

OS IN01

Registration of an overseas company opening a  
UK establishment

2000004 50  
FC 30125 FINC 5970

SALE DAY



A fee is payable with this form  
Please see 'How to pay' on the last page

☒ What this form is for  
You may use this form to register a  
UK establishment

☒ What this form is NOT for  
You cannot use this form to change  
the details of an existing company  
officer or establishment

TUESDAY  
SA



\*AT4C0SU5\*  
A12 29/03/2011 30  
COMPANIES HOUSE  
A05 19/03/2011 120  
COMPANIES HOUSE

Part 1 Overseas company details (Name)

Do you propose to carry on business in the UK under the corporate name as  
incorporated in your home state or country, or under an alternative name?

- To register using your corporate name, go to Section A1
- To register using an alternative name, go to Section A2

→ Filling in this form  
Please complete in typescript (10pt  
or above), or in bold black capitals  
All fields are mandatory unless  
specified or indicated by \*

A1 Corporate company name

Corporate name ①

① This must be the corporate name in  
the home state or country in which  
the company is incorporated under  
which you propose to carry on  
business in the UK

A2 Alternative name

The company wishes to register an alternative name under which it proposes to  
carry on business in the UK under section 1048 of the Companies Act 2006

Corporate name ②

GS ENGINEERING & CONSTRUCTION CORP.

Alternative name  
(if applicable) ③

GS E&C CORPORATION

② Please give your corporate name  
as incorporated in your home state  
or country  
③ A company may register an  
alternative name under which it  
proposes to carry on business in the  
United Kingdom under Section 1048  
of the Companies Act 2006

A3 Overseas company name restrictions ④

This section does not apply to a European Economic Area (EEA) company  
registering its corporate name

Please tick the box only if the proposed company name contains sensitive or  
restricted words or expressions that require you to seek comments of a  
government department or other specified body

☐ I confirm that the proposed company name contains sensitive or restricted  
words or expressions and that approval, where appropriate, has been  
sought of a government department or other specified body and I attach a  
copy of their response

④ Overseas company name  
restrictions  
A list of sensitive or restricted words  
or expressions that require consent  
can be found in guidance available  
on our website  
www.companieshouse.gov.uk

OS IN01

Registration of an overseas company opening a UK establishment

## Part 2 Overseas company details

### B1 Particulars previously delivered

Have particulars about this company been previously delivered in respect of another UK establishment <sup>①</sup>

→ No Go to Section B2

→ Yes Please enter the registration number below and then go to Part 5 of the form Please note the original UK establishment particulars must be filed up to date

<sup>①</sup> The particulars are legal form, identity of register, number in registration, director and secretaries details, whether the company is a credit or financial institution, law, governing law, accounting requirements, objects, share capital, constitution, and accounts

UK establishment  
registration number

B R

### B2 Credit or financial institution

Is the company a credit or financial institution? <sup>②</sup>

☐ Yes

☒ No

<sup>②</sup> Please tick one box

### B3 Company details

If the company is registered in its country of incorporation, please enter the details below

Legal form <sup>③</sup>

PUBLIC LIMITED COMPANY

Country of  
incorporation \*

SOUTH KOREA

Identity of register  
in which it is  
registered <sup>④</sup>

NAMDAEMUN DISTRICT TAX OFFICE

Registration number in  
that register

1 0 4 8 1 1 8 1 2 1

<sup>③</sup> This includes whether the company is a private or public company or whether or not the company is limited

<sup>④</sup> This will be the registry where the company is registered in its parent country

### B4 EEA or non-EEA member state

Was the company formed outside the EEA?

→ Yes Complete Sections B5 and B6

→ No Go to Section B6

### B5 Governing law and accounting requirements

Please give the law under which the company is incorporated

Governing law <sup>⑤</sup>

LAWS OF SOUTH KOREA

Is the company required to prepare, audit and disclose accounting documents under parent law?

