HYUNDAI HEAVY INDUSTRIES CO., LTD.

Separate Financial Statements

December 31, 2011

(With Independent Auditors' Report Thereon)

Contents

Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Stockholders
Hyundai Heavy Industries Co., Ltd.:

We have audited the accompanying separate statements of financial position of Hyundai Heavy Industries Co., Ltd. (the "Company") as of December 31, 2011, 2010 and January 1, 2010, and the related separate statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and 2010. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these separate financial statements based on our audits.

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 separate financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2011, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and 2010, in accordance with Korean International Financial Reporting Standards.

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

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

KPMG Samjong Accounting Corp.
Seoul, Korea
March 8, 2012

This report is effective as of March 8, 2012, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

HYUNDAI HEAVY INDUSTRIES CO., LTD.

Separate Statements of Financial Position

As of December 31, 2011, 2010 and January 1, 2010

(In thousands of won)	***Note***		**December 31, 2011**	**December 31, 2010**	**January 1, 2010**
Assets					
Cash and cash equivalents	*36,37*	₩	608,305,745	624,479,536	632,578,218
Short-term financial assets	*5,6,23,36,37*		20,571,443	16,567,401	109,910,110
Trade and other receivables	*7,28,36,37,40*		3,247,270,300	3,251,517,500	2,283,189,775
Due from customers for contract work	*7,28,36,37*		2,567,103,777	3,153,455,602	2,729,807,071
Inventories	*8,30*		2,834,685,760	2,423,857,824	2,266,683,149
Derivative assets	*23,36,37*		127,646,236	149,878,495	209,437,512
Firm commitment assets	*23*		404,964,726	743,552,271	1,189,607,264
Other current assets	*9*		1,795,396,261	1,147,770,237	1,444,224,527
Total current assets			11,605,944,248	11,511,078,866	10,865,437,626
Investments in subsidiaries and associates	*10,11*		6,836,161,061	6,444,034,890	3,748,652,867
Long-term financial assets	*6,12,13,23,36,37*		1,785,927,934	1,499,400,833	1,122,934,319
Long-term trade and other receivables	*7,28,36,37,40*		509,610,401	267,687,194	63,713,934
Investment property	*14*		314,952,460	354,030,892	437,835,394
Property, plant and equipment	*15*		8,137,085,222	7,844,290,023	7,881,871,094
Intangible assets	*16*		370,355,123	356,378,540	337,369,759
Derivative assets	*23,36,37*		46,466,814	135,260,276	49,455,921
Firm commitment assets	*23*		178,916,489	51,911,895	755,476,454
Other non-current assets	*38*		135,077,805	105,977,215	44,902,122
Total non-current assets			18,314,553,309	17,058,971,758	14,442,211,864
Total assets		₩	29,920,497,557	28,570,050,624	25,307,649,490

See accompanying notes to the separate financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD.

Separate Statements of Financial Position, Continued

As of December 31, 2011, 2010 and January 1, 2010

(In thousands of won, except share data)	*Note*		December 31, 2011	December 31, 2010	January 1, 2010
Liabilities					
Short-term financial liabilities	*17,20,23,36,37,38*	₩	3,915,685,636	3,273,240,827	655,098,149
Trade and other payables	*18,36,37,40*		2,450,270,548	2,678,618,008	2,113,642,476
Advances from customers			1,062,490,143	1,048,649,942	1,280,413,314
Due to customers for contract work	*28*		5,876,506,477	5,844,940,360	7,651,786,643
Derivative liabilities	*23,36,37*		230,144,853	479,277,120	1,194,218,360
Firm commitment liabilities	*23*		121,940,384	133,699,997	146,637,971
Income tax payable			372,070,938	721,534,903	263,311,110
Other current liabilities			-	-	38,524
Total current liabilities			14,029,108,979	14,179,961,157	13,305,146,547
Long-term financial liabilities	*19,20,23,36,37*		67,051,944	350,733,209	390,895,631
Long-term trade and other payables	*18,36,37,40*		14,650,331	13,498,575	13,922,261
Liabilities for defined benefit plans	*21*		90,741,609	68,339,915	96,923,902
Long-term provisions	*22*		129,884,994	109,503,104	84,055,755
Derivative liabilities	*23,36,37*		192,144,081	52,908,250	775,931,798
Firm commitment liabilities	*23*		22,758,464	131,929,040	45,243,563
Deferred tax liabilities	*34*		654,880,466	590,624,188	514,938,771
Total non-current liabilities			1,172,111,889	1,317,536,281	1,921,911,681
Total liabilities			15,201,220,868	15,497,497,438	15,227,058,228
Stockholders' equity					
Common stock of ₩5,000 par value Authorized - 160,000,000 shares Issued and outstanding - 76,000,000 shares in 2011 and 2010	*24*		380,000,000	380,000,000	380,000,000
Capital surplus	*24*		1,044,516,633	1,044,516,633	959,645,996
Capital adjustments	*25*		(1,400,454,947)	(1,400,454,947)	(1,463,972,001)
Accumulated other comprehensive income	*23,26*		852,646,761	668,836,100	369,584,934
Legal reserves	*27*		2,020,414,202	2,020,414,202	2,020,414,202
Voluntary reserves	*27*		9,403,891,528	6,071,770,915	4,137,456,332
Unappropriated retained earnings	*27*		2,418,262,512	4,287,470,283	3,677,461,799
Total stockholders' equity			14,719,276,689	13,072,553,186	10,080,591,262
Total liabilities and stockholders' equity		₩	29,920,497,557	28,570,050,624	25,307,649,490

See accompanying notes to the separate financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD.

Separate Statements of Comprehensive Income

For the years ended December 31, 2011 and 2010

(In thousands of won, except earnings per share)	***Note***		**2011**	**2010**
Sales	*23,28,40*	₩	25,019,604,058	22,408,120,186
Cost of sales	*8,16,23,30,40*		21,171,984,098	17,663,283,405
Gross profit			3,847,619,960	4,744,836,781
Selling, general and administrative expenses	*16,29,30*		1,234,777,901	1,181,210,161
Operating income	*31*		2,612,842,059	3,563,626,620
Finance income	*23,32,36*		1,044,973,889	1,241,425,966
Finance costs	*23,32,36*		1,180,546,547	1,002,274,488
Other non-operating income	*23,33*		616,787,213	576,041,067
Other non-operating expenses	*23,33*		563,303,089	668,030,526
Income before income taxes			2,530,753,525	3,710,788,639
Income taxes	*34*		584,811,903	875,389,546
Net income		₩	1,945,941,622	2,835,399,093
Other comprehensive income	*26,36*		129,800,961	220,349,347
Total comprehensive income		₩	2,075,742,583	3,055,748,440
Earnings per share	*35*			
Basic earnings per share		₩	31,751	46,594

See accompanying notes to the separate financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD.

Separate Statements of Changes in Equity

For the years ended December 31, 2011 and 2010

(In thousands of won)		Common stock	Capital surplus	Capital adjustments	Gain and loss on valuation of available-for-sale financial assets	Gain and loss on valuation of derivatives	Retained earnings	Total stockholders' equity
Balance at January 1, 2010	₩	380,000,000	959,645,996	(1,463,972,001)	332,299,494	37,285,440	9,835,332,333	10,080,591,262
Net income for the year		-	-	-	-	-	2,835,399,093	2,835,399,093
Changes in gain and loss on valuation of available-for-sale financial assets, net of tax		-	-	-	323,830,924	-	-	323,830,924
Changes in fair value of cash flow hedges, net of tax		-	-	-	-	(24,579,758)	-	(24,579,758)
Defined benefit plan actuarial losses, net of tax		-	-	-	-	-	(78,901,819)	(78,901,819)
Disposal of treasury stock		-	84,870,637	63,517,054	-	-	-	148,387,691
Dividends		-	-	-	-	-	(212,174,207)	(212,174,207)
Balance at December 31, 2010	₩	380,000,000	1,044,516,633	(1,400,454,947)	656,130,418	12,705,682	12,379,655,400	13,072,553,186
Balance at January 1, 2011	₩	380,000,000	1,044,516,633	(1,400,454,947)	656,130,418	12,705,682	12,379,655,400	13,072,553,186
Net income for the year		-	-	-	-	-	1,945,941,622	1,945,941,622
Changes in gain and loss on valuation of available-for-sale financial assets, net of tax		-	-	-	206,820,263	-	-	206,820,263
Changes in fair value of cash flow hedges, net of tax		-	-	-	-	(23,009,602)	-	(23,009,602)
Defined benefit plan actuarial losses, net of tax		-	-	-	-	-	(54,009,700)	(54,009,700)
Dividends		-	-	-	-	-	(429,019,080)	(429,019,080)
Balance at December 31, 2011	₩	380,000,000	1,044,516,633	(1,400,454,947)	862,950,681	(10,303,920)	13,842,568,242	14,719,276,689

See accompanying notes to the separate financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD.

Separate Statements of Cash Flows

For the years ended December 31, 2011 and 2010

(In thousands of won)		2011	2010
Cash flows from operating activities			
Net income for the year	₩	1,945,941,622	2,835,399,093
Adjustments for:			
Post-employment benefit costs		123,100,589	133,102,582
Depreciation		447,592,179	415,671,319
Amortization		55,778,603	52,146,797
Bad debt expenses		89,316,848	201,849,859
Finance income		(297,363,154)	(614,466,842)
Finance costs		505,616,922	278,292,524
Other non-operating income		(390,794,887)	(170,306,207)
Other non-operating expenses		327,494,316	585,991,372
Income taxes		584,811,903	875,389,546
		3,391,494,941	4,593,070,043
Changes in assets and liabilities:			
Trade receivables		(37,460,183)	(1,321,783,905)
Other receivables		(92,021,948)	(24,335,104)
Due from customers for contract work		595,523,204	(842,876,108)
Inventories		(410,827,936)	(157,174,676)
Derivatives		(488,959,780)	(1,209,171,166)
Firm commitments		212,395,599	1,134,621,933
Other current assets		(683,310,354)	471,812,361
Long-term trade receivables		(186,555,738)	389,923,293
Trade payables		(179,779,591)	505,971,242
Other payables		(46,730,417)	59,607,124
Advances from customers		13,840,201	(562,426,925)
Due to customers for contract work		31,566,117	(1,806,846,282)
Other current liabilities		-	(38,524)
Long-term other payables		1,151,755	(423,685)
Long-term provisions		20,381,890	25,447,349
Benefits paid		(161,589,382)	(662,864,656)
Succession of benefits		481,440	(970,839)
Plan assets		(13,779,786)	400,992,747
Cash generated from operations		1,965,820,032	992,534,222
Interest received		166,384,322	114,559,531
Interest paid		(151,418,773)	(68,456,688)
Dividends received		76,973,326	79,126,776
Income taxes paid		(948,814,725)	(429,742,811)
Net cash provided by operating activities		1,108,944,182	688,021,030

See accompanying notes to the separate financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD.

Separate Statements of Cash Flows, Continued

For the years ended December 31, 2011 and 2010

(In thousands of won)		2011	2010
Cash flows from investing activities			
Proceeds from sale of short-term financial assets	₩	5,500,000	169,033,609
Proceeds from sale of investments in subsidiaries and associates		-	1,679,790
Proceeds from sale of long-term financial assets		40,234,044	75,292,535
Proceeds from sale of property, plant and equipment		10,407,335	6,844,088
Proceeds from sale of intangible assets		-	731,818
Proceeds from collection of long-term other receivables		4,442,787	3,295,939
Proceeds from sale of other non-current assets		-	614,567
Acquisition of short-term financial assets		(10,500,000)	(65,500,606)
Acquisition of investments in subsidiaries and associates		(392,126,171)	(2,696,590,378)
Acquisition of long-term financial assets		(32,735,684)	(34,550,443)
Acquisition of property, plant and equipment		(711,857,980)	(371,784,649)
Acquisition of investment property		(275,922)	-
Acquisition of intangible assets		(79,026,025)	(71,666,578)
Acquisition of long-term other receivables		(5,525,282)	(3,512,849)
Acquisition of other non-current assets		(29,100,590)	(61,689,661)
Net cash used in investing activities		(1,200,563,488)	(3,047,802,818)
Cash flows from financing activities			
Proceeds from short-term financial liabilities		8,922,821,947	5,660,186,508
Proceeds from long-term financial liabilities		27,937,006	27,729,942
Repayment of short-term financial liabilities		(8,446,485,449)	(3,124,141,994)
Dividends paid		(429,019,080)	(212,174,207)
Net cash provided by financing activities		75,254,424	2,351,600,249
Effects of exchange rate changes on cash and cash equivalents		191,091	82,857
Net decrease in cash and cash equivalents		(16,173,791)	(8,098,682)
Cash and cash equivalents at 1 January		624,479,536	632,578,218
Cash and cash equivalents at 31 December	₩	608,305,745	624,479,536

See accompanying notes to the separate financial statements.

1. Reporting Entity

Hyundai Heavy Industries Co., Ltd. (the "Company") was incorporated in 1973, under the Commercial Code of the Republic of Korea, and is engaged in the manufacture and sale of ships, offshore structures, plants, engines and others.

On August 1999, the Company was listed on the Korea Exchange. As of December 31, 2011, the Company's major stockholders consist of Mong-Joon Chung (10.15%) and Hyundai Mipo Dockyard Co., Ltd. (7.98%).

2. Basis of Preparation

(1) Statement of compliance

The financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in *the Act on External Audits of Corporations in the Republic of Korea*.

These financial statements are separate financial statements in accordance with K-IFRS No. 1027 *Consolidated and Separate Financial Statements* presented by a parent, an investor in an associate or a venture in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

These are the Company's first separate financial statements prepared in accordance with K-IFRS and K-IFRS No. 1101 *First-time Adoption of Korean International Financial Reporting Standards ("K-IFRS No. 1101")* has been applied. The Company's date of transition to K-IFRS is January 1, 2010, and the effect of the transition from Korean Generally Accepted Accounting Principles ("K-GAAP") to K-IFRS on the Company's reported financial position and financial performance is explained in note 41.

The financial statements were authorized for issue by the Board of Directors on February 2, 2012.

(2) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets and unrecognized past service costs

(3) Functional and presentation currency

These financial statements are presented in Korean won, which is the Company's functional currency and the currency of the primary economic environment in which the Company operates.

