock	₩ 21,000 million	₩ 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. Maximum shares are up to 30 million.

The Group 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. Capital stock is different from total issued shares' par value.

24. OTHER PAID-IN CAPITAL:

- (1) Details of other paid-in capital as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Additional paid-in capital	₩ 296,044	₩ 296,044	₩ 296,044
Gain from merger	145,062	145,062	145,062
Gain on sale of treasury stocks	98,344	98,344	98,344
Others	(26,792)	(1,718)	(1,628)
	<u>₩ 512,658</u>	<u>₩ 537,732</u>	<u>₩ 537,822</u>

- (2) Changes in other paid-in capital for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Beginning balance	₩ 537,732	₩ 537,822
Changes due to change in subsidiaries' equity	(25,074)	(90)
Ending balance	<u>₩ 512,658</u>	<u>₩ 537,732</u>

25. OTHER EQUITY:

- (1) Details of other equity as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Gain (loss) on valuation of AFS financial assets	₩ 36,745	₩ 40,461	₩ 31,090
Disposal of AFS financial assets held for sale	-	81,212	81,775
Gain (loss) on overseas operations translation	(1,605)	(4,652)	6
Share of other comprehensive gain on associates	27,167	27,891	28,147
Share of other comprehensive loss on associates	(50)	(50)	(50)
Gain (loss) on valuation of derivative instruments	-	-	(141)
	<u>₩ 62,257</u>	<u>₩ 144,862</u>	<u>₩ 140,827</u>

- (2) Details of changes in other equity for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Beginning balance	₩ 144,862	₩ 140,827
Gain on valuation of AFS financial assets	(3,847)	12,013
Tax effect	131	(2,642)
	<u>(3,716)</u>	<u>9,371</u>
Disposal of AFS financial assets held for sale	(104,118)	(722)
Tax effect	22,906	159
	<u>(81,212)</u>	<u>(563)</u>
Gain (loss) on overseas operations translation	3,047	(4,658)
Share of other comprehensive gain on associates	5	(328)
Tax effect	(729)	72
	<u>(724)</u>	<u>(256)</u>
Gain (loss) on valuation of derivative instruments	-	181
Tax effect	-	(40)
	<u>-</u>	<u>141</u>
Ending balance	<u>₩ 62,257</u>	<u>₩ 144,862</u>

26. RETAINED EARNINGS:

- (1) Details of retained earnings as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Legal reserve:			
Earned surplus reserve (*1)	₩ 65,861	₩ 65,456	₩ 65,051
Voluntary reserve:			
Business rationalization reserve	17,002	17,002	17,002
Reserve for improvement of financial structure (*2)	620,281	320,281	20,281
Other reserve	1,246,705	636,705	30,038
Unappropriated retained earnings (*3)	1,673,617	2,237,396	2,823,808
	₩ 3,623,466	₩ 3,276,840	₩ 2,956,180

(*1) The Korean Commercial Code requires the Group 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.

(*2) According to revision of the regulations regarding securities issuance and disclosure (formerly the provisions of the financial control regulation for publicly listed companies), the Group 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.

(*3) The Group revaluated a substantial portion of its property, plant and equipment. As of December 31, 2011 and 2010, the total assets' revaluation reserves after deducting tax were ₩ 687,805 million. The reserves are allowed to use for capitalization or deficit recovery only and not for financing of cash dividend.

- (2) Details of changes in retained earnings for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Beginning balance	₩ 3,276,840	₩ 2,956,180
Net income attributable to owners of the Group	365,675	333,694
Dividend	(4,050)	(4,050)
Actuarial gains (losses) on defined benefit plans	(14,999)	(8,984)
Ending balance	₩ 3,623,466	₩ 3,276,840

27. COLLATERALS AND GUARANTEES:

- (1) The Group's assets pledged as collateral to financial institutions for the Group's borrowings as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Financial institution	Pledged assets	Maximum Claim			Description
		December 31, 2011	December 31, 2010	January 1, 2010	
Korea Development Bank	Land and others	₩ 593,171	₩ 562,994	₩ 536,065	Loans for facility
Korea Construction Financial Cooperative	Buildings	-	-	90,000	Secured loan
	Capital investment	31,002	30,857	30,046	Guarantee and loan commitment
Korea Housing Guarantee Co., Ltd.	Stock	11,565	7,189	10,935	Guarantee and loan commitment
Kookmin Bank and others	Capital investment	206,463	261,576	269,207	SOC financing commitment
	Land and others	67,600	68,900	68,900	SOC financing commitment
Korea Housing Finance Corporation	Land and others	107,189	232,144	232,144	Trust mortgage
Korea Land Corporation	Land and others	-	-	27,626	Secured loan
Incheon Shinhyun Co., Ltd.	Construction work	-	-	-	-
and Incheon Shinhyun-2nd Co., Ltd.	receivable	-	-	50,000	Secured loan
Gwanggyo Lucky Seven Co., Ltd.	Advances paid (land)	-	-	114,930	Secured loan
		₩ 1,016,990	₩ 1,163,660	₩ 1,429,853	

(2) Guarantees provided by the Group

- 1) As of December 31, 2011, the Group's current partners stand joint guarantee for "Korea Housing Guarantee and Korea Construction Financial Cooperative" with the amount of ₩506,178 million, as well as for "Private Partnership in Infrastructure" established by the corporation with ₩203,828 million joint guarantee and provide supplemental funding agreement.
- 2) As of December 31, 2011, the Group agreed to provide payment loan guarantees for construction projects and project financing (hereafter referred to as the "PF"). The related total credit line of borrowings of the said project administering companies amounted to ₩1,438,580 million. Details of the guarantees as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
ABCP	₩ 743,400	₩ 1,554,500	₩ 1,225,911
ABS	-	-	200,000
Other PF Loan	363,200	431,911	1,419,300
	₩ 1,106,600	₩ 1,986,411	₩ 2,845,211

As of December 31, 2011, in connection with project administering companies' borrowings, the Group has provided payment guarantees, the major details of which are as follows (Korean won in millions):

Area	Financial institution	Guarantee coverage	Loan amount	Description	Terms of loans	Type
Gyeonggi	Securities firms	₩ 85,000	₩ 85,000	Payment guarantee	2011.07-2012.07	ABCP
Gyeonggi	Securities firms	85,000	85,000	Payment guarantee	2010.03-2012.03	ABCP
Gyeonggi	Securities firms	70,000	70,000	Payment guarantee	2011.06-2012.06	ABCP
Gyeonggi and others	Securities firms	95,000	59,000	Payment guarantee	2011.11-2013.11	Loan
Gyeonggi	Securities firms	57,000	57,000	Payment guarantee	2011.07-2012.07	ABCP
Gyeonggi	Bank	57,000	57,000	Payment guarantee	2007.05-2012.05	Loan
Gyeonggi and others	Bank	57,000	57,000	Payment guarantee	2009.12-2012.12	Loan
Gyeonggi and others	Bank and others	50,000	50,000	Payment guarantee	2011.08-2012.08	Loan
Gyeonggi	Securities firms	41,600	41,600	Payment guarantee	2011.12-2012.12	ABCP
Gyeonggi	Securities firms	41,000	41,000	Payment guarantee	2011.09-2012.03	ABCP

The Group also provides payment guarantees of ₩960,146 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 ₩1,172,111 million. This guarantee is secured by the real estate of the project administering companies' project.