→ Yes Complete the details below

→ No Go to Part 3

<sup>⑤</sup> This means the relevant rules or legislation which regulates the incorporation of companies in that state

# OS IN01

## Registration of an overseas company opening a UK establishment

Please give the period for which the company is required to prepare accounts by parent law

From	<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 1
To	<sup>d</sup> 3	<sup>d</sup> 1	<sup>m</sup> 1	<sup>m</sup> 2

Please give the period allowed for the preparation and public disclosure of accounts for the above accounting period

Months	0	7
--------	---	---

**B6**

### Latest disclosed accounts

Are copies of the latest disclosed accounts being sent with this form? Please note if accounts have been disclosed, a copy must be sent with the form, and, if applicable, with a certified translation ❶

☒ Yes

Please indicate what documents have been disclosed

☒ Please tick this box if you have enclosed a copy of the accounts

☐ Please tick this box if you have enclosed a certified translation of the accounts

☐ Please tick this box if no accounts have been disclosed

❶ Please tick the appropriate box(es)

# OS IN01

## Registration of an overseas company opening a UK establishment

### Part 3

### Constitution

**C1**

#### Constitution of company<sup>①</sup>

The following documents must be delivered with this application

- Certified copy of the company's constitution and, if applicable, a certified translation

Please tick the appropriate box(es) below

- ☒ I have enclosed a certified copy of the company's constitution
- ☒ I enclose a certified translation, if applicable

① A certified copy is defined as a copy certified as correct and authenticated by - an officer of the company, permanent representative, person authorised to accept service, administrator, administrative receiver, receiver manager, receiver, and liquidator

A certified translation into English must be authenticated by an officer of the company, permanent representative, person authorised to accept service, administrator, administrative receiver, receiver manager, receiver, and liquidator

**C2**

#### EEA or non-EEA member state

Was the company formed outside the EEA?

- Yes Go to Section C3
- No Go to Part 4 'Officers of the company'

**C3**

#### Constitutional documents

Are all of the following details in the copy of the constitutional documents of the company?

- Address of principal place of business or registered office in home country of incorporation
- Objects of the Company
- Amount of issued share capital

- Yes Go to Part 4 'Officers of the company'
- No If any of the above details are not included in the constitutional documents, please enter them in Section C4

The information is not required if it is contained within the constitutional documents accompanying this registration

**C4**

#### Information not included in the constitutional documents

Please give the address of principal place of business or registered office in the country of incorporation ②

Building name/number

Street

Post town

County/Region

Postcode

Country

Objects of the company ③

Amount of issued share capital ④

Please give the objects of the company and the amount of issued share capital

THE GS E&C IS DIVIDED INTO SIX DIVISIONS(PLANT, HOUSING, CIVIL ENGINEERING , ARCHITECTURE, POWER, TECHNOLOGY)

£142 MILLIONS

② This address will appear on the public record

③ Please give a brief description of the company's business

④ Please specify the amount of shares issued and the value

**Part 4 Officers of the company**

Have particulars about this company been previously delivered in respect of another UK establishment?

- **Yes** Please ensure you entered the registration number in **Section B1** and then go to **Part 5** of this form
- **No** Complete the officer details

For a secretary who is an individual, go to **Section D1**, for a corporate secretary, go to **Section E1**, for a director who is an individual, go to **Section F1**, or for a corporate director, go to **Section G1**

**Continuation pages**

Please use a continuation page if you need to enter more officer details

**Secretary****D1 Secretary details<sup>①</sup>**

Use this section to list all the secretaries of the company  
Please complete **Sections D1-D3** For a corporate secretary, complete **Sections E1-E5** Please use a continuation page if necessary

Full forename(s)

Surname

Former name(s)<sup>②</sup>**① Corporate details**

Please use Sections E1-E5 to enter corporate secretary details

**② Former name(s)**

Please provide any previous names which have been used for business purposes during the period of this return Married women do not need to give former names unless previously used for business purposes

**D2 Secretary's service address<sup>③</sup>**

Building name/number

Street

Post town

County/Region

Postcode

Country

**③ Service address**

This is the address that will appear on the public record This does not have to be your usual residential address

If you provide your residential address here it will appear on the public record

**D3 Secretary's authority**

Please enter the extent of your authority as secretary Please tick one box

Extent of authority

- ☐ Limited <sup>④</sup>
- ☐ Unlimited

Description of limited authority, if applicable

Are you authorised to act alone or jointly? Please tick one box

- ☐ Alone
- ☐ Jointly <sup>⑤</sup>

If applicable, name(s) of person(s) with whom you are acting jointly

**④** If you have indicated that the extent of your authority is limited, please provide a brief description of the limited authority in the box below

**⑤** If you have indicated that you are not authorised to act alone but only jointly, please enter the name(s) of the person(s) with whom you are authorised to act below

# OS IN01

Registration of an overseas company opening a UK establishment

## Corporate secretary

### E1 Corporate secretary details<sup>①</sup>

Use this section to list all the corporate secretaries of the company  
Please complete Sections E1-E5 Please use a continuation page if necessary

Name of corporate body or firm

Building name/number

Street

Post town

County/Region

Postcode

Country

**① Registered or principal address**  
This is the address that will appear on the public record. This address must be a physical location for the delivery of documents. It cannot be a PO box number (unless contained within a full address), DX number or LP (Legal Post in Scotland) number

### E2 Location of the registry of the corporate body or firm

Is the corporate secretary registered within the European Economic Area (EEA)?