2. Basis of Preparation, Continued

(4) Use of estimates and judgments

The preparation of the financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 14 – classification of investment property

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 21 – measurement of defined benefit obligations
- Note 28 – revenue recognition in proportion to the stage of completion
- Note 34 – measurement of deferred tax
- Notes 22, 38 and 39 – provisions and contingencies

3. Significant Accounting Policies

The significant accounting policies applied by the Company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening K-IFRS statement of financial position at January 1, 2010 for the purpose of the transition to K-IFRS, unless otherwise indicated.

(1) Subsidiaries and associates in the separate financial statements

These separate financial statements are prepared and presented in accordance with K-IFRS No. 1027 *Consolidated and Separate Financial Statements*. The Company applied the cost method to investments in subsidiaries and associates in accordance with K-IFRS No. 1027. The carrying amount under previous K-GAAP on the date of transition to K-IFRS is considered to be the deemed cost of investments in subsidiaries and associates on the date of transition. Dividends from a subsidiary or associate are recognized in profit or loss when the right to receive the dividend is established.

(2) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are used by the Company in management of its short-term commitments. Generally equity investments are excluded from cash and cash equivalents.

3. Significant Accounting Policies, Continued

(3) Inventories

The cost of inventories is based on the moving-average method with the exception of cost of materials-in-transit, which is determined on the specific identification method. Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(4) Non-derivative financial assets

The Company recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company recognizes financial assets in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset’s acquisition or issuance.

(i) Financial assets at fair value through profit or loss

A financial asset is classified as financial assets are classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

(ii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Company has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method except for loans and receivables of which the effect of discounting is immaterial.

3. Significant Accounting Policies, Continued

(4) Non-derivative financial assets, continued

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Subsequent to initial recognition, they are measured at fair value, which changes in fair value, net of any tax effect, recorded in other comprehensive income in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost. When a financial asset is derecognized or impairment losses are recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Dividends on an available-for-sale equity instrument are recognized in profit or loss when the Company's right to receive payment is established.

(v) De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

If the Company retains substantially all the risks and rewards of ownership of the transferred financial assets, the Company continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

(vi) Offsetting between financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position only when the Company currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(5) Derivative financial instruments, including hedge accounting

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are either recognized in profit or loss or, when the derivatives are designated in a hedging relationship and the hedge is determined to be an effective hedge, other comprehensive income.

(i) Hedge accounting

The Company holds forward exchange contracts to manage foreign exchange risk. The Company designated derivatives as hedging instruments to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, the Company formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on a quarterly basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

3. Significant Accounting Policies, Continued

(5) Derivative financial instruments, including hedge accounting, continued

Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the statement of comprehensive income.

The Company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

Cash flow hedge

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, net of tax, and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

(ii) Other derivative financial instruments

Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

(6) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If financial assets have objective evidence that they are impaired, impairment losses should be measured and recognized.

(i) Financial assets measured at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset’s original effective interest rate. If it is not practicable to obtain the instrument’s estimated future cash flows, impairment losses would be measured by using prices from any observable current market transactions. The Company can recognize impairment losses directly or establish a provision to cover impairment losses. 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 (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account.

3. Significant Accounting Policies, Continued

(6) Impairment of financial assets, continued

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(iii) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

(7) Property, plant and equipment

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, 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 and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent to initial recognition, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss.

3. Significant Accounting Policies, Continued

(7) Property, plant and equipment, continued

The estimated useful lives of the Company's assets are as follows:

	Useful lives (years)

Buildings	20 ~ 40
Structures	20 ~ 40
Machinery	5 ~ 15
Ships	15, 25
Vehicles	5 ~ 10
Tools, furniture and fixtures	3 ~ 20

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

(8) Intangible assets

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which memberships are expected to be available for use, this intangible asset is determined as having indefinite useful lives and not amortized.

	Useful lives (years)
Capitalized development costs	5
Other intangible assets	20, 40
Memberships	indefinite

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at each financial year end. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

(i) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

(ii) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

3. Significant Accounting Policies, Continued

(9) Investment property

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Investment property is depreciated on a straight-line basis over the following estimated useful lives:

	Useful lives (years)
Buildings	20 ~ 40
Structures	20 ~ 40

(10) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than assets arising from employee benefits, inventories, deferred tax assets and non-current assets held for sale, are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Company estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Company estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(11) Due from customers for contract work and due to customers for contract work

Due from customers for contract work represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

The gross amount due from customers for contract work is presented as an asset in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the gross amount due to customers for contract work is presented as a liability in the statement of financial position.

3. Significant Accounting Policies, Continued

(12) Borrowing costs

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. Financial assets and inventories that are manufactured or otherwise produced over a short period of time are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the

Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. The Company immediately recognizes other borrowing costs as an expense. To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Company capitalizes during a period shall not exceed the amount of borrowing costs incurred during that period.

(13) Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Company recognizes financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such upon initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

(ii) Other financial liabilities

Non-derivative financial liabilities other than financial liabilities at fair value through profit or loss are classified as other financial liabilities. At the date of initial recognition, other financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability from the statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3. Significant Accounting Policies, Continued

(14) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Company during an accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

(ii) Retirement benefits: defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method.

The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Company recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in other comprehensive income when incurred.

When the fair value of plan assets exceeds the present value of the defined benefit obligation, the Company recognizes an asset, to the extent of the total of cumulative unrecognized past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in the future contributions to the plan.

Past service costs which are the change in the present value of the defined benefits obligation for employee service in prior periods, resulting in the current period from the introduction of, or change to post-employment benefits, is recognized as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the Company recognizes the past service cost immediately.

3. Significant Accounting Policies, Continued

(15) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(i) Provision for construction warranty

The Company generally provides a warranty within the contract on rectification of defects after the contract's completion and accrues the rectification expense on defects based on actual claims history as provision for construction warranty.

(ii) Provision for product warranty

The Company generally provides a warranty relating to product defects for a specified period of time after sales and accrues estimated costs as provision for product warranty, which may occur due to product liability suits.

A provision shall be used only for expenditures for which the provision was originally recognized.

(16) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(17) Equity capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When the Company repurchases its share capital, the amount of the consideration paid is recognized as a deduction from equity and classified as treasury shares. The profits or losses from the purchase, disposal, reissue, or retirement of treasury shares are not recognized as current profit or loss. If the Company acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

3. Significant Accounting Policies, Continued

(18) Revenue

Revenue from the sale of goods, rendering of services or use of the Company assets is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, and are recognized as a reduction of revenue.

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(iv) Rental income

Rental income from investment property, net of lease incentives granted, is recognized in profit or loss on a straight-line basis over the term of the lease.

(19) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3. Significant Accounting Policies, Continued

(20) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

(ii) Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. However, deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable income.

The Company recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Company recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

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

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

3. Significant Accounting Policies, Continued

(21) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(22) Operating segments

The Company discloses information related to its operating segments on its consolidated financial statements in accordance with K-IFRS No. 1108 *Operating Segments*.

(23) New standards and interpretations not yet adopted

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Company for annual periods beginning after January 1, 2011, and the Company has not early adopted them. Management believes the impacts of the amendments on the Company's financial statements are not significant.

(i) Amendments to K-IFRS No. 1107 *Financial Instruments: Disclosures*

The amendments require disclosing the nature of the transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety. If the Company derecognizes transferred financial assets but still has their specific risks and rewards, the amendments require additional disclosures on their effect of risks. The amendments will be applied prospectively for the Company's annual periods beginning on or after July 1, 2011.

(ii) K-IFRS No. 1113 *Fair Value Measurement*

The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements. The standard will be applied prospectively for the Company's annual periods beginning on or after January 1, 2013.

4. Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(1) Risk management activities

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(2) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

(i) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances

The Company establishes credit limits for each customer and each new customer is analysed quantitatively and qualitatively before determining whether to utilize third party guarantees, insurance or factoring as appropriate.

The Company does not establish allowances for receivables under insurance and receivables from customers with a high credit rating. For the rest of the receivables, the Company establishes an allowance for impairment of trade and other receivables that have been individually or collectively evaluated for impairment and estimated on the basis of historical loss experience for assets.

(ii) Investments

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have high credit ratings. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect a significant risk that any counterparty fails to meet its obligations.

(iii) Guarantees

The Company provides financial guarantees to subsidiaries, associates and third parties if necessary.

4. Financial risk management, Continued

(3) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has historically been able to satisfy its cash requirements from cash flow from operations and debt and equity financing. To the extent that the Company does not generate sufficient cash flow from operations to meet its capital requirements, the Company may rely on other financing activities, such as external long-term borrowings and offerings of debt securities, equity-linked and other debt securities. In addition, the Company has entered into credit line agreements with financial institutions amounting to ₩6,107,119 million and USD 27,448,880 thousand as of December 31, 2011.

(4) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Company. Generally the Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

(i) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, Korean won (KRW). The currencies in which these transactions primarily are denominated are USD, EUR and JPY.

The Company hedges trade receivables and trade payables denominated in a foreign currency in respect of forecasted sales and purchases. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than two year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Trade receivables denominated in a foreign currency have been hedged using forward contracts that mature on the same dates that the receivables are due for collection. In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(ii) Other market price risk

The Company is exposed to the price risk arising from available-for-sale equity securities.

4. Financial risk management, Continued

(5) Capital management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company's debt to capital ratio at the end of the reporting period is as follows:

(In millions of won, except equity ratio)		**December 31, 2011**	**December 31, 2010**	**January 1, 2010**
Total liabilities	₩	15,201,221	15,497,497	15,227,058
Total equity		14,719,277	13,072,553	10,080,591
Cash and deposits (*)		620,398	632,898	744,835
Borrowings (**)		3,962,673	3,447,284	889,557
Liability to equity ratio		103.3%	118.5%	151.1%
Net borrowing to equity ratio (***)		22.7%	21.5%	1.4%

(*) Cash and deposits consist of cash and cash equivalents and short-term and long-term financial instruments.
(**) Discount on debentures is deducted from the face value of debentures.
(***) Net borrowing represents borrowings net of cash and deposits.

5. Short-term Financial Assets

Short-term financial assets as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		**December 31, 2011**	**December 31, 2010**	**January 1, 2010**
Short-term financial instruments	₩	12,059	6,967	109,033
Financial assets at fair value through profit or loss		8,512	9,600	877
	₩	20,571	16,567	109,910

6. Restricted Financial Instruments

Financial instruments, which are restricted in use subject to withdrawal restrictions in relation to construction contracts as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		**December 31, 2011**	**December 31, 2010**	**January 1, 2010**
Short-term financial instruments	₩	1,559	1,468	17
Long-term financial instruments		33	1,451	3,224
	₩	1,592	2,919	3,241

7. Trade and Other Receivables and Due from Customers for Contract Work

(1) Trade and other receivables as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		December 31, 2011		December 31, 2010		January 1, 2010	
		Current	Non-current	Current	Non-current	Current	Non-current
Trade receivables:							
Trade receivables	₩	3,157,488	-	3,101,467	-	2,211,784	-
Allowance for doubtful accounts		(123,291)	-	(15,893)	-	(86,377)	-
Long-term trade receivables		-	652,710	-	467,461	-	78,382
Allowance for doubtful accounts		-	(156,417)	-	(211,979)	-	(26,621)
		3,034,197	496,293	3,085,574	255,482	2,125,407	51,761
Other receivables:							
Other accounts receivable		209,221	-	251,115	-	323,951	-
Allowance for doubtful accounts		(41,021)	-	(124,692)	-	(205,691)	-
Accrued income		25,476	-	38,134	-	37,496	-
Deposits		19,397	-	1,387	-	2,027	-
Long-term loans		-	265	-	262	-	2,020
Guarantee deposits		-	13,052	-	11,943	-	9,933
		213,073	13,317	165,944	12,205	157,783	11,953
	₩	3,247,270	509,610	3,251,518	267,687	2,283,190	63,714

(2) Due from customers for contract work as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		December 31, 2011		December 31, 2010		January 1, 2010	
		Current	Non-current	Current	Non-current	Current	Non-current
Due from customers for contract work	₩	2,567,104	-	3,180,968	-	2,729,807	-
Allowance for doubtful accounts		-	-	(27,512)	-	-	-
Long-term due from customers for contract work		-	1,307	-	-	-	-
Allowance for doubtful accounts		-	(1,307)	-	-	-	-
	₩	2,567,104	-	3,153,456	-	2,729,807	-

8. Inventories

Inventories as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		December 31, 2011			December 31, 2010			January 1, 2010		
		Acquisition cost	**Provision for inventory valuation**	**Carrying amount**	**Acquisition cost**	**Provision for inventory valuation**	**Carrying amount**	**Acquisition cost**	**Provision for inventory valuation**	**Carrying amount**
Merchandise	₩	84,701	(4,745)	79,956	71,370	(3,931)	67,439	57,011	(3,209)	53,802
Finished goods		367,957	(50,421)	317,536	236,261	(320)	235,941	101,231	(5,045)	96,186
Work-in-progress		1,460,350	(58,970)	1,401,380	1,020,012	(1,432)	1,018,580	1,076,097	(17,600)	1,058,497
Raw materials		731,756	(15,377)	716,379	549,103	-	549,103	556,500	-	556,500
Supplies		19,313	-	19,313	18,122	-	18,122	16,308	-	16,308
Materials-in-transit		300,122	-	300,122	534,673	-	534,673	485,390	-	485,390
	₩	2,964,199	(129,513)	2,834,686	2,429,541	(5,683)	2,423,858	2,292,537	(25,854)	2,266,683

The write-down of inventories to net realizable value amounting to ₩123,830 million and nil, and the reversal of write-downs amounting to nil and ₩20,171 million are included in cost of sales for the years ended December 31, 2011 and 2010, respectively.