- 3) As of December 31, 2011, the Group has provided payment guarantees of ₩726,205 million for the borrowings of individual housing and members of a housing cooperative. The total credit line of borrowings amounted to ₩944,067 million. The guarantee is secured by the receivables from the individual housing buyers and members of the cooperative.
- 4) The Company has set up for financial guarantee liabilities as of December 31, 2011, provided for the current enforcer of the PF loan guarantees, by accurately estimating possible loss on the business with ₩110,116 million (as of December 31, 2010 and January 1, 2010, are ₩230,384 million and ₩201,255 million).

(3) Guarantees provided by others

1) Payment guarantees related to domestic construction provided by others as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	Guarantees			Description
	December 31, 2011	December 31, 2010	January 1, 2010	
Samhwan Corporation and others	₩ 80,141	₩ 88,566	₩ 93,277	Joint guarantee of construction
Korea Construction Financial Cooperative	723,993	677,183	591,669	Guarantee of construction contract
Korea Construction Financial Cooperative	979,909	1,092,763	837,243	Guarantee of payment received
Korea Construction Financial Cooperative	1,576,788	1,274,056	1,348,109	Construction warranty and others
Korea Housing Guarantee	2,599,797	2,366,819	2,287,374	Guarantee of lotting-out
Korea Housing Guarantee	1,155,610	523,452	465,533	Construction warranty and others
Seoul Guarantee Insurance Co., Ltd.	1,110,402	1,240,991	1,423,360	Guarantee of fulfillment of construction and others
Woori Bank and others	1	1,455	46,995	Other payment guarantee
Shinhan Bank	12,361	12,361	12,361	Other payment guarantee
Korea Exchange Bank	7,746	7,746	-	Guarantee of fulfillment of contract
Standard Chartered Bank	-	-	3,354	Guarantee of fulfillment of investment
	₩ 8,246,748	₩ 7,285,392	₩ 7,109,275	

2) Payment guarantees related to overseas construction provided by others as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions, foreign currencies in thousands):

	Guarantees		Guarantees (Korean won- equivalent)	Country	Description
	USD				
The Export-Import Bank of Korea	USD	485,999	₩ 560,502	Saudi and others	Guarantee of fulfillment of construction and others
The Export-Import Bank of Korea	EUR	12,565	18,773	Iran	Guarantee of fulfillment of construction and others
The Export-Import Bank of Korea	SAR	225,649	69,396	Saudi	Guarantee of fulfillment of construction and others
The Export-Import Bank of Korea	PHP	926,455	24,403	Philippines	Guarantee of fulfillment of construction and others
The Export-Import Bank of Korea	KWD	55,890	231,339	KUWAIT	Guarantee of fulfillment of construction and others
The Export-Import Bank of Korea	CNY	2,580	471	China	Guarantee of fulfillment of construction
The Korea Export Insurance Corporation	USD	374,805	432,262	Saudi and others	Guarantee of fulfillment of construction
The Korea Export Insurance Corporation	EUR	53,855	80,465	Saudi and others	Guarantee of fulfillment of construction
The Korea Export Insurance Corporation	SAR	266,194	81,865	Saudi and others	Guarantee of fulfillment of construction
SCB Abu Dhabi	AED	50	16	UAE	Maintenance of branch
Korea Exchange Bank	USD	68,757	79,297	Saudi and others	Guarantee of fulfillment of construction
Korea Exchange Bank	EUR	69,712	104,157	Saudi and others	Guarantee of fulfillment of construction and others
Korea Exchange Bank	KWD	953	3,945	KUWAIT	Visa
Woori Bank	USD	62,601	72,198	Saudi	Guarantee of fulfillment of construction and others
Woori Bank	EUR	54	81	Iran	Guarantee of advances received
Woori Bank	KRW	44,791	44,791	Iran	Guarantee of retention payment bond
Nonghyup	EUR	45,000	67,235	Iran	Guarantee of advances received other
Seoul Guarantee Insurance Company	EUR	45,000	67,235	Iran	Guarantee of advances received other

	Guarantees		Guarantees (Korean won- equivalent)	Country	Description
Korea Development Bank	EUR	2,615	₩ 3,907	Iran	Guarantee of advances received other
Arab Bank Singapore	USD	79,307	91,465	Saudi	Guarantee of fulfillment of construction and others
Arab Bank Singapore	USD	37,453	43,195	Saudi	Guarantee of fulfillment of construction and others
Arab Bank Singapore	SGD	500	443	Singapore	Bid bond
NBK	KWD	2,650	10,969	Kuwait	Guarantee of fulfillment of construction and others
NCB	USD	86,090	99,288	Saudi	Guarantee of fulfillment of construction and others
LONPAC	SGD	30,588	27,114	Singapore	Guarantee of fulfillment of construction and others
Petrogen Insurance	USD	3,448	3,977	Philippines	Guarantee of fulfillment of construction
Prudential	USD	215,899	248,996	Philippines	Guarantee of advances received other
			<u>₩ 2,467,785</u>		

28. COMMITMENTS AND CONTINGENCIES:

(1) Promissory note, checks

As of December 31, 2011, the Group has provided 22 promissory notes (17 blank and others whose par value amounted to ₩59,554 million) and eight checks (two blank and others whose par value amounted to ₩89,130 million) to the related banks regarding loan payables and guarantees.

(2) Litigations

As of December 31, 2011, the Company is accused for 95 lawsuit cases pending (amount of ₩270,555 million or SAR 30,180 thousand) regarding a claim for damages and filed a complaint for 15 lawsuits pending (amount of ₩28,489 million) regarding completion bill. Since the outcomes of the pending lawsuits are unpredictable, influence on the consolidated financial statements cannot be accurately measured. Except for the cases that Company is accused of, when they lost during first or second trial, the Company has set up for the provisions (see Note 22).

(3) Payment guarantees of loans to related party

1) The Group's Board of Directors, on May 19, 2009, according to the agreements in relation stabilization of business of Samho Int' Co., Ltd., which is associates of the Group, between the Group and creditors of Samho Int' Co., Ltd., has decided to support asset-backed loan with a maximum credit line of ₩145,000 million. Details of the main agreements are as follows:

	Description
Counterparty	Samho Int' Co., Ltd
Terms and conditions	
Type of loan	Asset-backed loan
Term of contract	2009.05.19–2012.12.31
Interest rate	Apply the Company's weighted-average borrowing rate at the time of loan
Method of repayment	Disposition of collateral assets or surplus funds in the event of repayment
Loan amount	Maximum ₩145,000 million
Others	The Company is provided with real estates and SOC equity securities owned by Samho Int' Co., Ltd., as collateral.

The balance of the financial support is ₩24,261 million as of December 31, 2011.

- 2) The Group's Board of Directors, on April 25, 2011, in relation to Korea Development Corp.'s lack of working capital and other funds for Yongin construction site, has decided to support asset-backed loan with a maximum credit line of ₩150,000 million. Details of the main agreements are as follows:

	Description
Counterparty	Korea Development Corp.
Terms and conditions	
Type of loan	Asset-backed loan
Term of contract	2011.04.25–2014.02.28
Interest rate	Apply the Company's weighted-average borrowing rate at the time of loan
Method of repayment	Disposition of collateral assets or surplus funds in the event of repayment
Loan amount	Maximum ₩150,000 million
Others	The transaction amount is the total loan credit line. If necessary during the term of contract; Board of Directors of the Company will approve when requested by the Korea Development Corp. The Company is provided with real estates and SOC equity securities owned by Korea Development Corp. as collateral.

The balance of the financial support is ₩138,357 million as of December 31, 2011.