- Yes Complete Section E3 only
- No Complete Section E4 only

### E3 EEA companies<sup>②</sup>

Please give details of the register where the company file is kept (including the relevant state) and the registration number in that register

Where the company/firm is registered<sup>③</sup>

Registration number

**② EEA**  
A full list of countries of the EEA can be found in our guidance [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

**③** This is the register mentioned in Article 3 of the First Company Law Directive (68/151/EEC)

### E4 Non-EEA companies

Please give details of the legal form of the corporate body or firm and the law by which it is governed. If applicable, please also give details of the register in which it is entered (including the state) and its registration number in that register

Legal form of the corporate body or firm

Governing law

If applicable, where the company/firm is registered<sup>④</sup>

If applicable, the registration number

**④ Non-EEA**  
Where you have provided details of the register (including state) where the company or firm is registered, you must also provide its number in that register

# OS IN01

## Registration of an overseas company opening a UK establishment

E5

### Corporate secretary's authority

	Please enter the extent of your authority as corporate secretary Please tick one box		<p>❶ If you have indicated that the extent of your authority is limited, please provide a brief description of the limited authority in the box below</p> <p>❷ If you have indicated that you are not authorised to act alone but only jointly, please enter the name(s) of the person(s) with whom you are authorised to act below</p>
Extent of authority	<input type="checkbox"/> Limited ❶ <input type="checkbox"/> Unlimited		
Description of limited authority, if applicable			
	Are you authorised to act alone or jointly? Please tick one box		
	<input type="checkbox"/> Alone <input type="checkbox"/> Jointly ❷		
If applicable, name(s) of person(s) with whom you are acting jointly			

# OS IN01

## Registration of an overseas company opening a UK establishment

### Director

#### F1 Director details <sup>①</sup>

Use this section to list all the directors of the company Please complete Sections F1-F4 For a corporate director, complete Sections G1-G5 Please use a continuation page if necessary

Full forename(s)	MYUNG SOO								
Surname	HUH								
Former name(s) <sup>②</sup>									
Country/State of residence <sup>③</sup>	SEOUL, KOREA								
Nationality	KOREAN								
Date of birth	<table><tr><td><sup>d</sup>0</td><td><sup>d</sup>1</td><td><sup>m</sup>1</td><td><sup>m</sup>0</td><td><sup>y</sup>1</td><td><sup>y</sup>9</td><td><sup>y</sup>5</td><td><sup>y</sup>5</td></tr></table>	<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9	<sup>y</sup> 5	<sup>y</sup> 5
<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9	<sup>y</sup> 5	<sup>y</sup> 5		
Business occupation (if any) <sup>④</sup>	CEO								

#### ① Corporate details

Please use Sections G1-G5 to enter corporate director details

#### ② Former name(s)

Please provide any previous names which have been used for business purposes in the last 20 years Married women do not need to give former names unless previously used for business purposes

#### ③ Country/State of residence

This is in respect of your usual residential address as stated in Section F3

#### ④ Business occupation

If you have a business occupation, please enter here If you do not, please leave blank

#### F2 Director's service address <sup>⑤</sup>

Building name/number	537								
Street	NAMDAEMUNNO 5-GA								
	JUNG-GU								
Post town	SEOUL								
County/Region									
Postcode	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>								
Country	KOREA								

#### ⑤ Service address

This is the address that will appear on the public record This does not have to be your usual residential address

If you provide your residential address here it will appear on the public record



OS IN01

Registration of an overseas company opening a UK establishment

**Director****F1****Director details <sup>①</sup>**

Use this section to list all the directors of the company Please complete Sections F1-F4 For a corporate director, complete Sections G1-G5 Please use a continuation page if necessary

Full forename(s)	CHANG SOO
Surname	HUH
Former name(s) <sup>②</sup>	
Country/State of residence <sup>③</sup>	SEOUL, KOREA
Nationality	KOREAN
Date of birth	<sup>d</sup> 1 <sup>d</sup> 6 <sup>m</sup> 1 <sup>m</sup> 0 <sup>y</sup> 1 <sup>y</sup> 9 <sup>y</sup> 4 <sup>y</sup> 8
Business occupation (if any) <sup>④</sup>	CEO