9. Other Current Assets

Other current assets as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		**December 31, 2011**	**December 31, 2010**	**January 1, 2010**
Advance payments	₩	1,536,459	975,648	1,241,682
Allowance for doubtful accounts		-	(178)	(832)
Prepaid expenses		258,937	172,300	203,375
	₩	1,795,396	1,147,770	1,444,225

10. Investments in Subsidiaries

Investments in subsidiaries as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won, except percentage of ownership)

Company	Location	December 31, 2011 Percentage of ownership (%)	December 31, 2011 Carrying amount	December 31, 2010 Percentage of ownership (%)	December 31, 2010 Carrying amount	January 1, 2010 Percentage of ownership (%)	January 1, 2010 Carrying amount
Hyundai Samho Heavy Industries Co., Ltd.	Korea	94.92	₩ 1,817,690	94.92	₩ 1,817,690	94.92	₩ 1,817,690
Hyundai Oilbank Co., Ltd.	Korea	91.13	2,954,745	91.13	2,954,745	21.13	373,657
Ulsan Hyundai Football Club Co., Ltd.	Korea	100.00	4,913	100.00	4,913	100.00	913
Hyundai Heavy Material Service	Korea	100.00	122,136	100.00	122,136	100.00	122,136
KOMAS Corporation	Korea	100.00	176,635	100.00	1,635	100.00	1,635
Hotel Hyundai Co., Ltd.	Korea	100.00	2,807	100.00	1,807	100.00	1,807
Hyundai Finance Corporation	Korea	67.49	90,726	67.49	90,726	67.49	90,726
HHI China Investment Co., Ltd.	China	100.00	286,425	100.00	286,425	100.00	286,425
Hyundai Financial Leasing Co., Ltd.	China	41.26	67,403	41.26	44,417	41.26	44,417
Hyundai (Shandong) Heavy Industry Machinery Co., Ltd.	China	100.00	33,183	100.00	33,183	100.00	-
Hyundai Heavy Industries Europe N.V.	Belgium	100.00	10,322	100.00	10,322	100.00	10,322
Hyundai Heavy Industries Co. BULGARIA	Bulgaria	99.09	46,768	99.09	46,768	99.09	46,768
Hyundai Construction Equipment Americas, Inc.	America	100.00	-	100.00	-	100.00	-
Hyundai Ideal Electric Co.	America	100.00	25,494	100.00	25,494	100.00	25,494
Hyundai Power Transformers USA, Inc.	America	100.00	62,609	100.00	29,080	100.00	-
Hyundai Vinashin Shipyard	Vietnam	10.00	20,149	10.00	20,149	10.00	20,149
Hyundai Construction Equipment India Private Ltd.	India	100.00	31,200	100.00	22,226	100.00	22,226
Vladivostok Business Center	Russia	100.00	-	100.00	-	100.00	-
Hyundai Khorol Agro Ltd.	Russia	80.79	6,475	80.79	6,475	80.79	5,381
HHI MAURITIUS LIMITED	Mauritius	100.00	-	100.00	-	100.00	-
Hyundai Heavy Industries France SAS	France	100.00	52	100.00	23	100.00	23
Hyundai Technologies Center Hungary Kft	Hungary	100.00	26	100.00	26	100.00	26
PHECO Inc.	America	100.00	237	100.00	237	100.00	237
Jahnel-Kestermann Getriebewerke GmbH	Germany	100.00	62,506	-	-	-	-
PCA BGF World Gold Fund A Class	Korea	100.00	12,709	100.00	12,709	100.00	12,709
LS Leading Solution Private Security Investment Trust 22 (Equity)	Korea	100.00	86,065	100.00	86,016	100.00	85,739
LS Leading Solution Private Security Investment Trust 35 (Equity)	Korea	100.00	16,933	100.00	16,933	100.00	16,959
Hyundai Energy & Resources Co., Ltd.	Korea	40.00	20,000	-	-	-	-
Hyundai Electrosystems Co., Ltd.	Russia	100.00	10,791	-	-	-	-
Hyundai Heavy Industries Brasil - Real Estate Developments	Brazil	100.00	5,292	-	-	-	-
Hyundai Heavy Industries Brasil - Manufacturing and Trading of Construction Equipment	Brazil	100.00	3,176	-	-	-	-
Hyundai Mikhailovka Agro	Russia	100.00	1,460	-	-	-	-
Hyundai Transformers And Engineering India Private Limited	India	100.00	227	-	-	-	-
			₩ 5,979,154		₩ 5,634,135		₩ 2,985,439

11. Investments in Associates

Investments in associates as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won, except percentage of ownership)

		December 31, 2011		December 31, 2010		January 1, 2010	
Company	**Location**	**Percentage of ownership (%)**	**Carrying amount**	**Percentage of ownership (%)**	**Carrying amount**	**Percentage of ownership (%)**	**Carrying amount**
New Korea Country Club	Korea	20.00	₩ 4,045	20.00	₩ 4,045	20.00	₩ 4,045
Hyundai Merchant Marine Co., Ltd.	Korea	16.35	360,634	16.35	360,634	16.35	360,634
Wärtsilä-Hyundai Engine Company Ltd.	Korea	50.00	40,496	50.00	40,496	50.00	40,496
KAM Corporation	Korea	49.00	117,668	49.00	117,668	49.00	117,668
Taebaek Wind Power Co., Ltd.	Korea	35.00	5,299	35.00	3,483	35.00	3,483
Muju Wind Power Co., Ltd.	Korea	45.00	5,130	45.00	5,130	-	-
Pyeongchang Wind Power Co., Ltd.	Korea	35.00	893	35.00	18	-	-
Jinan Jangsu Wind Power Co., Ltd.	Korea	32.00	128	32.00	128	-	-
Changjuk Wind Power Co., Ltd.	Korea	43.00	5,448	43.00	172	-	-
Hyundai Corporation	Korea	22.36	105,134	22.36	105,134	22.36	105,134
Hyundai-Avancis Co., Ltd.	Korea	50.00	70,000	50.00	40,000	-	-
Qinhuangdao Shouqin Metal Materials Co., Ltd.	China	20.00	128,358	20.00	128,358	20.00	128,358
Grand China Hyundai Shipping Co., Ltd.	Hong kong	50.00	1,045	50.00	1,045	50.00	1,045
Hyundai Primorye Ltd.	Russia	49.99	5,574	49.99	3,434	49.99	2,196
PT. Hyundai Machinery Indonesia	Indonesia	20.83	155	20.83	155	20.83	155
TV Chosun – Daesung Mutual Venture	Korea	16.67	7,000	-	-	-	-
			₩ 857,007		₩ 809,900		₩ 763,214

12. Long-term Financial Assets

Long-term financial assets as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		December 31, 2011	December 31, 2010	January 1, 2010
Long-term financial instruments	₩	33	1,451	3,224
Financial assets at fair value through profit or loss		10,184	6,462	333
Available-for-sale financial assets		1,775,711	1,491,488	1,119,377
	₩	1,785,928	1,499,401	1,122,934

13. Available-for-sale Financial Assets

Available-for-sale financial assets as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won, except percentage of ownership)

Company	Percentage of ownership (%)	December 31, 2011 Acquisition cost	December 31, 2011 Carrying amount	December 31, 2010 Acquisition cost	December 31, 2010 Carrying amount	January 1, 2010 Acquisition cost	January 1, 2010 Carrying amount
Listed equity securities:							
Kia Motors Corporation	0.02	₩ 2,682	5,886	2,682	4,465	2,682	1,768
Korea Line Corporation	0.47	55,131	1,999	55,131	8,166	55,131	12,803
Mirae Asset Securities Co., Ltd.	0.10	6,654	1,324	6,654	2,514	6,654	2,728
Hyundai Elevator Co., Ltd.	2.02	6,738	28,344	1,632	25,874	1,632	8,933
Hyundai Motor Company	3.45	519,247	1,619,528	519,247	1,319,193	519,247	920,014
Korea Environment Technology Co., Ltd.	7.58	1,909	13,025	1,909	7,338	1,909	4,304
Ssangyong Motor Co., Ltd.	0.00	23	8	23	13	-	-
HI Special Purpose Acquisition Company	0.21	30	56	30	60	-	-
Tyongyang Securities Co., Ltd.	-	-	-	-	-	99,829	47,841
		592,414	1,670,170	587,308	1,367,623	687,084	998,391
Unlisted equity securities: (*1)							
Gangwon Football Club Co., Ltd.	0.01	1	1	1	1	1	1
Kuk Dong Heavy Conveyance Co., Ltd.	7.50	502	502	502	502	502	502
Novelis Korea Ltd.	0.45	14,599	1,405	14,599	1,405	14,599	1,405
Daehan Oil Pipeline Corporation	6.39	14,512	14,512	14,512	14,512	14,512	14,512
Dong-A Precision Machinery. Co., Ltd.	0.01	35	-	35	-	35	-
Doosan Capital Co., Ltd. (*2)	7.14	10,000	16,406	10,000	22,866	10,000	24,762
Bexco, Ltd.	7.96	9,460	9,460	9,460	9,460	9,460	9,460
Chonggu Co., Ltd.	0.00	188	-	188	-	188	-
Postec Electronic Power Fund Co.	1.75	400	400	500	500	500	500
Hanwha Electric Venture Fund	2.00	300	300	500	500	500	500
Hyundai Research Institute	14.40	1,440	1,440	1,440	1,440	1,440	1,440
Hyundai Climate Control Co., Ltd.	10.00	50	50	50	50	50	50
Enova System Inc.	0.95	1,315	1,315	1,315	1,315	1,315	1,315
Hynix Semiconductor America Inc.	1.33	34,525	-	34,525	-	34,525	-
KC Karpovsky BV	10.00	2	-	2	-	2	2
Korea Ship Finance Co., Ltd.	2.36	200	200	200	200	200	200
Nikorma Transport Limited	11.50	11	11	11	11	11	11
Kimpo Solar Co., Ltd.	33.33	50	50	50	50	-	-
KCO ENERGY Co., Ltd.	0.00	3	-	-	-	-	-
OSX Construção Naval S.A.	10.01	50,454	50,454	29,969	29,969	-	-
Korea Defense Industry Association	2.31	1,500	1,500	-	-	-	-
KoFC HHi Vendor Co-Development Ⅰ PEF	10.00	510	510	-	-	-	-
		140,057	98,516	117,859	82,781	87,840	54,660
Beneficiary certificates:							
Korea Investment Private Korea Exim bank Carbon Special Asset Trust I (Carbon Emission Right)	8.85	3,402	1,832	3,402	3,321	20	20
Debt securities:							
Hyundai Merchant Marine Co., Ltd. (preferred stock)	-	-	-	26,375	32,570	52,750	61,145
Investments in capital		5,193	5,193	5,193	5,193	5,161	5,161
		₩ 741,066	1,775,711	740,137	1,491,488	832,855	1,119,377

13. Available-for-sale Financial Assets, Continued

(*1) The carrying amounts of unlisted equity securities were recorded at their acquisition cost because the fair values cannot be estimated reliably.
(*2) The fair value was calculated by using the free cash flows to shareholders method and estimation of stock price distribution.

14. Investment Property

(1) Changes in investment property for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011		
		Land	**Buildings**	**Total**
Beginning of period	₩	199,745	187,064	386,809
Acquisition and other		1,231	(40,883)	(39,652)
Disposals		-	-	-
End of period		200,976	146,181	347,157
Depreciation		-	(3,747)	(3,747)
Accumulated depreciation		-	(32,205)	(32,205)
	₩	200,976	113,976	314,952

(In millions of won)		2010		
		Land	**Buildings**	**Total**
Beginning of period	₩	236,750	244,446	481,196
Acquisition and other		(37,005)	(57,382)	(94,387)
Disposals		-	-	-
End of period		199,745	187,064	386,809
Depreciation		-	(5,785)	(5,785)
Accumulated depreciation		-	(32,778)	(32,778)
	₩	199,745	154,286	354,031

(2) Revenue (expense) of investment property for the years ended December 31, 2011 and 2010 is as follows:

(In millions of won)		**2011**	**2010**
Rental income	₩	10,927	12,834
Operating / maintenance expense		(3,982)	(6,340)

15. Property, Plant and Equipment

(1) Changes in property, plant and equipment for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011					
		Land	Buildings	Structures	Machinery and equipment	Others	Total
Beginning of period	₩	2,657,882	2,298,460	1,482,422	3,313,662	1,727,751	11,480,177
Acquisition and other		206,698	108,709	14,366	220,490	249,201	799,464
Disposals		(7,445)	(104)	-	(20,730)	(75,416)	(103,695)
End of period		2,857,135	2,407,065	1,496,788	3,513,422	1,901,536	12,175,946
Depreciation		-	(60,116)	(36,704)	(212,381)	(134,644)	(443,845)
Accumulated depreciation		-	(528,457)	(282,855)	(1,972,349)	(1,255,200)	(4,038,861)
	₩	2,857,135	1,878,608	1,213,933	1,541,073	646,336	8,137,085

(In millions of won)		2010					
		Land	Buildings	Structures	Machinery and equipment	Others	Total
Beginning of period	₩	2,634,614	2,264,106	1,420,776	2,945,351	1,874,094	11,138,941
Acquisition and other		54,659	95,707	62,930	376,358	(125,107)	464,547
Disposals		(31,391)	(61,353)	(1,284)	(8,047)	(21,236)	(123,311)
End of period		2,657,882	2,298,460	1,482,422	3,313,662	1,727,751	11,480,177
Depreciation		-	(57,867)	(36,238)	(185,446)	(130,335)	(409,886)
Accumulated depreciation		-	(464,028)	(246,146)	(1,778,755)	(1,146,958)	(3,635,887)
	₩	2,657,882	1,834,432	1,236,276	1,534,907	580,793	7,844,290

(2) A substantial portion of buildings, machinery and equipment are insured against fire and other casualty losses up to approximately ₩3,963,929 million as of December 31, 2011. The Company maintains insurance coverage against fire and other casualty losses of up to ₩15,234,647 million for ships and sea structures under construction. Insurance proceeds of ₩7,254,985 million are pledged as collateral for the guarantees from the Export-Import Bank of Korea as of December 31, 2011.

In addition to the above insurance, most valuable property owned by the Company is covered by a general liability insurance policy up to ₩13,635,129 million as of December 31, 2011. The Company also maintains insurance on cargo against damage and claims losses of up to ₩9,087,855 million for products being exported and imported as of December 31, 2011.

(3) There is no impairment recorded for CGUs (production facilities) as of December 31, 2011 and December 31, 2010.

(4) Construction-in-progresses is related to development of construction of Onsan landfill site and construction of Ihwa industrial park as of December 31, 2011.

16. Intangible Assets

(1) Changes in development costs for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		Development costs	
		2011	**2010**
Beginning balance	₩	289,987	270,363
Capitalized		75,278	69,731
Amortization		(53,739)	(50,107)
Ending balance	₩	311,526	289,987

(2) Research costs amounting to ₩9,376 million and ₩27,049 million, and ordinary development costs amounting to ₩125,168 million and ₩87,310 million are included in selling, general and administrative expenses for the years ended December 31, 2011 and 2010, respectively. Amortized development costs of ₩53,739 million and ₩50,107 million are included in the cost of sales and selling, general and administrative expenses for the years ended December 31, 2011 and 2010, respectively.