- 3) The Group's Board of Directors, on November 29, 2011, in relation to Korea Development Corp.'s lack of working capital and other funds for Gumi-Bonggok construction site, has decided to support asset-backed loan with a maximum credit line of ₩50,000 million. Details of the main agreements are as follows:

	Description
Counterparty	Korea Development Corp.
Terms and conditions	
Type of loan	Asset-backed loan
Term of contract	2011.11.29–2014.02.28
Interest rate	Apply the Company's weighted-average borrowing rate at the time of loan
Method of repayment	Disposition of collateral assets or surplus funds in the event of repayment
Loan amount	Maximum ₩50,000 million
Others	The transaction amount is the total loan credit line. If necessary during the term of contract; Board of Directors of the Company will approve when requested by the Korea Development Corp. The Company is provided with real estates owned by Korea Development Corp. as collateral.

There were no balances of financial support as of December 31, 2011.

(4) Commitments to financial institutions

The major contracts between the Group and the financial institutions as of December 31, 2011, are follows (Korean won in millions, foreign currencies in thousands):

Description	Financial institution	Credit line		Balance outstanding	
Bank overdrafts (*1)	Woori Bank and others	KRW	40,000	KRW	-
General loans	Woori Bank and others	KRW	386,198	KRW	224,296
General loans	Woori Bank	USD	2,100	USD	256
Commercial paper discounting	Woori Bank and others	KRW	300,000	KRW	100,000
Private debentures	Woori Bank and others	KRW	73,600	KRW	73,600
Business to business	Woori Bank and others	KRW	160,000	KRW	40,922
Manufacturing financing	Export-Import Bank of Korea	KRW	963,050	KRW	693,050
Letter of credit (SIGHT and USANCE)	Woori Bank and others	USD	603,837	USD	288,213
Document against acceptance and document against payment	Korea Development Bank	USD	500	USD	-
Payment guarantee in foreign currency	Woori Bank and others	USD	2,215,285	USD	1,685,696
Payment guarantee in foreign currency	Korea Development Bank	USD	50,000	EUR	2,615
Payment guarantee in foreign currency	LONPAC	SGD	30,588	SGD	30,588

Description	Financial institution	Credit line		Balance outstanding	
Payment guarantee in foreign currency	NBK	KWD	2,650	KWD	2,650
Payment guarantee in local currency	Woori Bank and others	KRW	85,106	KRW	64,896
Bills bought in foreign currency	Woori Bank	USD	300	USD	-

(*1) Bank overdrafts from Woori Bank, Shinhan Bank, Korea Exchange Bank, the Korea Development Bank, Hana Bank and Jeju Bank amounted to ₩13 billion, ₩11 billion, ₩7 billion, ₩5 billion, ₩3 billion, and ₩1 billion, respectively. The aforementioned ₩10 billion overdraft from Woori Bank includes comprehensive credit limit contract.

The Group has made contracts with financial institutions for the comprehensive line of credits; ₩230 billion and USD119, 710 thousand with Woori Bank, ₩25 billion with Korea Exchange Bank; and ₩150 billion with Hana Bank.

(5) Derivatives

1) Foreign Exchange Risk Insurance

The Group is insured with Korea Trade Insurance Corporation to reduce the effect of changes in foreign exchange rates on future cash flows regarding expected bill at overseas projects. A summary of the terms of outstanding foreign exchange fluctuation insurance contracts as of December 31, 2010, is as follows (USD in thousands):

	Currency	Total coverage amount	Remaining coverage amount	Contracted exchange rate	Termination date
Korea Trade Insurance Corporation	USD	176,494	17,217	917.30-917.60	December 2011

2) The Group has 406 foreign currency forward contracts with Standard Chartered Bank to manage the exposure to changes in currency 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, foreign currencies in thousands):

Purpose	Buying		Selling		Contracted exchange rate	Number of contracts
	Currency	Amount	Currency	Amount		
Trading	KRW	1,128,441,445	USD	978,081	1,121.70-1,185.70	213
Trading	EUR	346,544	USD	472,564	1.3345-1.4470	122
Trading	JPY	2,257,278	USD	29,524	74.78-78.04	34
Trading	JPY	5,337,463	KRW	74,790,656	13.6968-15.2018	15
Trading	EUR	10,304	KRW	15,713,970	1,511.70-1,537.50	14
Trading	USD	6,912	KRW	7,914,854	1,132.90-1,150	4
Trading	USD	29,934	EUR	20,846	1.4186-1.4660	3
Trading	USD	4,000	SGD	5,049	1.2623	1

3) Interest Rate Swap contracts

The contracts that the Group had to reduce the effect of changes in interest rate swap contracts were terminated. A summary of the terms of outstanding foreign currency forward contracts as of December 31, 2011, is as follows (Korean won in millions):

	Amount	Effective date	Termination date	Interest rate payable	Interest rate receivable	Settlement period	Description
Kookmin Bank	₩ 50,000	2007.11.21	2011.05.23	6.48%	CD, plus 1.20%	1 month	General loan
Nonghyup	50,000	2007.11.28	2011.05.23	6.49%	CD, plus 1.20%	1 month	General loan
Hana Bank	50,000	2011.03.30	2012.03.30	6.95%	CD, plus 2.63%	1 month	General loan

4) Derivative Instruments

A summary of derivative transactions as of December 31, 2011, is as follows (Korean won in millions):

	Trade				Hedge			
	Gain on valuation	Loss on valuation	Asset	Liability	Gain on valuation	Loss on valuation	Asset	Liability
Foreign exchange fluctuation insurance (*1)	₩ -	₩ 160	₩ -	₩ 2,124	₩ -	₩ -	₩ -	₩ 1,939
Currency forward	10,880	27,789	13,125	36,309	-	-	-	-
Interest swap	1,008	9	-	9	-	-	-	-
Firm commitment	-	-	-	-	109	-	1,939	-
	<u>₩11,888</u>	<u>₩27,958</u>	<u>₩13,125</u>	<u>₩38,442</u>	<u>₩ 109</u>	<u>₩ -</u>	<u>₩ 1,939</u>	<u>₩ 1,939</u>

(*1) The Group applied the fair value hedge accounting as the outstanding foreign contracts included firm commitments representing the hedged items satisfying the criteria.

(6) Project financial commitment of private investment business

On December 29, 2010, Pocheon Power Co., Ltd., made a project financial commitment with stockholders, conducted by Korea Development Bank. According to this commitment, the subsidiary will build and operate Pocheon Complex Thermoelectric Power Plant, the operating investor will raise ₩150 billion, and the financial investor will raise ₩1,086.5 billion through subordinated bonds, acquisition of corporate bonds and senior bonds.

(7) Other commitments

As of December 31, 2011, in relation to Sangam DMC Landmark Tower, the Group has made a put option contract (total amount of ₩122 billion and ₩18.7 billion for the Group's stake) to Seoul Lite Tower Co., Ltd.'s maximum investors and financial investors within a certain period (an year for maximum investors, three months for financial investors) after the date of completion of construction for the current project. However, the amount of option contract can be changed when the share of construction is confirmed in the future.

Also, the Group is providing various put options for financial investors at PFV business with an amount of ₩15.7 billion; PFV projects consist of developing Chongjin office building, Osan-Sema housing construction, and headquarters building for Anyang branch of Korea Development Corp. Additionally, in relation to two regional constructions, including Shin Bun-dang subway, the Group entitles the right to financial investors to claim buying off when the financial investors are to cancel the contract with reasonable cancellation reason because of constructional investors.