**① Corporate details**

Please use Sections G1-G5 to enter corporate director details

**② Former name(s)**

Please provide any previous names which have been used for business purposes in the last 20 years Married women do not need to give former names unless previously used for business purposes

**③ Country/State of residence**

This is in respect of your usual residential address as stated in Section F3

**④ Business occupation**

If you have a business occupation, please enter here If you do not, please leave blank

**F2****Director's service address <sup>⑤</sup>**

Building name/number	537
Street	NAMDAEMUNNO 5-GA
	JUNG-GU
Post town	SEOUL
County/Region	
Postcode	
Country	KOREA

**⑤ Service address**

This is the address that will appear on the public record This does not have to be your usual residential address

If you provide your residential address here it will appear on the public record

# OS IN01

Registration of an overseas company opening a UK establishment

## Director

**F1**

### Director details <sup>①</sup>

Use this section to list all the directors of the company Please complete Sections F1-F4 For a corporate director, complete Sections G1-G5 Please use a continuation page if necessary

Full forename(s)	HWI SUNG																
Surname	LEE																
Former name(s) <sup>②</sup>																	
Country/State of residence <sup>③</sup>	SEOUL, KOREA																
Nationality	KOREAN																
Date of birth	<table><tr><td>d</td><td>2</td><td>d</td><td>2</td><td>m</td><td>1</td><td>m</td><td>2</td><td>y</td><td>1</td><td>y</td><td>9</td><td>y</td><td>5</td><td>y</td><td>1</td></tr></table>	d	2	d	2	m	1	m	2	y	1	y	9	y	5	y	1
d	2	d	2	m	1	m	2	y	1	y	9	y	5	y	1		
Business occupation (if any) <sup>④</sup>	VICE PRESIDENT																

#### ① Corporate details

Please use Sections G1-G5 to enter corporate director details

#### ② Former name(s)

Please provide any previous names which have been used for business purposes in the last 20 years Married women do not need to give former names unless previously used for business purposes

#### ③ Country/State of residence

This is in respect of your usual residential address as stated in Section F3

#### ④ Business occupation

If you have a business occupation, please enter here If you do not, please leave blank

**F2**

### Director's service address <sup>⑤</sup>

Building name/number	537
Street	NAMDAEMUNNO 5-GA
	JUNG-GU
Post town	SEOUL
County/Region	
Postcode	
Country	KOREA

#### ⑤ Service address

This is the address that will appear on the public record This does not have to be your usual residential address

If you provide your residential address here it will appear on the public record

# OS IN01

## Registration of an overseas company opening a UK establishment

**F4**

### Director's authority

	Please enter the extent of your authority as director Please tick one box		<p>❶ If you have indicated that the extent of your authority is limited, please provide a brief description of the limited authority in the box below</p> <p>❷ If you have indicated that you are not authorised to act alone but only jointly, please enter the name(s) of the person(s) with whom you are authorised to act below</p>
Extent of authority	<input type="checkbox"/> Limited ❶ <input checked="" type="checkbox"/> Unlimited		
Description of limited authority, if applicable			
	Are you authorised to act alone or jointly? Please tick one box		
	<input checked="" type="checkbox"/> Alone <input type="checkbox"/> Jointly ❷		
If applicable, name(s) of person(s) with whom you are acting jointly			

# OS IN01

## Registration of an overseas company opening a UK establishment

### Corporate director

<b>G1</b>	<b>Corporate director details <sup>①</sup></b>	
	Use this section to list all the corporate directors of the company Please complete G1-G5 Please use a continuation page if necessary	
Name of corporate body or firm		<b>① Registered or principal address</b> This is the address that will appear on the public record. This address must be a physical location for the delivery of documents. It cannot be a PO box number (unless contained within a full address), DX number or LP (Legal Post in Scotland) number
Building name/number		
Street		
Post town		
County/Region		
Postcode		
Country		
<b>G2</b>	<b>Location of the registry of the corporate body or firm</b>	
	Is the corporate director registered within the European Economic Area (EEA)? → Yes Complete Section G3 only → No Complete Section G4 only	
<b>G3</b>	<b>EEA companies <sup>②</sup></b>	
	Please give details of the register where the company file is kept (including the relevant state) and the registration number in that register	
Where the company/firm is registered <sup>③</sup>		<b>② EEA</b> A full list of countries of the EEA can be found in our guidance <a href="http://www.companieshouse.gov.uk">www.companieshouse.gov.uk</a>  <b>③ This is the register mentioned in Article 3 of the First Company Law Directive (68/151/EEC)</b>
Registration number		
<b>G4</b>	<b>Non-EEA companies</b>	
	Please give details of the legal form of the corporate body or firm and the law by which it is governed. If applicable, please also give details of the register in which it is entered (including the state) and its registration number in that register	
Legal form of the corporate body or firm		<b>④ Non-EEA</b> Where you have provided details of the register (including state) where the company or firm is registered, you must also provide its number in that register
Governing law		
If applicable, where the company/firm is registered <sup>④</sup>		
If applicable, the registration number		