(3) Other intangible assets include usable and profitable donation assets to Maritime Affairs and Port Office, which are amortized on a straight-line basis over 20 and 40 years of useful lives. Changes in other intangible assets for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		Other intangible assets	
		2011	**2010**
Beginning balance	₩	66,392	67,007
Capitalized		3,748	1,936
Disposals		(9,271)	(511)
Amortization		(2,040)	(2,040)
Ending balance(*)	₩	58,829	66,392

(*) The carrying amount of intangible assets with indefinite useful lives is ₩44,812 million, ₩50,335 million and ₩48,911 million as of December 31, 2011, 2010 and January 1, 2010, respectively.

17. Short-term Financial Liabilities

Short-term financial liabilities as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		**December 31, 2011**	**December 31, 2010**	**January 1, 2010**
Short-term borrowings	₩	3,601,032	3,114,982	585,321
Financial liabilities at fair value through profit or loss		14,779	158,259	69,777
Current portion of debentures		300,000	-	-
Discount on debentures		(125)	-	-
	₩	3,915,686	3,273,241	655,098

18. Trade and Other Payables

Trade and other payables as of December 31, 2011, 2010, and January 1, 2010 are summarized as follows:

(In millions of won)		December 31, 2011		December 31, 2010		January 1, 2010	
		Current	Non-current	Current	Non-current	Current	Non-current
Trade payables	₩	1,751,388	-	1,927,634	-	1,427,589	-
Other accounts payable		362,410	-	204,706	-	146,909	-
Withholdings		-	-	247,748	-	213,815	-
Accrued expenses		336,473	-	298,530	-	325,329	-
Long-term deposits received		-	14,650	-	13,499	-	13,922
	₩	2,450,271	14,650	2,678,618	13,499	2,113,642	13,922

19. Long-term Financial Liabilities

Long-term financial liabilities as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		December 31, 2011	December 31, 2010	January 1, 2010
Financial liabilities at fair value through profit or loss	₩	5,286	18,431	86,660
Long-term borrowings		61,766	32,841	5,167
Debentures		-	300,000	300,000
Discount on debentures		-	(539)	(931)
	₩	67,052	350,733	390,896

20. Borrowings and Debentures

(1) Short-term borrowings as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)

Type of borrowing	Lender	Annual interest rate (%)		December 31, 2011	December 31, 2010	January 1, 2010
Pre-shipment credit	Export-Import Bank of Korea	4.50	₩	350,000	-	180,285
General loan	Shinhan Capital Co., Ltd.	-		-	1,500,000	-
Network loan	Export-Import Bank of Korea	4.65		96,338	74,966	301,917
Accommodation bill	Shinhan Bank and others	3.79~4.09		2,500,000	1,000,000	-
Usance L/C	Shinhan Bank and others	0.70~3.65		540,452	540,016	-
Invoice loan	Deutsche Bank and others	1.34~2.75		114,242	-	-
Mutual guarantee loan	Korea Exchange Bank	-		-	-	103,119
			₩	3,601,032	3,114,982	585,321

(2) Long-term borrowings as December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)

Type of borrowing	Lender	Annual interest rate (%)		December 31, 2011	December 31, 2010	January 1, 2010
General loan in foreign currency	Export-Import Bank of Korea	2.12	₩	49,592	26,505	-
Business loans	Korea National Oil Corporation	1.25		12,174	6,336	5,167
			₩	61,766	32,841	5,167

The general loan in foreign currency from the Export-Import Bank of Korea in relation to the Company's overseas resource development business has a three-year maturity. Payments will be made in lump sum on the loan maturity date of October 1, 2013. The maturities of business loans from Korea National Oil Corporation as of December 31, 2011 are not readily determinable since the business loans are paid by installment in the event of successful commercial production by the Company's oil development business.

(3) Debentures as of December 31, 2011, 2010, and January 1, 2010 are summarized as follows:

(In millions of won)

Description	Maturity	Annual interest rate (%)		December 31, 2011	December 31, 2010	January 1, 2010
112th debenture	2012.04.13	5.43	₩	300,000	300,000	300,000

20. Borrowings and Debentures, Continued

(4) Aggregate maturities of the Company's borrowings and debentures as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)

		December 31, 2011			
Periods		**Short-term borrowings**	**Long-term borrowings**	**Debentures**	**Total**
2012.01.01 ~ 2012.12.31	₩	3,601,032	-	300,000	3,901,032
2013.01.01 ~ 2016.12.31		-	49,592	-	49,592
2017.01.01 and thereafter		-	12,174	-	12,174
	₩	3,601,032	61,766	300,000	3,962,798

(In millions of won)

		December 31, 2010			
Periods		**Short-term borrowings**	**Long-term borrowings**	**Debentures**	**Total**
2011.01.01 ~ 2011.12.31	₩	3,114,982	-	-	3,114,982
2012.01.01 ~ 2015.12.31		-	26,505	300,000	326,505
2016.01.01 and thereafter		-	6,336	-	6,336
	₩	3,114,982	32,841	300,000	3,447,823

(In millions of won)

		January 1, 2010			
Periods		**Short-term borrowings**	**Long-term borrowings**	**Debentures**	**Total**
2010.01.01 ~ 2010.12.31	₩	585,321	-	-	585,321
2011.01.01 ~ 2014.12.31		-	-	300,000	300,000
2015.01.01 and thereafter		-	5,167	-	5,167
	₩	585,321	5,167	300,000	890,488

21. Employee Benefits

(1) Recognized liabilities for defined benefit obligations as of December 31, 2011, 2010 and January 1, 2010 are as follows:

(In millions of won)		**December 31, 2011**	**December 31, 2010**	**January 1, 2010**
Present value of defined benefit obligations	₩	836,804	768,243	1,148,596
Fair value of plan assets		(746,062)	(699,903)	(1,051,672)
	₩	90,742	68,340	96,924

(2) Plan assets as of December 31, 2011, 2010 and January 1, 2010 are as follows:

(In millions of won)		**December 31, 2011**	**December 31, 2010**	**January 1, 2010**
Retirement pension	₩	732,783	-	-
Deposit for severance benefit insurance		3	683,855	1,022,622
Transfer to National Pension Fund		13,276	16,048	29,050
	₩	746,062	699,903	1,051,672

(3) Expenses recognized in profit or loss for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		**2011**	**2010**
Current service costs	₩	112,668	102,262
Interest on obligation		39,001	67,890
Losses on curtailments		-	13,951
Expected return on plan assets		(28,568)	(51,001)
	₩	123,101	133,102

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

(In millions of won)		**2011**	**2010**
Beginning balance	₩	768,243	1,148,596
Current service costs		112,668	102,262
Interest on obligation		39,001	67,890
Losses on curtailments		-	13,951
Benefits paid		(161,589)	(662,865)
Transfers from (to) related parties		481	(971)
Actuarial losses in other comprehensive income		78,000	99,380
Ending balance	₩	836,804	768,243

21. Employee Benefits, Continued

(5) Changes in the fair value of plan assets for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011	2010
Beginning balance	₩	699,903	1,051,672
Benefits paid		(101,251)	(480,546)
Contributions paid into the plan		115,031	79,552
Expected return on plan assets		28,568	51,001
Actuarial (losses) gains in other comprehensive income		3,811	(1,776)
Ending balance	₩	746,062	699,903

(6) Principal actuarial assumptions at the reporting dates are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Discount rate at the reporting date	4.56%	5.45%	6.23%
Expected return on plan assets at January 1	3.28%	4.01%	4.89%
Future salary increases	4.20%	5.00%	5.33%
Future mortality (Males, at age 45)	0.29%	0.29%	0.29%

22. Long-term Provisions

Changes in long-term provisions for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011		2010	
		Provision for construction warranty	Provision for product warranty	Provision for construction warranty	Provision for product warranty
Beginning balance	₩	46,683	62,820	44,266	39,790
Additional amount		24,683	55,029	17,611	30,766
Reversal amount		(5,043)	(6,516)	(9,551)	-
Amounts utilized		(9,463)	(38,308)	(5,643)	(7,736)
Ending balance	₩	56,860	73,025	46,683	62,820

23. Derivative Financial Instruments

The Company has entered into derivative instrument contracts related to foreign currency forward with 23 banks, including Korea Exchange Bank, to hedge the changes in foreign exchange rate. Derivatives are measured at fair value by using forward exchange rate presented by contract counterparty.

(1) The description of derivative instrument and hedge accounting is as follows:

Hedge accounting	Type	Description
Cash flow hedge	Foreign exchange forward contracts	Hedge of the variability in cash flows attributable to foreign currency exposure in respect of forecasted sales and purchases
Fair value hedge	Foreign exchange forward contracts	Hedge of the risk of changes in the fair value of firm commitments

(2) Gain and loss on valuation and transaction of derivatives for the year ended December 31, 2011 are as follows:

(In millions of won and in thousands of foreign currency)

	Description			
	Cash flow hedge	**Fair value hedge**	**For trading**	**Total**
Contract amount	USD 1,788,010	USD 11,514,011	USD 408,372	USD 13,710,393
	EUR 32,639	EUR 13,238	-	EUR 45,877
	KRW 1,727,054	-	KRW 91,001	KRW 1,818,055
Adjustment to sales	60,831	(294,033)	-	₩ (233,202)
Adjustment to cost of sales	(1,017)	-	-	(1,017)
Finance income	1,711	354,367	69,484	425,562
Finance costs	-	(402,680)	(111,981)	(514,661)
Other non-operating income	-	385,136	-	385,136
Other non-operating expenses	-	(263,393)	-	(263,393)
Accumulated other comprehensive income	(13,594)	-	-	(13,594)
Firm commitment assets	-	583,881	-	583,881
Firm commitment liabilities	-	144,699	-	144,699
Derivative assets	66,822	107,291	-	174,113
Derivative liabilities	80,416	341,873	-	422,289
Financial assets at fair value through profit or loss	-	-	18,696	18,696
Financial liabilities at fair value through profit or loss	-	-	20,065	20,065

As of December 31, 2011, the Company applies cash flow hedge accounting, out of which the Company accounted for the effective portion of the hedge amounting to ₩(-)10,304 million, net of deferred tax adjustment of ₩3,290 million, as gain (loss) on valuation of derivatives in accumulated other comprehensive income.

23. Derivative Financial Instruments, Continued

The expected period of exposure to cash flow risk, where cash flow hedge accounting is applied, is approximately within 33 months, and the amount among gain (loss) on valuation of foreign exchange contracts that is expected to be realized as addition to transaction gain or deduction from transaction loss within 12 months from December 31, 2011 is ₩(-)24,235 million. The valuation of the ineffective portion of the hedge and the valuation of other derivatives to which cash flow hedge accounting is not applied, are reflected in profit or loss.

In relation to the shipbuilding contracts in foreign currencies as of December 31, 2011, the Company entered into foreign exchange forward contracts and accounted for such contracts as fair value hedges. As a result, the net balance of firm commitment assets was ₩439,182 million and related gain and loss on valuation of firm commitments were recorded as ₩385,136 million and ₩263,393 million, respectively, in other non-operating income and expense.

Gain and loss on derivatives transactions that mature within the current year are recorded as ₩406,662 million and ₩195,209 million, respectively in finance income and costs. Gain and loss on valuation of derivatives are recorded as ₩18,900 million and ₩319,452 million, respectively in finance income and costs.

In relation to valuation of derivatives that have not reached their maturity dates, the Company recorded derivative assets of ₩174,113 million, derivative liabilities of ₩422,289 million, financial assets at fair value through profit or loss of ₩18,696 million and financial liabilities at fair value through profit or loss of ₩20,065 million as of December 31, 2011.

24. Capital and Capital Surplus

(1) The Company is authorized to issue 160,000,000 shares of capital stock (par value ₩5,000), and as of December 31, 2011, 2010 and January 1, 2010, the number of issued common shares is 76,000,000.

There have been no changes in the capital stock for the years ended December 31, 2011 and 2010.

(2) Capital surplus as of December 31, 2011, 2010 and January 1, 2010 is summarized as follows:

(In millions of won)		December 31, 2011	December 31, 2010	January 1, 2010
Paid-in capital in excess of par value	₩	843,324	843,324	843,324
Other capital surplus		201,193	201,193	116,322
	₩	1,044,517	1,044,517	959,646

Other capital surplus is composed of ₩33,382 million of gain on disposal of investment in Hyundai Mipo Dockyard Co., Ltd., which was transferred to Hyundai Samho Heavy Industries Co., Ltd., ₩145,981 million (₩61,110 million as of January 1, 2010) of gain on disposal of treasury stock (net of tax effect) and ₩21,830 million of gain on business combination and others.

Capital surplus is only available for the reduction of accumulated deficit or transfer to capital stock.

(3) Dividends paid by the Company for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011	2010
₩7,000 per qualifying ordinary share (2010: ₩3,500)	₩	429,019	212,174

25. Treasury Stock

Treasury stock as of December 31, 2011, 2010 and January 1, 2010 is summarized as follows:

(In millions of won)	December 31, 2011				December 31, 2010				January 1, 2010			
	Number of shares		Acquisition cost	Fair value	Number of shares		Acquisition cost	Fair value	Number of shares		Acquisition cost	Fair value
Directly acquired treasury stock	14,711,560	₩	1,400,455	3,780,871	14,711,560	₩	1,400,455	6,517,221	3,946,528	₩	1,115,114	684,723
Corporation own stock fund	-		-	-	-		-	-	11,432,270		348,858	1,983,499
Total	14,711,560	₩	1,400,455	3,780,871	14,711,560	₩	1,400,455	6,517,221	15,378,798	₩	1,463,972	2,668,222

As the trust agreement expired (April 20, 2010) for the year ended December 31, 2010, the Company transferred indirectly acquired treasury stocks (11,432,270 shares) through the trust agreement to directly acquired treasury stock accounts. In accordance with the board of director's decision held on August 25, 2010, the Company also disposed 667,238 directly owned shares to the Employee Stock Ownership Association.