29. NATURE OF EXPENSES:

Details of classification of expenses by nature for the years ended December 31, 2011 and 2010, are as follows (Korean won in million):

	2011	2010
Cost of raw materials	₩ 3,396,451	₩ 2,811,033
Changes in inventories	(20,145)	(60,497)
Cost of outsourcing	2,147,508	2,328,440
Salaries	425,748	405,492
Severance benefits	23,228	21,230
Welfare expenses	71,717	67,192
Depreciation	48,548	51,326
Amortization of intangible assets	4,612	2,872
Commission	419,206	383,184
Taxes and dues	51,335	52,246
Other expenses	982,482	987,452
	<u>₩ 7,550,690</u>	<u>₩ 7,049,970</u>

30. SELLING AND ADMINISTRATIVE EXPENSES:

Details of selling and administrative expenses for the years ended December 31, 2011 and 2010, are as follows (Korean won in million):

	2011	2010
Selling expenses		
Advertisement	₩ 24,650	₩ 24,075
Bad debt expenses	31,740	32,349
Freight	52,325	51,424
Interest expense	2,460	19,346
Commission	106,319	121,440
Warranty expense	3,673	7,095
	<u>221,167</u>	<u>255,729</u>
Administrative expenses		
Salaries	143,700	124,013
Welfare expenses	20,805	19,651
Insurance	9,371	5,474
Rent	16,085	11,558
Others	81,093	73,773
	<u>271,054</u>	<u>234,469</u>
	<u>₩ 492,221</u>	<u>₩ 490,198</u>

31. EARNINGS PER SHARE:

The Group's net income per share for the years ended December 31, 2011 and 2010, is computed as follows (Korean won):

(1) Basic net income per share

	2011	2010
Net income attributable to owners of the Company (A)	₩ 365,674,384,503	₩ 333,693,614,014
Dividends for preferred stock (B)	570,000,000	570,000,000
Supplementary income allocated to preferred stock (C)(*1)	35,600,328,008	32,451,962,001
Net income available for common stockholders (D=A-B-C)	329,504,056,495	300,671,652,013
Weighted-average number of common shares outstanding (E)(*2)	34,800,000	34,800,000
Basic earnings per share (F=D/E)	<u>₩ 9,469</u>	<u>₩ 8,640</u>

(*1) Supplementary income allocated to preferred stock

	2011	2010
Net income attributable to owners of the Company (A)	₩ 365,674,384,503	₩ 333,693,614,014
Dividends for preferred stock (B)	570,000,000	570,000,000
Dividends for common stock (C)	3,480,000,000	3,480,000,000
Supplementary income (D=A-B-C)	361,624,384,503	329,643,614,014
Ratio for preferred stock (E)	9.84%	9.84%
Supplementary income allocated to preferred stock (F=D×E)	<u>₩ 35,600,328,008</u>	<u>₩ 32,451,962,001</u>

(*2) Weighted-average number of common shares outstanding

	2011
	Numbers of shares issued
	Numbers of days outstanding
	Weighted number of shares
Beginning of year	34,800,000
	365
	12,702,000,000

(2) Diluted earnings per share are the same as the basic earnings per share since the Group has no diluted securities.

32. OTHER INCOME AND EXPENSES:

Details of other income and expenses for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Other income:		
Dividend income	₩ 827	₩ 526
Rental revenue	1,455	558
Gain on foreign currency translation	5,370	8,477
Gain on foreign currency transactions	48,251	15,409
Gain on disposal of property, plant and equipment	1,223	862
Gain on disposal of investment property	2,505	-
Gain on disposal of other investment assets	95,915	16,649
Gain on derivative transactions	30,049	35,307
Gain on derivative valuations	10,989	10,328
Reversal of other provisions	1,469	11,552
Reversal of financial instrument liabilities	24,492	13,481
Reversal of provision for construction warranties	6,857	2,281
Others	72,419	45,411
	<u>₩ 301,821</u>	<u>₩ 160,841</u>
Other expenses:		
Bad debt expense	₩ 65,126	₩ 51,011
Loss on foreign currency translation	3,862	7,171
Loss on foreign currency transactions	37,181	25,905
Loss on disposal of property, plant and equipment	834	3,872
Impairment loss on assets	14,166	31,784
Loss on disposal of investment property	45	1,156
Loss on disposal of other investment assets	1,055	2,980
Loss on derivative transactions	29,209	8,861
Loss on derivative valuations	27,948	22,475
Contribution to financial contract guarantee liabilities	23,444	53,804
Contribution to other provisions	3,110	1,498
Donations	2,382	4,866
Others	15,152	20,513
	<u>₩ 223,514</u>	<u>₩ 235,896</u>

33. FINANCIAL INCOME AND EXPENSES:

(1) Details of the Group's financial income for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Interest income		
Cash and cash equivalents	₩ 21,147	₩ 17,938
Short-term financial instruments	5,152	1,406
Trade and other accounts receivable	44,399	54,426
AFS financial assets	314	263
Long-term financial instruments	334	2,300
Others	1,077	2,944
Gain on foreign currency transaction	18,112	7,194
Gain on foreign currency translation	1,113	2,105
Gain on derivative transactions	2,020	5,615
Gain on derivative valuations	1,007	1,353
	<u>₩ 94,675</u>	<u>₩ 95,544</u>

- (2) Details of the Group's financial income categorized of assets for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Cash and cash equivalents	₩ 26,633	₩ 21,644
Financial assets at FVTPL (Derivatives for trading)	3,028	6,968
AFS financial assets	314	263
Trade and other accounts receivable	64,700	66,669
	₩ 94,675	₩ 95,544

- (3) Details of the Group's financial expenses for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Interest expense:		
Borrowings	₩ 68,325	₩ 34,812
Debentures	43,611	68,981
Others	1,717	357
	113,653	104,150
Less: capitalization of borrowing costs (*1)	(8,544)	-
	105,109	104,150
Loss on foreign currency transactions	15,818	2,641
Loss on foreign currency translation	1,140	2,591
Loss on derivative transactions	6,996	10,374
Loss on derivative valuations	10	2,923
	₩ 129,073	₩ 122,679

- (*1) The Group capitalized an interest expense ₩8,544 million incurred in borrowings as inventories, and the interest rate for capitalization is 4.6%.

- (4) Details of the Group's financial expenses categorized of liabilities for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Financial liabilities at FVTPL (Derivatives for trading)	₩ 7,006	₩ 13,297
Amortized cost of financial instrument liabilities	122,067	109,382
	₩ 129,073	₩ 122,679

34. INCOME TAX EXPENSE:

- (1) Details of the Group's income tax expense for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Current (including additional income tax and tax refunds) income tax expense	₩ 181,341	₩ 125,671
± Changes in temporary differences (*1)	(64,026)	(17,867)
± Changes in net deferred income tax assets (liabilities) directly charged to stockholders' equity (*2)	22,308	(5,811)
Income tax expense	₩ 139,623	₩ 101,993
(*1) Deferred income tax liabilities from temporary differences, net at the end of year	41,902	105,928
Deferred income tax liabilities from temporary differences, net at the beginning of year	105,928	123,795
Changes in deferred income tax from temporary differences	(64,026)	(17,867)

(*2) Changes in net deferred income tax assets (liabilities) directly charged to the stockholders' equity for the years ended December 31, 2011 and 2010, are as follows:

	December 31, 2011			December 31, 2010			January 1, 2010		
	Gross	Tax effect	Net amount	Gross	Tax effect	Net amount	Gross	Tax effect	Net amount
Gain (loss) on valuation of AFS assets	₩ 48,025	₩ 11,280	₩ 36,745	₩ 51,872	₩ 11,411	₩ 40,461	₩ 39,859	₩ 8,769	₩ 31,090
Non-current assets held for sale	-	-	-	104,118	22,906	81,212	104,841	23,065	81,776
Gain (loss) on valuation of derivatives	-	-	-	-	-	-	(181)	(40)	(141)
Share of other comprehensive profits	35,177	8,010	27,167	35,172	7,281	27,891	32,139	3,992	28,147
Share of other comprehensive losses	(50)	-	(50)	(50)	-	(50)	(50)	-	(50)
	<u>₩ 83,152</u>	<u>₩ 19,290</u>	<u>₩ 63,862</u>	<u>₩ 191,112</u>	<u>₩ 41,598</u>	<u>₩ 149,514</u>	<u>₩ 176,608</u>	<u>₩ 35,787</u>	<u>₩ 140,822</u>

(2) An explanation of the relationship between the income tax expense and the accounting income before income tax expense for the years ended December 31, 2011 and 2010, is as follows (Korean won in millions):

	2011	2010
Income before income tax	₩ 519,460	₩ 459,953
Income tax	147,799	74,620
Adjustments:		
Non-taxable income	(12,492)	(3,609)
Non-deductible expenses	5,321	6,365
Effects of changes in tax rate	(2,530)	22,191
Additional income taxes for prior periods	12,520	5,615
Others	(10,995)	(3,189)
Income tax expense	<u>₩ 139,623</u>	<u>₩ 101,993</u>
Effective tax rate (income tax expense/income before income tax)	26.88%	22.17%

(3) Changes in temporary differences and deferred income tax assets (liabilities) for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011			Deferred income tax assets (liabilities)
	Beginning balance	Increase (decrease)	Ending balance	
Investments in associates and joint ventures	₩ (662,648)	₩ 121,536	₩ (541,112)	₩ (28,611)
Valuation of AFS financial assets	(156,019)	107,962	(48,057)	(11,287)
Revaluation of property, plant and equipment	(539,199)	(8,740)	(547,939)	(130,907)
Valuation of derivative instruments	5,863	19,455	25,318	6,127
Property, plant and equipment	(7,570)	(7,035)	(14,605)	(3,539)
Provisions	101,318	(58,901)	42,417	10,185
Impairment loss	75,690	(12,062)	63,628	15,398
Reserve for research and human resources development	(46,967)	(13,033)	(60,000)	(14,520)
Bad debts expense	271,819	184,970	456,789	110,476
Gain (loss) on foreign currency translation	7,977	(7,034)	943	224
Accrued income	(25,100)	(28,082)	(53,182)	(12,870)
Others	90,383	(17,074)	73,309	17,422
	<u>₩ (884,453)</u>	<u>₩ 281,962</u>	<u>₩ (602,491)</u>	<u>₩ (41,902)</u>

	2010			
	Beginning balance	Increase (decrease)	Ending balance	Deferred income tax assets (liabilities)
Investments in associates and joint ventures	₩ (592,325)	₩ (70,323)	₩ (662,648)	₩ (56,423)
Valuation of AFS financial assets	(144,744)	(11,275)	(156,019)	(34,325)
Revaluation of property, plant and equipment	(547,919)	8,720	(539,199)	(118,240)
Valuation of derivative instruments	(32,974)	38,837	5,863	1,290
Property, plant and equipment	6,690	(14,260)	(7,570)	(1,665)
Provisions	38,486	62,832	101,318	22,375
Impairment loss	67,263	8,427	75,690	17,797
Reserve for research and human resources development	(37,267)	(9,700)	(46,967)	(10,340)
Bad debts expense	191,850	79,969	271,819	65,723
Gain (loss) on foreign currency translation	38,070	(30,093)	7,977	1,929
Accrued income	(14,474)	(10,626)	(25,100)	(6,074)
Others	41,863	48,520	90,383	12,025
	₩ (985,481)	₩ 101,028	₩ (884,453)	₩ (105,928)

(4) Temporary differences not recognized as deferred tax assets (liabilities) as of December 31, 2011 and December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Subsidiaries	₩ 383,184	₩ 383,184	₩ 383,184

35. RELATED-PARTY TRANSACTIONS:

(1) Details of related parties as of December 31, 2011, are as follows:

Type	Name of the related parties
Company that exercises significant control or influence over the Owners of the Group	Daelim Corporation
Subsidiaries	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., P.T. Daelim Utama Construction, Chunan-Dujeong Landmark Project Co., Ltd., DALIN (Nanjing) Construction Project Mgt. Co., Ltd., Daelim-Dar Co., Ltd. and Easytop 1st Co., Ltd.
Associates	Samho International Co., Ltd., Korea Development Corp., Wootoo housing CR-REITS Co., Ltd., Humphreys SLQ ONE Co., Ltd., Daelim Philippines, Inc. and Daelim Malaysia, Sdn. Bhd.
Jointly controlled entities	Yeochun NCC Co., Ltd., KR Copolymer Co., Ltd. and Poly Mirae Co., Ltd.
Others	Daelim I&S Co., Ltd., Ecosulihall Co., Ltd., Yeongcheon-Sangju Expressway Co., Ltd., Gimhea Dongseo Tunnel Co., Ltd., Chemtech Co., Ltd., Epyunse (Shanghai) Trade Agency Co., Ltd., A Plus D Co., Ltd., Daelim Vietnam Ltd, HHVC Shipping Ptd., Ltd and WBLC Shipping Ptd., Ltd.

(2) Transactions between the Owners of the Group and subsidiaries were eliminated for consolidation.

1) Transactions between the Group and other related parties for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

Company	Related party	Sales and others (*1)		Purchases and others (*1)	
		2011	2010	2011	2010
Daelim Industrial Co., Ltd.	Daelim Corporation	₩ 795,832	₩ 777,834	₩ 111,861	₩ 75,735
	Yechun NCC Co., Ltd.	232,198	176,449	880,739	765,482
	Poly Mirae Co., Ltd.	50,249	45,456	59,056	58,667
	Samho International Co., Ltd.	38,971	26,096	97,542	38,077
	KR Copolymer Co., Ltd.	10,704	10,706	67	86
	Korea Development Corp	17,958	11,659	21,245	31,002
	Humphreys SLQ ONE Co., Ltd.	15,989	2,679	-	-
	Daelim I&S Co., Ltd.	729	687	140,616	123,007
	Wootoo housing CR-REITS Co., Ltd.	303	403	-	-
	A Plus D Co., Ltd.	9	-	-	-
	Web-Tech Venture Capital Co., Ltd. (*2)	1	62	-	-
	Chemtech Co., Ltd.	7	2	-	-
	Daelim Philippines Inc	3,971	-	-	-
	Daelim C&S Co., Ltd.	-	2	19,556	14,244
	Korea Development Corp	19,975	6,170	5	18,023
Daelim C&S Co., Ltd.	Samho International Co., Ltd.	1,261	3,827	716	-
	Daelim I&S Co., Ltd.	-	-	211	265
	Daelim Corporation	-	-	28,011	30,899
Daelim Motor Co., Ltd.	Daelim I&S Co., Ltd.	-	-	1,626	1,662
	Korea Development Corp	2	-	-	-
	Chemtech Co., Ltd.	-	-	17	-
ORA Resort Co., Ltd.	Korea Development Corp	1	2	-	-
	Samho International Co., Ltd.	1	5	-	-
	Daelim Corporation	24	31	-	-
	Daelim I&S Co., Ltd.	-	8	92	87
	A Plus D Co., Ltd.	-	-	41	80
Daelim Saudi Arabia Co., Ltd	Daelim Corporation	-	149	83	6,826
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	Daelim I&S Co., Ltd.	-	-	31	-

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

(*2) Web-Tech Venture Capital Co., Ltd., is excluded from the Group's related party due to complete liquidation, and the transaction amounts for the years ended December 31, 2011 and 2010, were disclosed.

2) Outstanding balances as of December 31, 2011 and December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Company	Related party	Receivables (*1,3)			Payable (*3)		
		December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
Daelim Industrial Co., Ltd.	Daelim Corporation	₩ 83,617	₩ 81,922	₩ 49,055	₩ 16,957	₩ 7,795	₩ 8,827
	Yechun NCC Co., Ltd.	37,455	18,428	14,036	172,115	127,497	93,541
	Samho International Co., Ltd.	42,131	74,301	130,510	16,069	19,806	1,056
	KR Copolymer Co., Ltd.	964	1,022	1,027	5	15	14
	Korea Development Corp	160,941	4,375	3,254	2,733	3,402	9,669
	Poly Mirae Co., Ltd.	9,126	8,931	11,055	7,032	8,568	6,342
	Daelim I&S Co., Ltd.	78	597	647	28,310	20,514	32,251
	Daelim Philippines Inc	3,868	-	31	34	-	-
	Gimhea Dongseo Tunnel Co., Ltd.	-	-	-	477	477	477
	A Plus D Co., Ltd.	1	-	-	154	-	-
	Web-Tech Venture Capital Co., Ltd. (*2)	-	201	142	-	3	3
	Wootoo housing CR-REITS Co., Ltd.	-	21	-	-	-	-
	Daelim C&S Co., Ltd.	4,439	3,621	915	-	-	-
	Korea Development Corp	-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-

Company	Related party	Receivables (*1,3)			Payable (*3)		
		December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
	Samho International Co., Ltd.	₩ 1,343	₩ 2,057	₩ 1,570	₩ 88	₩ 88	₩ -
	Daelim Corporation		-	-	8,156	5,807	3,193
	Daelim I&S Co., Ltd.		-	-	21	21	154
Daelim Motor Co., Ltd.	Daelim Corporation	10	11	11	4,252	6,571	4,759
	Daelim I&S Co., Ltd.	-	-	-	294	254	262
ORA Resort Co., Ltd.	Daelim I&S Co., Ltd.	-	-	-	6	5	6
	Poly Mirae Co., Ltd.	-	-	2	-	-	-
	A Plus D Co., Ltd.	-	-	-	-	88	-
Daelim Saudi Arabia Co., Ltd	Daelim Corporation	-	-	-	9	-	441

(*1) Receivables are presented before deducting allowance for bad debts of ₩4,739 million and ₩2,486 million as of December 31, 2010 and January 1, 2010, respectively.

(*2) Web-Tech Venture Capital Co., Ltd. is excluded from the Group's related party due to complete liquidation, and receivables and payables as of December 31, 2010 and January 1, 2010, were disclosed.

(*3) Loans and borrowings were included.

(3) Significant changes on loans to related parties for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

Company	Related party	2011			
		Beginning balance	Rent	Repayment	Ending balance
Daelim Industrial Co., Ltd.	Korea Development Corp Samho International Co., Ltd.	₩ -	₩ 182,000	₩ (43,643)	₩ 138,357
		57,327	-	(33,066)	24,261
		₩ 57,327	₩ 182,000	₩ (76,709)	₩ 162,618
Company	Related party	2010			
		Beginning balance	Rent	Repayment	Ending balance
Daelim Industrial Co., Ltd.	Samho International Co., Ltd.	₩ 123,570	₩ -	₩ (66,243)	₩ 57,327

(4) Key management personnel compensation for the years ended December 31, 2011 and 2010, is as follows (Korean won in millions):

Description	2011	2010
Short-term benefits	₩ 25,825	₩ 19,295
Provision for severance indemnities	1,922	1,403
	₩ 27,747	₩ 20,698

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

(5) The Group is contingently liable for construction performance guarantees of its associated companies. The details of guarantees as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (USD in thousands):

Associate	Guarantee			Project	Period of guarantee
	December 31, 2011	December 31, 2010	January 1, 2010		
Daelim Philippines, Inc.	153,990	157,906	30,715	Philippines JG SUMMIT NCC, etc.	2009.12.21-Obligation completed

The Group has provided payment guarantees amounting to ₩9,750 million on behalf of related parties, Ecosulihall Co., Ltd., established pursuant to Private Participation in Infrastructure Law, which the Group has to obligate regarding outside capital finance (financial leverage) and to lender bank (Shinhan Bank).

Also, for the purpose of supplemental funding for lender bank (Woori Bank), the Group may provide supplemental funding obligation of ₩36,284 million, which has the purpose of supplemental funding to conduct business of

Humphreys SLQ ONE Co., Ltd. Humphreys SLQ ONE Co., Ltd. is the special-purpose entity (SPE) to operate BTL Officers' quarters at U.S. military base in Pyeongtaek (amount included in Note 27-(2)-1)).

36. SUPPLEMENTAL CASH FLOW INFORMATION:

(1) Cash flows from operating activities and net working capital for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Adjustments to reconcile net income to net cash provided by operating activities:		
Tax expense	₩ 139,623	₩ 101,993
Interest income	(72,423)	(79,277)
Interest expense	110,179	104,150
Dividend income	(827)	(526)
Loss on foreign currency translation	5,002	9,762
Gain on foreign currency translation	(6,483)	(10,582)
Depreciation	50,331	44,026
Amortization of intangible assets	4,625	4,344
Severance benefits	24,491	21,381
Bad debts expense	31,740	32,349
Other bad debts expense	65,126	51,011
Loss on disposal of property, plant and equipment	834	3,872
Gain on disposal of property, plant and equipment	(1,223)	(862)
Loss on disposal of other investment assets	1,055	2,980
Gain on disposal of other investment property	(95,915)	(16,649)
Loss on disposal of investment property	45	1,156
Gain on disposal of investment property	(2,505)	-
Contribution to construction loss provisions	10,137	57,917
Reversal of construction loss provisions	-	(12,384)
Contribution to provision for construction warranties	19,843	17,359
Reversal of provision for construction warranties	(6,857)	(2,281)
Contribution to other provisions	19,661	6,894
Reversal of other provisions	(1,469)	(11,552)
Loss on derivative valuations	27,958	25,398
Gain on derivative valuations	(11,997)	(11,681)
Contribution to financial instrument liabilities	23,444	53,804
Reversal of financial instrument liabilities	(24,492)	(13,481)
Share of loss on investment in associates and joint ventures	99,278	39,403
Share of profit on investment in associates and joint ventures	(137,374)	(213,937)
Impairment loss on assets	14,166	31,784
Losses on inventory valuation	3,872	167
Reversal of losses on inventory valuation	-	(512)
Loss on disposal of trade receivables	120	54
Loss on disposal of inventories	654	756
Others, net	(4,522)	399
	<u>₩ 286,097</u>	<u>₩ 237,235</u>
	2011	2010
Changes in assets and liabilities resulting from operating activities:		
Decrease (increase) in trade receivables	₩ (159,584)	₩ 5,666
Decrease (increase) in progress billings due from customers	(236,638)	195,103
Increase in other accounts receivable	(516,518)	(397,167)
Increase in accrued income	(631)	(814)
Decrease (increase) in advance payments	(69,915)	601
Decrease (increase) in prepaid expenses	(6,171)	4,141