26. Accumulated Other Comprehensive Income

(1) Accumulated other comprehensive income as of December 31, 2011, 2010 and January 1, 2010 is summarized as follows:

(In millions of won)		December 31, 2011	December 31, 2010	January 1, 2010
Gain and loss on valuation of available-for-sale financial assets	₩	862,951	656,130	332,299
Gain and loss on valuation of derivatives		(10,304)	12,706	37,286
	₩	852,647	668,836	369,585

(2) Other comprehensive income for the years ended December 31, 2011 and 2010 is as follows:

(In millions of won)		2011	2010
Gain on valuation of available-for-sale financial assets	₩	297,265	415,167
Loss on valuation of derivatives		(30,278)	(32,496)
Defined benefit plan actuarial losses		(74,189)	(101,156)
Tax effect		(62,997)	(61,166)
	₩	129,801	220,349

27. Retained Earnings

(1) Retained earnings as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		December 31, 2011	December 31, 2010	January 1, 2010
Legal reserves:				
Legal appropriated retained earnings (*1)	₩	190,000	190,000	190,000
Reserve for corporate development (*2)		30,000	30,000	30,000
Asset revaluation surplus		1,800,414	1,800,414	1,800,414
		2,020,414	2,020,414	2,020,414
Voluntary reserves: (*3)				
Reserve for business rationalization		87,277	87,277	87,277
Reserve for facilities		78,270	78,270	78,270
Reserve for research and human development		470,000	446,667	223,333
Others		8,768,344	5,459,557	3,748,576
		9,403,891	6,071,771	4,137,456
Unappropriated retained earnings		2,418,263	4,287,470	3,677,462
	₩	13,842,568	12,379,655	9,835,332

(*1) The Korean Commercial Code requires the Company to appropriate as a legal reserve an amount equal to at least 10% of annual cash dividends for each accounting period until the reserve equals 50% of capital. This reserve is not available for the payment of cash dividends but may be transferred to capital stock or used to offset accumulated deficit, if any, through a resolution of shareholders.

(*2) Only available for the reduction of accumulated deficit or transfer to capital stock in accordance with related laws.

27. Retained Earnings, Continued

(*3) Pursuant to the Tax Exemption and Reduction Control Law, the Company is allowed to make a reserve for research and human development, a reserve for facilities and others, which are appropriated in accordance with related laws.

(2) Changes of retained earnings for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011	2010
Balance at beginning of year	₩	12,379,655	9,835,332
Net income		1,945,942	2,835,399
Actuarial gains and losses		(54,010)	(78,902)
Dividends		(429,019)	(212,174)
Balance at the end of year	₩	13,842,568	12,379,655

(3) Statements of appropriation of retained earnings for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011	2010
I. Unappropriated retained earnings	₩	2,418,263	4,287,470
Unappropriated retained earnings to be carried from privious year		526,331	1,530,973
Actuarial gains and losses		(54,010)	(78,902)
Net income		1,945,942	2,835,399
II. Transfer from voluntary reserves		70,000	76,667
Reserve for research and human development		70,000	76,667
III. Total (I + II)		2,488,263	4,364,137
VI. Appropriation of retained earnings		(2,488,263)	(3,837,806)
Reserve for research and human development		(110,000)	(100,000)
Voluntary reserves		(2,133,109)	(3,308,787)
Dividends		(245,154)	(429,019)
V. Unappropriated retained earnings to be carried over to subsequent year	₩	-	526,331

These statements of appropriation of retained earnings were based on the separate financial statements of the Company.

The statement of appropriation of retained earnings for the year ended December 31, 2010 reflects the adjustments required by K-IFRS and it is not prepared in accordance with the previous K-GAAP which differs from the statement of appropriation of retained earnings that was approved for appropriation on March 11, 2011.

28. Outstanding Contracts

(1) Sales for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011	2010
Construction contracts	₩	15,866,777	13,174,855
Goods sold		8,893,424	9,004,382
Services		259,403	228,883
	₩	25,019,604	22,408,120

(2) Changes in outstanding contracts for the year ended December 31, 2011 are as follows:

(In millions of won)		Shipbuilding	Others	Total
Beginning of period (*)	₩	16,843,277	18,705,652	35,548,929
Increase during the period		11,896,400	15,902,712	27,799,112
Recognized as revenue in current income		(9,487,216)	(15,532,388)	(25,019,604)
End of period	₩	19,252,461	19,075,976	38,328,437

(*) The beginning balance includes impact from changes in exchange rate.

As of December 31, 2011, in connection with construction contracts, the Company has provided a certain amount of financial institution guarantee deposits or letters of guarantees from various financial institutions to the customers.

(3) Accumulated profit and loss of construction and others connected with construction in progress as of December 31, 2011 are as follows:

(In millions of won)

		Accumulated revenue of construction	Accumulated cost of construction	Accumulated profit and loss of construction	Billed receivables on construction contracts	Unbilled receivables on construction contracts	Due to customers for contract work
Shipbuilding	₩	5,658,648	4,929,737	728,911	297,098	1,748,271	4,492,839
Others		18,015,926	15,583,425	2,432,501	370,991	818,833	1,383,667
	₩	23,674,574	20,513,162	3,161,412	668,089	2,567,104	5,876,506

29. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011	2010
Salaries	₩	320,163	305,652
Post-employment benefit costs		17,541	7,208
Employee welfare		78,139	69,812
Depreciation		34,869	12,016
Amortization of development costs		-	648
Bad debt expenses		89,317	201,850
Ordinary development costs		125,168	87,310
Advertising		63,053	48,935
Printing		2,172	1,703
Compensation		153	2,414
Warranty expenses		90,903	76,006
Insurance		3,724	3,353
Supplies		7,699	5,999
Utilities		4,019	2,814
Repairs		7,856	3,809
Travel		22,982	18,599
Research		9,376	27,049
Training		8,449	3,677
Transportation		131,129	102,017
Rent		10,478	9,099
Data processing		9,358	8,690
Entertainment		2,729	2,798
Taxes and dues		3,969	3,843
Service charges		93,545	81,189
Automobile maintenance		7,916	7,113
Communications		5,563	4,809
Sales commissions		57,133	63,435
Others		27,375	19,363
	₩	1,234,778	1,181,210

30. Nature of Expenses

The classification of expenses by nature for the years ended December 31, 2011 and 2010 is as follows:

(In millions of won)		2011	2010
Changes in inventories	₩	(410,828)	(157,175)
Purchase of inventories		15,911,917	12,427,064
Depreciation		447,592	415,671
Amortization		55,779	52,147
Labor cost		2,068,230	2,081,926
Other expenses		4,334,072	4,024,861
	₩	22,406,762	18,844,494

Total expenses consist of cost of sales and selling, general and administrative expenses.

31. Operating Income and Loss

Operating income and loss consists of sales, cost of sales and selling, general and administrative expenses. The classification is identical to that under the previous K-GAAP.

32. Finance Income and Finance Costs

Finance income and finance costs for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011	2010
Finance income:			
Interest income	₩	153,671	119,164
Gain on valuation of financial instruments at fair value through profit or loss		6,864	52,547
Gain on disposal of financial instruments at fair value through profit or loss		62,620	43,379
Gain on disposal of available-for-sale financial assets		1,471	83
Dividend income		76,973	79,127
Gain on foreign currency translation		46,348	28,288
Gain on foreign currency transactions		340,949	346,308
Gain on derivatives transactions		344,042	237,273
Gain on valuation of derivatives		12,036	335,257
	₩	1,044,974	1,241,426
Finance costs:			
Interest expense	₩	139,806	80,406
Loss on valuation of financial instruments at fair value through profit or loss		9,586	106,843
Loss on disposal of financial instruments at fair value through profit or loss		102,395	177,945
Loss on disposal of available-for-sale financial assets		549	1,547
Impairment loss on available-for-sale financial assets		7,774	4,650
Loss on foreign currency translation		38,037	52,706
Loss on foreign currency transactions		479,720	413,467
Loss on derivatives transactions		92,814	132,570
Loss on valuation of derivatives		309,866	32,140
	₩	1,180,547	1,002,274

33. Other Non-operating Income and Other Non-operating Expenses

Other non-operating income and other non-operating expenses for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		2011	2010
Other non-operating income:			
Gain on disposal of property, plant and equipment	₩	1,511	2,978
Gain on disposal of intangible assets		-	284
Gain on disposal of investments in subsidiaries and associates		-	471
Reversal of provision for product warranty		6,516	-
Reversal of provision for construction warranty		5,043	9,551
Gain on valuation of firm commitments		385,136	107,568
Reversal of allowance for doubtful accounts		4,148	59,005
Miscellaneous income		214,433	396,184
	₩	616,787	576,041
Other non-operating expenses:			
Service charges	₩	5,645	22,170
Loss on disposal of property, plant and equipment		1,928	2,681
Loss on disposal of intangible assets		129	63
Loss on valuation of firm commitments		263,393	493,663
Other bad debt expenses		-	17,594
Donation		197,735	94,768
Miscellaneous expenses		94,473	37,092
	₩	563,303	668,031

34. Income Tax Expense

(1) The component of income tax expense for the years ended December 31, 2011 and 2010 is as follows:

(In millions of won)		2011	2010
Current tax expense	₩	639,135	881,148
Adjustment for prior periods		(55,582)	6,819
Origination and reversal of temporary differences		64,256	75,685
Income tax recognized in other comprehensive income		(62,997)	(88,262)
Total income tax expense	₩	584,812	875,390

(2) Income tax recognized directly in other comprehensive income for the years ended December 31, 2011 and 2010 is as follows:

(In millions of won)		2011	2010
Current tax :	₩		
- Gains on sale of treasury stock		-	(27,096)
Subtotal of current tax :		-	(27,096)
Deferred income tax:			
- Gains on valuation of available-for-sale financial assets		(90,444)	(91,336)
- Losses on valuation of derivatives		7,268	7,916
- Defined benefit plan actuarial losses		20,179	22,254
Subtotal of deferred income tax		(62,997)	(61,166)
Income tax recognized directly in equity	₩	(62,997)	(88,262)

Income taxes related to gains/losses on sale of treasury stock was recognized directly in equity and income taxes related to gains/losses on valuation of available-for-sale financial assets, gains/losses on valuation of derivatives and defined benefit plan actuarial gains/losses were recognized in other comprehensive income.

(3) Reconciliation of effective tax rate for the years ended December 31, 2011 and 2010 is as follows:

(In millions of won)		2011	2010
Profit before income tax	₩	2,530,754	3,710,789
Tax rate		24.2%	24.2%
Income tax using the Company's statutory tax rate		612,416	897,984
Adjustment for:			
- Tax effect of non-deductible expenses		1,969	27,338
- Tax effect of non-taxable incomes		(6,874)	(12,376)
- Tax credits		(15,365)	(23,466)
- Current adjustments for prior periods		(55,582)	6,819
- Other		48,248	(20,909)
Income tax expenses	₩	584,812	875,390
Effective tax rate		23.1%	23.6%

34. Income Tax Expense, Continued

(4) Deferred tax expenses by origination and reversal of deferred assets and liabilities and temporary differences for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		**2011**	**2010**
Deferred assets (liabilities) as at the end of the period	₩	(654,880)	(590,624)
Deferred assets (liabilities) as at the beginning of the period		(590,624)	(514,939)
Deferred tax expenses by origination and reversal of temporary differences		64,256	75,685

(5) As of December 31, 2011, the tax effects of temporary difference were calculated by enacted tax rate of the fiscal period when the temporary differences are expected to be reversed.

(6) The Company sets off a deferred tax asset against a deferred tax liability only if it relates to income taxes levied by the same taxation authority and has a legally enforceable right to set off current tax assets against current tax liabilities.

(7) Changes in deferred tax assets (liabilities) for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		**Beginning balance**	**Profit or loss**	**Other comprehensive income**	**Ending balance**
December 31, 2011					
Investment in subsidiaries and associates	₩	(5,731)	(573)	-	(6,304)
Available-for-sale financial assets		(170,407)	1,465	(90,444)	(259,386)
Reserve for research and human development		(104,940)	(18,480)	-	(123,420)
Trade and other receivables		45,067	17,637	-	62,704
Asset revaluation		(269,589)	(26,779)	-	(296,368)
Property, plant and equipment		(43,596)	(10,329)	-	(53,925)
Derivatives		(70,786)	7,420	7,268	(56,098)
Accrued expenses		17,786	713	-	18,499
Others		11,572	27,667	20,179	59,418
	₩	(590,624)	(1,259)	(62,997)	(654,880)
December 31, 2010					
Investment in subsidiaries and associates	₩	6,759	(12,490)	-	(5,731)
Available-for-sale financial assets		(81,294)	2,223	(91,336)	(170,407)
Reserve for research and human development		(101,493)	(3,447)	-	(104,940)
Trade and other receivables		41,824	3,243	-	45,067
Asset revaluation		(272,027)	2,438	-	(269,589)
Property, plant and equipment		-	(43,596)	-	(43,596)
Derivatives		(47,411)	(31,291)	7,916	(70,786)
Accrued expenses		-	17,786	-	17,786
Others		(61,297)	50,615	22,254	11,572
	₩	(514,939)	(14,519)	(61,166)	(590,624)

35. Earnings per Share

(1) Basic earnings per share for the years ended December 31, 2011 and 2010 are as follows:

		2011	2010
Net income *(In millions of won)*	₩	1,945,942	2,835,399
Weighted average number of ordinary shares outstanding *(In thousands of shares)*		61,288	60,853
Earnings per share *(In won)*	₩	31,751	46,594

(2) Weighted average number of ordinary shares for the years ended December 31, 2011 and 2010 is as follows:

(In a share)	2011		
	Number of shares outstanding	**Weighted average**	**Weighted average number of shares outstanding**
Beginning balance	61,288,440	365/365	61,288,440

(In a share)	2010		
	Number of shares outstanding	**Weighted average**	**Weighted average number of shares outstanding**
Beginning balance	60,621,202	365/365	60,621,202
Sale of treasury stock	667,238	127/365	232,162
	61,288,,440		60,853,364

(3) Since there are no dilutive potential common shares as of December 31, 2011 and 2010, diluted earnings per share have not been calculated.