	2011	2010
Decrease (increase) in prepaid construction expenses	₩ 14,464	₩ (13,485)
Decrease in inventories	278,079	248,090
Increase in long-term trade receivables	(43,387)	(16,828)
Decrease in long-term prepaid expenses	119	-
Decrease (increase) in deposits	(9,877)	928
Increase in other assets	(5,960)	(7)
Increase in trade payables	249,538	21,124
Increase (decrease) in long-term trade payables	(11,839)	13,339
Increase (decrease) in accounts payable	163,555	(114,156)
Increase in advances from customers	50,588	353,392
Increase (decrease) in progress billings due to customers	285,695	(226,232)
Decrease in withholdings	(24,544)	(1,731)
Decrease in accrued expenses	(11,186)	(89)
Increase (decrease) in deposits received	(31,101)	36,903
Payment of severance benefits	(15,985)	(22,976)
Decrease in pension plan assets	(14,943)	(11,189)
Decrease in provision for construction warranties	(13,458)	(13,168)
Decrease in other provisions	(7,665)	(3,894)
Decrease (increase) in overseas operations translation	6,231	(4,955)
Decrease in provision for construction loss	-	(3)
Increase in financial guarantee contract liabilities	-	1,457
Increase in other liabilities	1	2,038
Decrease in derivative assets	17,480	28,827
Decrease in derivative liabilities	(13,986)	(3,525)
	₩ (127,638)	₩ 81,390

(2) Significant non-cash transactions of investment activities and financial activities for the years ended December 31, 2011 and 2010, are described as follows (Korean won in millions):

	2011	2010
Reclassification to other accounts in property, plant and equipment from construction in progress	₩ 97,786	₩ 38,008
Reclassification of current portion of debentures	269,753	366,132
Decrease in current portion of long-term borrowings	218,671	-
Increase in inventories delivered as a substitute of construction receivables	440,819	145,331

37. NON-CURRENT ASSETS HELD FOR SALE AND RELATED LIABILITIES:

Details of the Group's non-current assets held for sale as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011			December 31, 2010	January 1, 2010
	Acquisition cost	Fair value	Carrying value	Carrying value	Carrying value
AFS financial assets					
Manwolsan Tunnel Co., Ltd.	₩ -	₩ -	₩ -	₩ -	₩ 23,694
Seoul Highway Co., Ltd.	-	-	-	159,318	149,746
GK Marine Load Co., Ltd.	91,590	91,590	91,590	91,590	-
Taeyoung Grain Terminal Co., Ltd.	1,261	1,261	1,261	-	-
	₩ 92,851	₩ 92,851	₩ 92,851	₩ 250,908	₩ 173,440

Details of the Group's liabilities related to non-current assets held for sale as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

Investee	Buyer	Sale contract date	Number of shares sold	Liabilities related to non-current assets held for sale		
				December 31, 2011	December 31, 2010	January 1, 2010
Manwolsan Tunnel Co., Ltd.	Nonghyup	2009.05.04	2,680,000	₩ -	₩ -	₩ 79,488
Seoul Highway Co., Ltd.	National Pension Service	2009.10.14	11,040,000	-	79,488	13,400
GK Marine Load Co., Ltd.	GK Marine Load Investment Corp.	2010.12.24	18,318,000	91,590	91,590	-
Taeyoung Grain Terminal Co., Ltd.	Taeyoung Industry Corporation Ltd.	2011.11.14	252,236	1,261	-	-
				₩ 92,851	₩ 171,078	₩ 92,888

The Group disposed of investments and related liabilities in Seoul Highway Co., Ltd. for the year ended December 31, 2011.

38. OPERATING INCOME:

Details of accounts classified as operating profit or loss under K-IFRS, which were classified as non-operating income or expenses for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Rental revenue	₩ 1,455	₩ 558
Dividend income	827	526
Gain on disposal of property, plant and equipment	389	(3,010)
Gain on foreign currency translation (*1)	1,508	1,306
Gain (loss) on foreign currency transactions (*1)	11,070	(10,496)
Donation	(2,382)	(4,866)
Others	65,439	(59,073)
	₩ 78,306	₩ (75,055)

(*1) The translation and transaction gain or loss in borrowings denominated in foreign currencies are classified as non-operating income or expense (financial income and expenses) under K-IFRS.

39. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain its ability to continuously provide return to its shareholders and interested parties. Furthermore, the Group puts an effort toward reducing capital expenses by optimizing its debt and equity balance through dividend payments, redemption of paid-in capital to shareholders, issuance of stocks (to reduce liability), and disposal of assets. The Group's overall capital risk management strategy remains unchanged from that of the prior periods.

In addition, items managed as capital by the Group as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

	December 31, 2011	December 31, 2010	January 1, 2010
Total borrowings	₩ 1,986,661	₩ 1,887,610	₩ 2,039,331
Less: Cash and cash equivalents	(1,325,037)	(1,280,621)	(1,197,143)
Borrowings, net	661,624	606,989	842,188
Total shareholders' equity	₩ 4,637,398	₩ 4,240,127	₩ 3,907,517
Net borrowings to equity ratio	14.27%	14.32%	21.55%

(2) Financial risk management

The Group is exposed to various financial risks, such as credit risk, liquidity risk and market risk, associated with financial instruments. The Group's risk management policy is to ensure that the Group identify and analyze the potential risks to financial performance, determine the degree of risk and control acceptable to the Group, and monitor whether the Group confirms with the risk and its associated degree of acceptance. The Group uses derivative financial instruments to reduce certain hedge risk exposures.

1) Market risk

The majority of the Group's risk is exposed to foreign exchange rate fluctuation risk and interest rate risk. Therefore, the Group uses various derivative financial instruments to manage the risk over interest rate risk and foreign exchange rate fluctuation risk. The Group calculates risk index using VaR(Value-at-risk) to measure the exposure for the market risks. The Group's overall market risk management strategy remains unchanged from that of the prior periods.

- Interest rate risk

The Group is exposed to interest rate risk due to its borrowing with floating interest rates. To manage its interest rate risks, the Group, in addition to maintaining an appropriate mix of fixed and floating rate loans, has entered into certain interest rate swap agreements. Risk aversion activity is evaluated regularly with adjusting conditions and the nature of interest rates.

Details of the Group's exposure of interest rate risk due to its borrowings with floating interest rates for the years ended December 31, 2011 and 2010, are as follows (Korean won in millions):

	2011	2010
Borrowings (floating interest rates) (*1)	₩ 363,947	₩ 424,600

(*1) Calculated by portion of exposure period during the year

The Group regularly monitors the changes in interest rate risk internally. A sensitive analysis on the Group's long-term borrowings and debentures assuming a 1% increase and decrease in interest rates as of December 31, 2011 and 2010, are as follows (Korean won in millions):

	1% point increase		1% point decrease	
	Net income	Shareholders' equity	Net income	Shareholders' equity
2011	₩ (3,639)	₩ (3,639)	₩ 3,639	₩ 3,639
2010	(4,246)	(4,246)	4,246	4,246

- Price risk

The Group is exposed to equity price risks arising from its equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. When all the other variables are constant and when the price of equity instrument changes, the effect on value of equity investments would be very small.

- Foreign currency risk

The Group is exposed to foreign currency risk since it makes transactions in foreign currencies. Foreign currency risk is managed within the limits of approved Group's policy, which is to use derivative instrument contracts. The book value of the Group's monetary assets and liabilities denominated in foreign currencies as of December 31, 2011, is as follows (Korean won in millions):

	December 31, 2011	December 31, 2010
Assets	₩ 945,847	₩ 327,629
Liabilities	441,877	243,098

The Group regularly monitors the changes in interest rate risk internally.