36. Categories of Financial Instruments and Income and Costs by Categories

(1) Categories of financial instruments as of December 31, 2011, 2010 and January 1, 2010 are summarized as follows:

(In millions of won)		December 31, 2011							
		Cash and cash equivalents	**Financial assets at fair value through profit or loss**	**Available-for-sale financial assets**	**Loans and receivables**	**Derivative assets**	**Financial liabilities at fair value through profit or loss**	**Financial liabilities measured at amortized cost**	**Derivative liabilities**
Cash and cash equivalents	₩	608,306	-	-	-	-	-	-	-
Short-term financial assets		-	8,512	-	12,059	-	-	-	-
Trade and other receivables		-	-	-	3,247,270	-	-	-	-
Due from customers for contract work		-	-	-	2,567,104	-	-	-	-
Derivative assets (current)		-	-	-	-	127,646	-	-	-
Long-term financial assets		-	10,184	1,775,711	33	-	-	-	-
Long-term trade and other receivables		-	-	-	509,610	-	-	-	-
Derivative assets (non-current)		-	-	-	-	46,467	-	-	-
Short-term financial liabilities		-	-	-	-	-	14,779	3,900,907	-
Trade and other payables		-	-	-	-	-	-	2,450,271	-
Derivative liabilities (current)		-	-	-	-	-	-	-	230,145
Long-term financial liabilities		-	-	-	-	-	5,286	61,766	-
Long-term trade and other liabilities		-	-	-	-	-	-	14,650	-
Derivative liabilities (non-current)		-	-	-	-	-	-	-	192,144
	₩	608,306	18,696	1,775,711	6,336,076	174,113	20,065	6,427,594	422,289

36. Categories of Financial Instruments and Income and Costs by Categories, Continued

(In millions of won)		December 31, 2010							
		Cash and cash equivalents	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Derivative assets	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Derivative liabilities
Cash and cash equivalents	₩	624,480	-	-	-	-	-	-	-
Short-term financial assets		-	9,600	-	6,967	-	-	-	-
Trade and other receivables		-	-	-	3,251,518	-	-	-	-
Due from customers for contract work		-	-	-	3,153,456	-	-	-	-
Derivative assets (current)		-	-	-	-	149,878	-	-	-
Long-term financial assets		-	6,462	1,491,488	1,451	-	-	-	-
Long-term trade and other receivables		-	-	-	267,687	-	-	-	-
Derivative assets (non-current)		-	-	-	-	135,260	-	-	-
Short-term financial liabilities		-	-	-	-	-	158,259	3,114,982	-
Trade and other payables		-	-	-	-	-	-	2,678,618	-
Derivative liabilities (current)		-	-	-	-	-	-	-	479,277
Long-term financial liabilities		-	-	-	-	-	18,431	332,302	-
Long-term trade and other liabilities		-	-	-	-	-	-	13,499	-
Derivative liabilities (non-current)		-	-	-	-	-	-	-	52,908
	₩	624,480	16,062	1,491,488	6,681,079	285,138	176,690	6,139,401	532,185

36. Categories of Financial Instruments and Income and Costs by Categories, Continued

(In millions of won) **January 1, 2010**

		Cash and cash equivalents	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Derivative assets	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Derivative liabilities
Cash and cash equivalents	₩	632,578	-	-	-	-	-	-	-
Short-term financial assets		-	877	-	109,033	-	-	-	-
Trade and other receivables		-	-	-	2,283,190	-	-	-	-
Due from customers for contract work		-	-	-	2,729,807	-	-	-	-
Derivative assets (current)		-	-	-	-	209,437	-	-	-
Long-term financial assets		-	333	1,119,377	3,224	-	-	-	-
Long-term trade and other receivables		-	-	-	63,714	-	-	-	-
Derivative assets (non-current)		-	-	-	-	49,456	-	-	-
Short-term financial liabilities		-	-	-	-	-	69,777	585,321	-
Trade and other payables		-	-	-	-	-	-	2,113,642	-
Derivative liabilities (current)		-	-	-	-	-	-	-	1,194,218
Long-term financial liabilities		-	-	-	-	-	86,660	304,236	-
Long-term trade and other liabilities		-	-	-	-	-	-	13,922	-
Derivative liabilities (non-current)		-	-	-	-	-	-	-	775,932
	₩	632,578	1,210	1,119,377	5,188,968	258,893	156,437	3,017,121	1,970,150

36. Categories of Financial Instruments and Income and Costs by Categories, Continued

(2) Financial instruments income and costs by categories for the years ended December 31, 2011 and 2010 are as follows:

(In millions of won)		Net gain or loss		Other comprehensive income		Interest income and expense		Impairment loss	
		2011	2010	2011	2010	2011	2010	2011	2010
Cash and cash equivalents	₩	28,880	(3,206)	-	-	22,917	15,310	-	-
Financial assets at fair value through profit or loss		15,570	32,339	-	-	-	-	-	-
Available-for-sale financial assets		70,132	73,014	206,820	323,831	10	1	(7,774)	(4,650)
Loans and receivables		(28,304)	(98,450)	-	-	130,744	103,853	(85,169)	(160,438)
Financial liabilities at fair value through profit or loss		(53,331)	(42,843)	-	-	-	-	-	-
Financial liabilities measured at amortized cost		(192,496)	(109,416)	-	-	(139,806)	(80,406)	-	-
Derivatives		(49,936)	227,276	(23,010)	(24,580)	-	-	-	-

37. Risk of Financial Instruments

(1) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of December 31, 2011, 2010 and January 1, 2010 is as follows:

(In millions of won)		December 31, 2011	December 31, 2010	January 1, 2010
Financial assets at fair value through profit or loss	₩	18,696	16,062	1,210
Available-for-sale financial assets		1,775,711	1,491,488	1,119,377
Loans and receivables		6,336,076	6,681,079	5,188,968
Derivative assets		174,113	285,138	258,893
	₩	8,304,596	8,473,767	6,568,448

The maximum exposure to credit risk for financial guarantee contracts is ₩808,220 million as of December 31, 2011(see notes 38 and 40).

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region is as follows:

(In millions of won)		December 31, 2011	December 31, 2010	January 1, 2010
Korea	₩	1,845,221	1,923,330	1,374,914
North America		128,930	60,456	101,496
Asia		1,968,285	1,534,244	940,404
Europe		717,140	1,519,982	1,516,396
Others		1,676,500	1,643,067	1,255,758
	₩	6,336,076	6,681,079	5,188,968

37. Risk of Financial Instruments, Continued

(1) Credit risk, continued

(ii) Impairment loss

The aging of loans and receivables and the related allowance for impairment as of December 31, 2011, 2010 and January 1, 2010 are as follows:

(In millions of won)		December 31, 2011		December 31, 2010		January 1, 2010	
		Gross	**Impairment**	**Gross**	**Impairment**	**Gross**	**Impairment**
Not past due	₩	5,632,547	(252,009)	6,223,120	(245,455)	4,654,605	(40,703)
Past due 0-6 months		747,324	(1,371)	563,644	-	422,011	-
Past due 6-12 months		162,143	(492)	132,290	-	138,274	(5,890)
Past due 1-3 years		93,227	(49,023)	10,655	(4,231)	74,741	(58,089)
More than three years		22,871	(19,141)	131,446	(130,390)	218,026	(214,007)
	₩	6,658,112	(322,036)	7,061,155	(380,076)	5,507,657	(318,689)

The movement in the allowance for impairment in respect of loans and receivables during the years ended December 31, 2011 and 2010 is as follows:

(In millions of won)		**2011**	**2010**
Beginning balance	₩	380,076	318,689
Impairment loss recognized		89,317	219,444
Write off		(143,387)	(99,706)
Reversal of allowance accounts		(3,970)	(58,351)
Ending balance	₩	322,036	380,076

The allowance accounts in respect of loans and receivables is used to record impairment losses unless the Company is satisfied that all collection measures have been exhausted; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

For the year ended December 31, 2010, the Company wrote off the allowance account in respect of other accounts receivable amounting to ₩92,319 million from Vladivostok Business Center, a subsidiary of the Company. Vladivostok Business Center recorded the write offs as gains on exemption of debt amounting to RUB 4,501 million.

37. Risk of Financial Instruments, Continued

(1) Credit risk, continued

(iii) The analysis of the aging of financial assets that are past due as at December 31, 2011, 2010 and January 1, 2010, but not impaired is summarised as follows:

(In millions of won)		December 31, 2011				
		Carrying amount	**6 months or less**	**6-12 months**	**1-3 years**	**More than 3 years**
Loans and receivables	₩	955,538	745,953	161,651	44,204	3,730

(In millions of won)		December 31, 2010				
		Carrying amount	**6 months or less**	**6-12 months**	**1-3 years**	**More than 3 years**
Loans and receivables	₩	703,414	563,644	132,290	6,424	1,056

(In millions of won)		January 1, 2010				
		Carrying amount	**6 months or less**	**6-12 months**	**1-3 years**	**More than 3 years**
Loans and receivables	₩	575,066	422,011	132,384	16,652	4,019

(2) Liquidity risk

(i) The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of December 31, 2011, 2010 and January 1, 2010 are summarised as follows:

(In millions of won)		December 31, 2011					
		Carrying amount	**Contractual cash flow**	**6 months or less**	**6-12 months**	**1-3 years**	**More than 3 years**
Non-derivative financial liabilities:							
Unsecured bank loans	₩	3,662,798	3,680,306	3,616,162	1,327	50,643	12,174
Unsecured bond issues		299,875	308,145	308,145	-	-	-
Trade and other payables		2,464,921	2,464,921	2,248,164	202,107	14,590	60
Derivative financial liabilities:							
Forward exchange contracts used for hedging:							
Outflow		422,289	450,356	175,532	59,850	214,832	142
Other forward exchange contracts:							
Outflow		20,065	20,872	13,903	1,062	5,907	-
	₩	6,869,948	6,924,600	6,361,906	264,346	285,972	12,376

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

37. Risk of Financial Instruments, Continued

(2) Liquidity risk, continued

(In millions of won)

		December 31, 2010					
		Carrying amount	**Contractual cash flow**	**6 months or less**	**6-12 months**	**1-3 years**	**More than 3 years**
Non-derivative financial liabilities:							
Unsecured bank loans	₩	3,147,823	3,204,213	1,653,357	1,516,917	27,603	6,336
Unsecured bond issues		299,461	324,435	8,145	8,145	308,145	-
Trade and other payables		2,692,117	2,692,117	2,678,618	-	13,467	32
Derivative financial liabilities:							
Forward exchange contracts used for hedging:							
Outflow		532,185	547,926	314,286	176,678	56,962	-
Other forward exchange contracts:							
Outflow		176,690	182,150	109,287	53,150	19,713	-
	₩	6,848,276	6,950,841	4,763,693	1,754,890	425,890	6,368

(In millions of won)

		January 1, 2010					
		Carrying amount	**Contractual cash flow**	**6 months or less**	**6-12 months**	**1-3 years**	**More than 3 years**
Non-derivative financial liabilities:							
Unsecured bank loans	₩	590,488	600,288	595,121	-	-	5,167
Unsecured bond issues		299,069	340,725	8,145	8,145	324,435	-
Trade and other payables		2,127,564	2,127,564	1,914,580	199,062	11,144	2,778
Derivative financial liabilities:							
Forward exchange contracts used for hedging:							
Outflow		1,970,150	2,091,102	699,255	532,278	855,383	4,186
Other forward exchange contracts:							
Outflow		156,437	167,911	25,861	46,974	95,076	-
	₩	5,143,708	5,327,590	3,242,962	786,459	1,286,038	12,131

37. Risk of Financial Instruments, Continued

(2) Liquidity risk, continued

(ii) The periods in which the cash flows associated with cash flow hedges are expected to occur as of December 31, 2011, 2010 and January 1, 2010 are summarised as follows:

(In millions of won)		December 31, 2011				
		Carrying amount	**Expected cash flows**	**6 months or less**	**6-12 months**	**1-3 years**
Forward exchange contracts						
Assets	₩	66,822	70,845	15,174	22,914	32,757
Liabilities		(80,416)	(83,126)	(50,326)	(20,237)	(12,563)
	₩	(13,594)	(12,281)	(35,152)	2,677	20,194

(In millions of won)		December 31, 2010				
		Carrying amount	**Expected cash flows**	**6 months or less**	**6-12 months**	**1-3 years**
Forward exchange contracts						
Assets	₩	28,628	29,377	24,512	1,674	3,191
Liabilities		(6,342)	(6,535)	(2,736)	(3,613)	(186)
	₩	22,286	22,842	21,776	(1,939)	3,005

(In millions of won)		January 1, 2010				
		Carrying amount	**Expected cash flows**	**6 months or less**	**6-12 months**	**1-3 years**
Forward exchange contracts						
Assets	₩	73,027	75,155	51,033	19,400	4,722
Liabilities		(14,315)	(14,373)	(14,057)	(301)	(15)
	₩	58,712	60,782	36,976	19,099	4,707

37. Risk of Financial Instruments, Continued

(3) Currency risk

(i) Exposure to currency risk

The Company's exposure to foreign currency risk based on notional amounts as of December 31, 2011, 2010 and January 1, 2010 is as follows:

(In millions of won)

		December 31, 2011					
		USD	EUR	CNY	JPY	Others	Total
Cash and cash equivalents	₩	312,735	268	5	346	25,136	338,490
Loans and receivables		4,691,568	275,301	94,531	5,411	316,681	5,383,492
Trade and other payables		(867,246)	(98,366)	(1,066)	(27,735)	(114,583)	(1,108,996)
Borrowings		(518,141)	(112,636)	-	(72,180)	(13,503)	(716,460)
Gross statement of financial position exposure		3,618,916	64,567	93,470	(94,158)	213,731	3,896,526
Forward exchange contracts		(254,037)	5,901	-	-	(1,409)	(249,545)
Net exposure	₩	3,364,879	70,468	93,470	(94,158)	212,322	3,646,981

(In millions of won)

		December 31, 2010					
		USD	EUR	CNY	JPY	Others	Total
Cash and cash equivalents	₩	200,819	480	1	223	32,253	233,776
Loans and receivables		5,238,402	359,678	132,694	1,018	184,916	5,916,708
Trade and other payables		(996,084)	(84,478)	(8)	(13,099)	217,169	(1,180,297)
Borrowings		(396,716)	(112,384)	-	(56,573)	(7,183)	(572,856)
Gross statement of financial position exposure		4,046,421	163,296	132,687	(68,431)	123,358	4,397,331
Forward exchange contracts		(416,103)	8,429	-	-	-	(407,674)
Net exposure	₩	3,630,318	171,725	132,687	(68,431)	123,358	3,989,657

(In millions of won)

		January 1, 2010					
		USD	EUR	CNY	JPY	Others	Total
Cash and cash equivalents	₩	324,221	437	142	238	24,908	349,946
Loans and receivables		4,138,945	231,417	6	838	67,384	4,438,590
Trade and other payables		(532,737)	(80,457)	-	(16,871)	(60,287)	(690,352)
Borrowings		(5,167)	-	-	-	-	(5,167)
Gross statement of financial position exposure		3,925,262	151,397	148	(15,795)	32,005	4,093,017
Forward exchange contracts		(1,890,994)	23,715	-	-	795	(1,866,484)
Net exposure	₩	2,034,268	175,112	148	(15,795)	32,800	2,226,533

37. Risk of Financial Instruments, Continued

(3) Currency risk, continued

Significant exchange rates applied for the years ended December 31, 2011 and 2010, and as of December 31, 2011, 2010 and January 1, 2010 are as follows:

(In won)		Average rate		Spot rate		
		2011	2010	December 31, 2011	December 31, 2010	January 1, 2010
USD	₩	1,108.11	1,156.26	1,153.30	1,138.90	1,167.60
EUR		1,541.42	1,532.94	1,494.10	1,513.60	1,674.28
CNY		171.50	170.83	182.51	172.50	171.06
JPY(100)		1,391.31	1,320.56	1,485.16	1,397.08	1,262.82

(ii) Sensitivity analysis

A weakening of the won, as indicated below, against the USD, EUR, CNY, JPY and others as of December 31, 2011 and 2010 would have increased (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010. The changes in profit or loss are as follows:

(In millions of won)		Profit or loss	
		2011	2010
USD (3 percent weakening)	₩	100,946	108,910
EUR (3 percent weakening)		2,114	5,152
CNY (3 percent weakening)		2,804	3,981
JPY (3 percent weakening)		(2,825)	(2,053)

A strengthening of the won against the above currencies as of December 31, 2011 and 2010 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(4) Interest rate risk

(i) The interest rate profile of the Company's interest-bearing financial instruments as of December 31, 2011, 2010 and January 1, 2010 is as follows:

(In millions of won)		December 31, 2011	December 31, 2010	January 1, 2010
Fixed rate instruments:				
Financial assets	₩	735,837	502,329	225,789
Financial liabilities		(3,454,569)	(1,839,477)	(299,069)
	₩	(2,718,732)	(1,337,148)	(73,280)
Variable rate instruments:				
Financial assets	₩	641,493	610,756	628,661
Financial liabilities		(508,104)	(1,607,807)	(590,488)
	₩	133,389	(997,051)	38,173

37. Risk of Financial Instruments, Continued

(4) Interest rate risk, continued

(ii) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(iii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates as of December 31, 2011 and 2010 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010. The changes in profit or loss are as follows:

(In millions of won)		Profit or loss	
		100 bp increase	**100 bp decrease**
Variable rate instruments			
2011	₩	1,334	(1,334)
2010		(9,971)	9,971

(5) Fair values

(i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

(In millions of won)		**December 31, 2011**		**December 31, 2010**		**January 1, 2010**	
		Carrying amounts	**Fair values**	**Carrying amounts**	**Fair values**	**Carrying amounts**	**Fair values**
Assets carried at fair value:							
Financial assets at fair value through profit or loss	₩	18,696	18,696	16,062	16,062	1,210	1,210
Available-for-sale financial assets (*)		1,775,711	1,775,711	1,491,488	1,491,488	1,119,377	1,119,377
Derivative assets		174,113	174,113	285,138	285,138	258,893	258,893
	₩	1,968,520	1,968,520	1,792,688	1,792,688	1,379,480	1,379,480
Cash and cash equivalents	₩	608,306	608,306	624,480	624,480	632,578	632,578
Assets carried at amortized cost:							
Loans and receivables	₩	6,336,076	6,336,076	6,681,079	6,681,079	5,188,968	5,188,968
Liabilities carried at fair value:							
Financial liabilities at fair value through profit or loss	₩	20,065	20,065	176,690	176,690	156,437	156,437
Derivative liabilities		422,289	422,289	532,185	532,185	1,970,150	1,970,150
	₩	442,354	442,354	708,875	708,875	2,126,587	2,126,587
Liabilities carried at amortized:							
Unsecured bank loans	₩	3,662,798	3,662,798	3,147,823	3,147,823	590,488	590,488
Unsecured bond issues		299,875	299,875	299,461	299,461	299,069	299,069
Trade and other payables		2,464,921	2,464,921	2,692,117	2,692,117	2,127,564	2,127,564
	₩	6,427,594	6,427,594	6,139,401	6,139,401	3,017,121	3,017,121

(*) The amounts of available-for-sale financial assets that were recorded at their acquisition cost because the fair values cannot be estimated reliably as of December 31, 2011, 2010 and January 1, 2010 are ₩87,303 million, ₩97,678 million and ₩96,204 million, respectively.

37. Risk of Financial Instruments, Continued

(5) Fair values, continued
(ii) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. The interest rates applied for as of December 31, 2011, 2010 and January 1, 2011 are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Derivatives	6.10%	6.09%	6.98%
Unsecured bond issues	3.71%	3.64%	5.23%

(iii) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In millions of won)

		Level 1	Level 2	Level 3	Total
December 31, 2011:					
Financial assets at fair value through profit or loss	₩	-	18,696	-	18,696
Available-for-sale financial assets		1,670,170	-	18,238	1,688,408
Derivative assets		-	174,113	-	174,113
Financial liabilities at fair value through profit or loss		-	(20,065)	-	(20,065)
Derivative liabilities		-	(422,289)	-	(422,289)
December 31, 2010:					
Financial assets at fair value through profit or loss		-	16,062	-	16,062
Available-for-sale financial assets		1,367,623	-	26,187	1,393,810
Derivative assets		-	285,138	-	285,138
Financial liabilities at fair value through profit or loss		-	(176,690)	-	(176,690)
Derivative liabilities		-	(532,185)	-	(532,185)
January 1, 2010:					
Financial assets at fair value through profit or loss		-	1,210	-	1,210
Available-for-sale financial assets		998,391	-	24,782	1,023,173
Derivative assets		-	258,893	-	258,893
Financial liabilities at fair value through profit or loss		-	(156,437)	-	(156,437)
Derivative liabilities		-	(1,970,150)	-	(1,970,150)

37. Risk of Financial Instruments, Continued

(5) Fair values, continued
The changes of level 3 financial instruments are as follows;

(In millions of won)

		Beginning balance	Acquisition	Disposal	Valuation	Ending balance
Available-for-sale financial assets	₩	26,187	-	-	(7,949)	18,238

38. Commitments and Contingencies

(1) The Company has entered into bank overdraft agreements with eight banks amounting to ₩238,000 million as of December 31, 2011.

(2) As of December 31, 2011, the Company has entered into credit facilities agreements such as letters of credit with various banks for the Company's exports and imports totaling USD 2,730,183 thousand.

(3) In order to secure bank loans and construction contract performance guarantees, the Company has provided seven blank notes and one check as of December 31, 2011.

(4) The outstanding balance of note receivables guaranteed by the importers' Government or others and sold to financial institutions with recourse is USD 1,416 thousand, equivalent to ₩1,633 million, as of December 31, 2011.

(5) As of December 31, 2011, the Company is contingently liable for loan guarantees of its foreign subsidiaries and affiliated companies amounting to USD 685,055 thousand. The Company has provided certain performance guarantees for bareboat charter amounting to USD 436,888 thousand to ship owners on behalf of Hyundai Merchant Marine Co., Ltd. Furthermore, the Company has provided performance guarantees for the mining business in relation to overseas resource developments amounting to USD 61,925 thousand and guarantees on debt obligations for the business participant, Sherritt International Corporation, amounting to USD 24,058 thousand. The Company has also entered into joint shipbuilding contracts with Hyundai Samho Heavy Industries Co., Ltd., one of the Company's subsidiaries, for the construction of two ships at a contract amount of USD 121,000 thousand.

(6) In connection with the Company's contract performance guarantees, the Company has also been provided with guarantees up to ₩1,711,895 million and USD 11,956,810 thousand by various banking facilities. Regarding this, the Company collateralizes its ships under construction and construction materials.

(7) The Company entered into a consortium agreement on a resource development project with various organizations including Korea National Oil Corporation, and recorded ₩135,078 million and ₩105,977 million as other non-current assets as of December 31, 2011 and 2010, respectively. The Company also obtained borrowings from the Export-Import Bank of Korea and Korea National Oil Corporation (see note 20).

39. Litigation

(1) Hynix Semiconductor Inc. (“HSI") sold 13 million shares of Hyundai Investment Trust & Securities Co., Ltd. (“HITS”) for USD 13.46 per share to Canadian Imperial Bank of Commerce (“CIBC”) on June 4, 1997. In relation to this transaction, the Company made a share option agreement with CIBC under which the Company was obligated to buy back the 13 million shares of HITS for USD 16.96 per share, if CIBC exercised its option. Based on this agreement, the Company was provided a written promissory note from HSI and Hyundai Securities Co., Ltd. (“HSC”) on July 1, 1997 to compensate the Company for losses incurred in connection with the transaction with CIBC under certain circumstances. Based on the above agreement, on July 20, 2000, the Company repurchased the 13 million shares from CIBC for USD 220,480 thousand. The Company required HSI and HSC to honor their written promissory note, which was rejected by HSI and HSC. Accordingly, the Company filed a lawsuit against HSI and HSC on July 28, 2000 and deposited the stocks repurchased from CIBC in Suwon District Court. On January 25, 2002, the Company partially won the litigation for the settlement of claim amounting to ₩171,800 million of principal and accrued interest thereon and recovered ₩220,933 million. Pursuant to the resolution of the board of directors on January 27, 2002, the Company filed an appeal claiming the whole amount of the principal and accrued interest. Also, the Company has filed a lawsuit for the advance payments and reimbursable expenses from those companies that were not covered in the litigation above. In relation to the intermediate appeal for a partial settlement of the claim, the Company partially won the litigation at Seoul High Court on June 14, 2006 for the settlement of the claim amounting to ₩192,900 million of principal and accrued interest. However, the Company did not accept the Court’s decision and filed an appeal with the Supreme Court of Korea. The Supreme Court of Korea annulled the original judgment on March 26, 2009. On August 21, 2009, the Company won its claim amounting to ₩241,200 million of principal, excluding ₩4,300 million and accrued interest thereon, and recovered ₩86,200 million. On September 10, 2009, the Company filed an appeal to the Supreme Court claiming the principal amount of ₩4,300 million, and the Supreme Court of Korea annulled the original judgment on February 9, 2012. In addition, on October 22, 2009, the Company won its claim for incidental expenses amounting to ₩50,300 million of principal and accrued interest thereon and recovered ₩73,700 million. However, on November 11, 2009, HSI and other companies filed an appeal to the court, and the court partially in favor of the plaintiff on November 10, 2011. The Company returned ₩2,600 million on November 14, 2011, and the Company filed an appeal to the Supreme Court on November 25, 2011, which is currently pending as of December 31, 2011.

(2) The National Tax Service imposed additional income tax amounting to ₩107,600 million on March 27, 2006, which has been settled by the Company. The assessment resulted from the participation in the capital increase of Hyundai Space and Aircraft Co., Ltd. when Korea was experiencing a foreign currency exchange crisis in the late 1990s. The National Tax Service ruled this capital increase to be unfair financial support for the insolvent affiliate. The Company’s appeal to the National Tax Tribunal was dismissed, but was partially successful. On April 27, 2009, the Company filed administrative litigation. However, the Company lost the first trial on January 5, 2011 and appealed on January 25, 2011. The litigation is currently pending as of December 31, 2011.

40. Related Parties

(1) The Company is the ultimate controlling party and its subsidiaries as of December 31, 2011 are as follows:

Company	Particulars
Hyundai Samho Heavy Industries Co., Ltd.	Shipbuilding

Company	Particulars
Hyundai Mipo Dockyard Co., Ltd.	Shipbuilding
Hyundai Oilbank Co., Ltd.	Manufacturing of petroleum products
Ulsan Hyundai Football Club Co., Ltd.	Football club
Hyundai Heavy Material Service	Sale and manufacture of machinery equipment for shipbuilding
KOMAS Corporation	Shipping
Hotel Hyundai Co., Ltd.	Hotel operation
Mipo Engineering Co., Ltd.	Other engineering services
Hyundai Finance Corporation	Granting of credit
Hyundai Venture Investment Corporation	Granting of credit
Hyundai Futures Corporation	Entrust and brokerage of futures transactions
Hyundai Investment Fund 1 on Patent Technology	Other financial intermediation
HI Investment & Securities Co., Ltd.	Securities brokerage
HI Management Co., Ltd.	Asset management
Hyundai Energy & Resources Co., Ltd.	Services for crude oil and natural gas mining
Beijing Hyundai Jingcheng Construction Machinery Co., Ltd.	Sale and manufacture of machinery equipment for construction
Hyundai Jiangsu Construction Machinery Co., Ltd.	Sale and manufacture of machinery equipment for construction
Hyundai Heavy Industries (China) Electric Co., Ltd.	Sale and manufacture of switchboards for electric distribution
Yantai Hyundai Moon Heavy Industries Co., Ltd.	Sale and manufacture of industrial boilers
HHI China Investment Co., Ltd.	Holding company
Hyundai Financial Leasing Co., Ltd.	Financial and operating leases
Changzhou Hyundai Hydraulic Machinery Co., Ltd.	Sale and manufacture of hydraulic cylinders for construction equipment
Weihai Hyundai Wind Power Technology Co., Ltd.	Sale and manufacture of facilities for wind power generation
Hyundai (Shandong) Heavy Industry Machinery Co., Ltd.	Sale and manufacture of wheel loaders
Hyundai Heavy Industries (Shanghai) R&D Co., Ltd.	Research and development of technology of construction machinery, engine and electric equipment
Hyundai Heavy Industries Europe N.V.	Sale of machinery equipment for construction
Hyundai Heavy Industries Co. BULGARIA	Sale and manufacture of transformers
Hyundai Construction Equipment Americas, Inc.	Sale of machinery equipment for construction
Hyundai Ideal Electric Co.	Sale and manufacture of industrial electric equipment
Hyundai Power Transformers USA, Inc.	Sale and manufacture of industrial electric equipment
Hyundai Vinashin Shipyard	Repairing of ships
Hyundai Construction Equipment India Private Ltd.	Sale and manufacture of machinery equipment for construction
Vladivostok Business Center	Hotel operation
Hyundai Khorol Agro Ltd.	Agriculture
Hyundai Mikhailovka Agro	Agriculture

40. Related Parties, Continued

Company	Particulars
HHI MAURITIUS LIMITED	Manufacturing
Hyundai Heavy Industries France SAS	Manufacturing
Hyundai Technologies Center Hungary Kft	Research and development of technology