	10% increase in KRW against foreign currency		10% decrease in KRW against foreign currency	
	Net income	Shareholders' equity	Net income	Shareholders' equity
2011	₩ 50,397	₩ 50,397	₩ (50,397)	₩ (50,397)
2010	8,453	8,453	(8,453)	(8,453)

2) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group sets and operates policies to review client's credit and receive sufficient collaterals to reduce the risk. The Group reviews the risk exposure and credit ratings of its counterparties continuously and aggregate risks are allocated to total portfolio and controlled by counterparty limits that are reviewed and approved. Risk management committee receives a report of whether level of credit risk and limits of the acceptable level of credit risk are in compliance with the standards.

The maximum exposed amounts of credit risk for financial assets maintained by the Group are as follows (Korean won in millions):

	Carrying value	Exposed amounts
Cash and cash receivables		
Cash and cash receivables	₩ 1,325,037	₩ 1,325,037
Financial assets at FVTPL		
Derivative assets	13,124	13,124
Designated hedging instruments		
Derivative assets	1,939	1,939
AFS financial assets		
AFS financial assets	268,377	268,377
Trade and other accounts receivable		
Short-term financial assets	156,121	156,121
Trade receivables	1,191,648	1,191,648
Short-term loans	346,998	346,998
Accounts receivable	922,500	922,500
Accrued income	50,604	50,604
Long-term financial assets	16,256	16,256
Long-term trade receivable	64,656	64,656
Deposits	60,259	60,259
Long-term loans	649,710	649,710
Non-current accounts receivable	2,360	2,360
	₩ 5,069,589	₩ 5,069,589

Details of the Group's exposure of credit risk from guarantee and the commitment provided by the Group are as follows (Korean won in millions):

	Financial contract guarantee liabilities	Exposed amounts
Private business	₩ 89,876	₩ 1,106,600
Redevelopment and reconstruction business	10,088	960,146
Lotting-out and union Housing Finance Personal Loan	-	726,205
SOC business	152	203,828
Residual on credit limit of commitment	-	182,382
	₩ 100,116	₩ 3,179,161

3) Liquidity risk

The Group establishes short-term and long-term fund management plans. The Group analyzes and reviews actual cash outflow and its budget to correspond the maturity of financial liabilities to that of financial assets. Management believes that with proper financial liabilities it will be able to easily access cash when necessary for its operating activities and financial assets.

The Group's financial assets and liabilities by residual contractual maturity as of December 31, 2011, are classified as follows (Korean won in millions):

	Less than 1 year	1-2 years	More than 2 years	Total
Financial assets				
Cash and cash equivalents	₩ 1,325,037	₩ -	₩ -	₩ 1,325,037
AFS financial assets	-	2,554	265,823	268,377
Non-current assets held for sale	-	92,851	-	92,851
Short-term financial assets	156,121	-	-	156,121
Trade receivables	1,470,554	-	-	1,470,554
Short-term loans	389,145	-	-	389,145
Accounts receivable	1,020,946	-	-	1,020,946
Accrued income	53,231	-	-	53,231
Long-term financial assets	-	26	16,230	16,256
Non-current trade receivables	-	23,554	43,629	67,183
Deposits	-	16,142	44,288	60,430
Long-term loans	-	138,884	571,058	709,942
Long-term accounts receivable	-	2,364	7,418	9,782
Derivatives assets	14,275	456	332	15,063
	<u>₩ 4,429,309</u>	<u>₩ 276,831</u>	<u>₩ 948,778</u>	<u>₩ 5,654,918</u>
	Less than 1 year	1-2 years	More than 2 years	Total
Financial liabilities				
Trade payables	₩ 1,390,621	₩ -	₩ -	₩ 1,390,621
Accounts payable	295,693	-	-	295,693
Accrued expense (*1)	20,362	-	-	20,362
Short-term borrowings	484,290	-	-	484,290
Current portion of long-term borrowings	487,610	-	-	487,610
Long-term trade payables	-	11,489	-	11,489
Long-term accounts payable	-	436	-	436
Deposits received	-	80,540	44,221	124,761
Long-term borrowings	96,640	482,193	51,320	630,153
Debentures	38,714	180,207	361,321	580,242
Financial guarantee liabilities	-	1,073,373	1,923,406	2,996,779
Residual on credit limit of commitment	-	120,739	61,643	182,382
Derivative liabilities	33,926	5,456	999	40,381
	<u>₩ 2,847,856</u>	<u>₩ 1,954,433</u>	<u>₩ 2,442,910</u>	<u>₩ 7,245,199</u>

(*1) These amounts include all cash inflows such as interests.

The above analysis is based on the maturity amount on contracts, except discount amount before deduction of allowance. Also, the analysis of contractual maturity is based on the nominal amounts that include interests and the fastest date of repayment.

(3) Estimation of fair value

The fair value of the Group's actively traded financial instruments (i.e., financial assets AFS) is the based on the traded market price as of the reporting period-end. The Group uses the closing price as the quoted market price for its financial assets.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined using valuation techniques. The Group uses assumptions that are obtained in actual market as of the reporting period-end.

The Group classified financial instruments that were measured subsequent to initial recognition at fair value as Level 1, 2, or 3 based on the degree to which the fair value is observable.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs that are not based on observable market data

Fair values of financial instruments by hierarchy level as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows (Korean won in millions):

December 31, 2011					
	Level 1	Level 2	Level 3	Total	
Financial assets at fair value:					
AFS financial assets	₩ -	₩ 731	₩ 202,892	₩	203,623
Derivative assets (*1)	-	15,063	-		15,063
	₩ -	₩ 15,794	₩ 202,892	₩	218,686
Financial liabilities at fair value:					
Derivative liabilities (*1)	₩ -	₩ 40,381	₩ -	₩	40,381
December 31, 2010					
	Level 1	Level 2	Level 3	Total	
Financial assets at fair value:					
AFS financial assets	₩ -	₩ 471	₩ 183,392	₩	183,863
Derivative assets (*1)	-	20,546	-		20,546
	₩ -	₩ 21,017	₩ 183,392	₩	204,409
Financial liabilities at fair value:					
Derivative liabilities (*1)	₩ -	₩ 26,410	₩ -	₩	26,410
January 1, 2010					
	Level 1	Level 2	Level 3	Total	
Financial assets at fair value:					
AFS financial assets	₩ -	₩ 1,367	₩ 132,187	₩	133,554
Derivative assets (*1)	-	50,888	-		50,888
	₩ -	₩ 52,255	₩ 132,187	₩	184,442
Financial liabilities at fair value:					
Derivative liabilities (*1)	₩ -	₩ 17,914	₩ -	₩	17,914

(*1) Includes current portion

Changes in AFS financial assets classified into Level 3 are as follows (Korean won in millions):

	2011	2010
Beginning balance	₩ 183,392	₩ 132,187
Total gain (loss)		
Loss	(11,944)	(3,773)
Other comprehensive income	(3,854)	12,766
Acquisition	11,840	3,549
Disposal	-	-
Settlement	23,458	38,663
Ending balance	₩ 202,892	₩ 183,392

Changes in Level 3 AFS securities are as follows (Korean won in millions):

	2011		
	Beginning balance	Increase (decrease)	Ending balance
Gain (loss) on valuation	₩ 51,903	₩ (3,854)	₩ 48,049
Less: Tax effects	(11,418)	133	(11,285)
Gain (loss) on valuation, net	₩ 40,485	₩ (3,721)	₩ 36,764

	2010		
	Beginning balance	Increase (decrease)	Ending balance
Gain (loss) on valuation	₩ 39,137	₩ 12,766	₩ 51,903
Less: Tax effects	(8,371)	(3,047)	(11,418)
Gain (loss) on valuation, net	₩ 30,766	₩ 9,719	₩ 40,485