Company	Particulars
PHECO Inc.	Design services for offshore facilities
Jahnel-Kestermann Getriebewerke GmbH	Design and manufacture of gearbox
HDO Singapore Pte. Ltd.	Sale of crude oil and petroleum products, chartering
Hyundai Heavy Industries Brasil - Real Estate Developments	Real estate development
Hyundai Heavy Industries Brasil - Manufacturing and Trading of Construction Equipment	Manufacturing, trading and repairing of heavy equipment
Hyundai Electrosystems Co., Ltd.	Manufacturing of high-voltage circuit breaker
PCA BGF World Gold Fund A Class	Other financial business
LS Leading Solution Private Security Investment Trust 22 (Equity)	Other financial business
LS Leading Solution Private Security Investment Trust 35 (Equity)	Other financial business
Tribridge Asian Special Situation Fund	Other financial business
HI Dynamic Asia Private Securities Investment Trust 1 (Stock)	Other financial business
HI Gold Ocean Ship Private Special Assets Investment Trust No. 2 (Beneficiary Right)	Other financial business
Tribridge Great China IPO Fund	Other financial business
HI K2-100 Private Securities Investment Trust 24 (ELS-Derivative)	Other financial business
Hyundai Ship Private Fund 1	Other financial business
Hyundai Transformers And Engineering India Private Limited	Sale and manufacture of transformers
MS DANDY Ltd.	Ship rental service

40. Related Parties, Continued

(2) Significant transactions for the years ended December 31, 2011 and 2010, and outstanding balances as of December 31, 2011, 2010 and January 1, 2010 with related parties are as follows:

(In millions of won)		Sales and other		Purchases and other		Receivables			Payables		
						December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2011	2010	2011	2010	3011	2010	2010	3011	2010	2010
Subsidiaries:											
Hyundai Samho Heavy Industries Co., Ltd.	₩	698,165	601,252	9,921	4,268	221,956	199,146	207,545	174,696	203,560	273,508
Hyundai Mipo Dockyard Co., Ltd.		443,475	393,163	14,900	16,073	123,247	108,650	88,801	92,097	88,153	125,031
Hyundai Oilbank Co., Ltd.		70,269	22,162	1,582	2,999	12,446	727	18,834	5,472	9,812	1,832
Hyundai Heavy Material Service		18,001	12,658	761,871	412,348	2,226	2,456	2,028	83,813	63,618	47,386
Beijing Hyundai Jingcheng Construction Machinery Co., Ltd.		152,114	157,556	665	1,916	23,331	30,149	32,698	49	38	191
Hyundai Jiangsu Construction Machinery Co., Ltd.		437,170	458,801	1,019	1,098	79,114	110,056	67,687	115	80	356
Hyundai Heavy Industries (China) Electric Co., Ltd.		7,766	6,555	27,704	16,891	1,517	4,446	3,349	4,025	1,151	529
Yantai Hyundai Moon Heavy Industries Co., Ltd.		46	-	100,365	82,632	38,001	38,224	40,725	-	-	-
Hyundai Heavy Industries Europe N.V.		230,967	141,468	2,713	4,485	38,284	9,584	14,113	585	387	637
Hyundai Construction Equipment Americas, Inc.		349,071	185,168	3,211	1,936	78,750	25,503	10,443	553	210	156
Hyundai Ideal Electric Co.		23,594	11,309	1,628	527	12,743	5,660	2,887	162	187	276
Hyundai Construction Equipment India Private Ltd.		94,032	75,391	1,579	775	56,763	47,191	26,866	336	65	61
Others		37,994	33,545	94,255	63,880	18,101	6,838	76,505	8,368	7,844	9,387
		2,562,664	2,099,028	1,021,413	609,828	706,479	588,630	592,481	370,271	375,105	459,350
Associates:											
Hyundai Corporation		1,152,602	922,399	3,488	9,056	234,908	331,514	98,215	59,448	12,544	14,725
KAM Corporation		2	214	44,340	23,727	64,278	72,098	76,023	-	8,338	-
Others		33,257	2,725	523	22	47,297	465	4,152	9,845	9,845	-
		1,185,861	925,338	48,351	32,805	346,483	404,077	178,390	69,293	30,727	14,725
Associates of subsidiaries:											
Hyundai Cosmo Petrochemical Co., Ltd.		57,998	-	-	-	4,747	-	-	-	-	-
	₩	3,806,523	3,024,366	1,069,764	642,633	1,057,709	992,707	770,871	439,564	405,832	474,075

40. Related Parties, Continued

(3) Details of guarantees which the Company had provided for related companies as of December 31, 2011 are as follows:

(In thousands of foreign currency)

Guarantee recipient	Provider	Type of guarantees	Currency	Guaranteed Amount
Subsidiaries:				
Hyundai Financial Leasing Co., Ltd.	Sumitomo Bank Ltd. and others	Payment	CNY	1,500,000
Hyundai Heavy Industries Europe N.V.	Korea Exchange Bank and others	Payment	EUR	36,000
	Fortis Bank	Performance	EUR	250
Hyundai Construction Equipment Americas, Inc.	Hana Bank and others	Payment	USD	54,600
Hyundai Ideal Electric Co.	Liberty Mutual	Performance	USD	8,000
Hyundai (Shandong) Heavy Industry Machinery Co., Ltd.	SCB	Payment	USD	27,900
	Woori Bank	Payment	CNY	65,000
Hyundai Construction Equipment India Private Ltd.	HSBC	Payment	USD	10,000
	SCB and others	Payment	INR	1,900,000
Jahnel-Kestermann Getriebewerke GmbH	Shinhan Bank and others	Payment	EUR	81,500
Hyundai Power Transformers USA, Inc.	Woori Bank and others	Payment	USD	113,500
Hyundai Heavy Industries Co. BULGARIA	BNP Paribas	Payment	USD	10,000
Weihai Hyundai Wind Power Technology Co. Ltd.	Export-Import Bank of Korea	Payment	USD	25,000
			USD	249,000
			EUR	117,750
			CNY	1,565,000
			INR	1,900,000
Associates:				
Hyundai Merchant Marine Co., Ltd.	H&K Shipping S.A and others	Performance	USD	436,888
			USD	685,888
			EUR	117,750
			CNY	1,565,000
			INR	1,900,000

(4) The Company has entered into rental agreements (deposits received of ₩1,245 million) with Hyundai Mipo Dockyard Co., Ltd. and other related parties as of December 31, 2011. In addition, the Company has also entered into joint shipbuilding contracts with subsidiaries (see note 38).

(5) Compensation for key management of the Company for the years ended December 31, 2011 and 2010 is ₩3,118 million and ₩11,582 million, respectively. Key management is defined as directors and internal auditors who have important rights and responsibilities involving the planning, operation and control of the Company.

41. Explanation of Transition to K-IFRS

As stated in note 2(1), these are the Company's first financial statements prepared in accordance with K-IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended December 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010 and in the preparation of an opening K-IFRS statement of financial position at January 1, 2010 (the Company's date of transition).

(1) Exemptions elected from K-IFRS No. 1101 by the Company
The Company has elected to use one or more of the exemptions in accordance with K-IFRS No. 1101 for the preparation of statements of financial position at the date of transition and applied the following optional exemptions.

(i) Business combinations
The Company has elected to apply K-IFRS retrospectively to all business combinations that occurred on or after the date of transition.

(ii) Fair value or revaluation as deemed cost
The Company has elected to use the revaluations under previous K-GAAP prior to the date of transition as deemed costs for certain items of property, plant and equipment.

(iii) Borrowing costs
The Company has elected to capitalize borrowing costs only in respect of qualifying assets for which the commencement date for capitalization is on or after the date of transition.

(iv) Investments in subsidiaries and associates
The Company has elected to use the carrying amounts under previous K-GAAP on the date of transition as deemed costs for the investments in subsidiaries and associates.

41. Explanation of Transition to K-IFRS, Continued

(2) Reconciliation of equity

(i) The effects of the adoption of K-IFRS on the Company's financial position as of January 1, 2010, the transition date to K-IFRS, are as follows:

(In millions of won)

		Total assets	Total liabilities	Total equity
Previous K-GAAP	₩	24,872,583	15,064,182	9,808,401
Adjustments for:				
Impairment on financial assets (*1)		36,922	-	36,922
Change in revenue recognition criteria (*2)		185,147	305,017	(119,870)
Property, plant and equipment (*3)		174,184	-	174,184
Accumulating compensated absences (*4)		-	73,738	(73,738)
Provision for construction warranty (*5)		-	20,511	(20,511)
Due from customers for contract work and due to customers for contract work (*6)		33,972	33,972	-
Defined benefit obligations (*7)		-	(77,553)	77,553
Convertible preferred stock (*8)		4,841	-	4,841
Deferred tax (*11)		-	(192,809)	192,809
Total adjustment		435,066	162,876	272,190
K-IFRS	₩	25,307,649	15,227,058	10,080,591

(ii) The effects of the adoption of K-IFRS on the Company's financial position as of December 31, 2010 are as follows:

(In millions of won)

		Total assets	Total liabilities	Total equity
Previous K-GAAP	₩	28,888,131	15,069,099	13,819,032
Adjustments for:				
Impairment on financial assets (*1)		43,922	-	43,922
Change in revenue recognition criteria (*2)		191,812	320,291	(128,479)
Property, plant and equipment (*3)		198,163	-	198,163
Accumulating compensated absences (*4)		-	73,494	(73,494)
Provision for construction warranty (*5)		-	27,334	(27,334)
Due from customers for contract work and due to customers for contract work (*6)		409,004	409,004	-
Defined benefit obligations (*7)		-	(24,729)	24,729
Convertible preferred stock (*8)		4,418	-	4,418
Private equity fund (*9)		(61,970)	-	(61,970)
Equity method investments (*10)		(1,094,786)	-	(1,094,786)
Deferred tax (*11)		(8,644)	(376,996)	368,352
Total adjustment		(318,081)	428,398	(746,479)
K-IFRS	₩	28,570,050	15,497,497	13,072,553

41. Explanation of Transition to K-IFRS, Continued

(2) Reconciliation of equity, continued

(iii) The effects of the adoption of K-IFRS on the Company's financial performance for the year ended December 31, 2010 are as follows:

(In millions of won)

		Net income	Total comprehensive income
Previous K-GAAP	₩	3,761,140	4,145,595
Adjustments for:			
Impairment on financial assets (*1)		49,316	6,999
Change in revenue recognition criteria (*2)		(8,609)	(8,609)
Property, plant and equipment (*3)		12,900	23,979
Accumulating compensated absences (*4)		244	244
Provision for construction warranty (*5)		(6,822)	(6,822)
Defined benefit obligations (*7)		48,332	(52,824)
Convertible preferred stock (*8)		(2,199)	(423)
Private equity fund (*9)		(750)	(61,970)
Equity method investments (*10)		(1,165,952)	(1,186,039)
Deferred tax (*11)		147,799	195,618
Total adjustment		(925,741)	(1,089,847)
K-IFRS	₩	2,835,399	3,055,748

(*1) Difference in impairment losses on financial assets is adjusted.

(*2) Revenue of large engines for vessels, which is recognized based on the percentage of completion method under previous K-GAAP, is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer.

(*3) Effectiveness review of the expected pattern and term of consumption of the future economic benefits embodied in the asset is adjusted, and the optional exemption is applied.

(*4) In the case of accumulating compensated absences, the cost and liability is recognized when the employees render service that increases their entitlement to future compensated absences.

(*5) Expected warranty costs are excluded from costs incurred to date for determining the stage of completion and recognized based on the percentage of completion method.

(*6) The gross amount due from customers for contract work is presented as an asset for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the gross amount due to customers for contract work is presented as a liability.

(*7) Employee benefits are assessed using actuarial assumptions.

(*8) Convertible preferred stock, which is regarded as equity security under previous K-GAAP, is regarded as debt security under K-IFRS.

(*9) Private equity fund, which is regarded as available-for-sale security under previous K-GAAP, is regarded as investment in subsidiaries and associates under K-IFRS.

(*10) Investments in subsidiaries and associates, which are accounted for using the equity method under previous K-GAAP, are accounted for using the cost method under K-IFRS.

(*11) Deferred tax on differences in accounting balances under previous K-GAAP and K-IFRS, and difference in deferred taxes on change in capital adjustment arising from equity method investments are adjusted.

41. Explanation of Transition to K-IFRS, Continued

(3) Materials adjustments to the statement of cash flows

Interest received, interest paid, dividends received and income taxes paid which were presented using indirect method under the previous K-GAAP are presented using direct method as separate line items of cash flows from operating activities under K-IFRS.

There are no other material differences between the statement of cash flows presented under K-IFRS and the statement of cash flows presented under previous K-GAAP.

Independent Accountants' Review Report on Internal Accounting Control System

English translation of a Report Originally Issued in Korean

To the President of

Hyundai Heavy Industries Co., Ltd.:

We have reviewed the accompanying Report on the Operations of Internal Accounting Control System ("IACS") of Hyundai Heavy Industries Co., Ltd. (the "Company") as of December 31, 2011. The Company's management is responsible for designing and maintaining an effective IACS and for its assessment of the effectiveness of the IACS. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of the IACS, the Company's management stated: "Based on the assessment on the operations of the IACS, the Company's IACS has been effectively designed and is operating as of December 31, 2011, in all material respects, in accordance with the IACS Framework issued by the Internal Accounting Control System Operation Committee."

We conducted our review, in accordance with IACS Review Standards, issued by the Korean Institute of Certified Public Accountants. Those Standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether the Report on the Operations of the Internal Accounting Control System is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's IACS, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances. We have not performed an audit and, accordingly, we do not express an audit opinion.

A company's IACS is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, however, the IACS may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that the Report on the Operations of the Internal Accounting Control System as of December 31, 2011 is not prepared in all material respects, in accordance with the IACS Framework issued by the Internal Accounting Control System Operation Committee.

This report applies to the Company's IACS in existence as of December 31, 2011. We did not review the Company's IACS subsequent to December 31, 2011. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

March 8, 2012

Notice to Readers

This report is annexed in relation to the audit of the separate financial statements as of December 31, 2011 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

Report on the Operations of Internal Accounting Control System

English translation of a Report Originally Issued in Korean

To the Board of Directors and Audit Committee of
Hyundai Heavy Industries Co., Ltd.:

I, as the Internal Accounting Control Officer ("IACO") of Hyundai Heavy Industries Co., Ltd. (the "Company"), have assessed the status of the design and operations of the Company's internal accounting control system ("IACS") as of December 31, 2011.

The Company's management, including IACO, is responsible for the design and operations of its IACS. I, as the IACO, have assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial statement preparation and presentation for external uses. I, as the IACO, applied the IACS Standards established by the IACS Operations Committee for the assessment of design and operations of the IACS.

Based on the assessment of the operations of the IACS, the Company's IACS has been effectively designed and is operating as of December 31, 2011, in all material respects, in accordance with the IACS Framework issued by the IACS Operations Committee.

Sul, Kwang Woo
Internal Accounting Control Officer

Lee, Jae Seong
Chief Executive Officer

February 2, 2012