# OS IN01

## Registration of an overseas company opening a UK establishment

G5

### Corporate director's authority

	Please enter the extent of your authority as corporate director Please tick one box		<p>❶ If you have indicated that the extent of your authority is limited, please provide a brief description of the limited authority in the box below</p> <p>❷ If you have indicated that you are not authorised to act alone but only jointly, please enter the name(s) of the person(s) with whom you are authorised to act below</p>
Extent of authority	<input type="checkbox"/> Limited ❶ <input type="checkbox"/> Unlimited		
Description of limited authority, if applicable			
	Are you authorised to act alone or jointly? Please tick one box		
	<input type="checkbox"/> Alone <input type="checkbox"/> Jointly ❷		
If applicable, name(s) of person(s) with whom you are acting jointly			

# OS IN01

Registration of an overseas company opening a UK establishment

## Part 5 UK establishment details

**H1**

### Documents previously delivered - constitution

Has the company previously registered a certified copy of the company's constitution with material delivered in respect of another UK establishment?

- No Go to Section H3
- Yes Please enter the UK establishment number below and then go to Section H2

UK establishment  
registration number

B R

**H2**

### Documents previously delivered – accounting documents

Has the company previously delivered a copy of the company's accounting documents with material delivered in respect of another UK establishment?

- No Go to Section H3
- Yes Please enter the UK establishment number below and then go to Section H3

UK establishment  
registration number

B R

Sections H3 and H4 must be completed in all cases

**H3**

### Delivery of accounts and reports

Please state if the company intends to comply with accounting requirements with respect to this establishment or in respect of another UK establishment

- ☒ In respect of this establishment Please go to Section H4
- ☐ In respect of another UK establishment Please give the registration number below, then go to Section H4

● Please tick the appropriate box

UK establishment  
registration number

B R

# OS IN01

Registration of an overseas company opening a UK establishment

H4

## Particulars of UK establishment ①

	Please enter the name and address of the UK establishment									
Name of establishment	GS ENGINEERING & CONSTRUCTION CORP LONDON									
Building name/number	13									
Street	APPROACH ROAD									
Post town	LONDON									
County/Region										
Postcode	S	W	2	0		8	B	A		
Country	UK									
	Please give the date the establishment was opened and the business of the establishment									
Date establishment opened	<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 1		
Business carried on at the UK establishment	ASSISTING THE HEAD OFFICE TO FIND OPPORTUNITIES									

### ① Address

This is the address that will appear on the public record

**OS IN01**

Registration of an overseas company opening a UK establishment

**Part 6 Permanent representative**

Please enter the name and address of every person authorised to represent the company as a permanent representative of the company in respect of the UK establishment

**J1 Permanent representative's details**

Please use this section to list all the permanent representatives of the company  
Please complete Sections J1-J4

**Continuation pages**  
Please use a continuation page if you need to enter more details

Full forename(s) KWANG YEOL

Surname SEO

**J2 Permanent representative's service address <sup>①</sup>**

Building name/number 13

Street APPROACH ROAD

Post town LONDON

County/Region

Postcode S W 2 0 8 B A

Country UK

**① Service address**

This is the address that will appear on the public record. This does not have to be your usual residential address

If you provide your residential address here it will appear on the public record

**J3 Permanent representative's authority**

Please enter the extent of your authority as permanent representative  
Please tick one box

Extent of authority

- ☐ Limited <sup>②</sup>  
☒ Unlimited

Description of limited authority, if applicable

Are you authorised to act alone or jointly? Please tick one box

- ☒ Alone  
☐ Jointly <sup>③</sup>

If applicable, name(s) of person(s) with whom you are acting jointly

**②** If you have indicated that the extent of your authority is limited, please provide a brief description of the limited authority in the box below

**③** If you have indicated that you are not authorised to act alone but only jointly, please enter the name(s) of the person(s) with whom you are authorised to act below



# OS IN01

Registration of an overseas company opening a UK establishment

## Part 7

### Person authorised to accept service

Does the company have any person(s) in the UK authorised to accept service of documents on behalf of the company in respect of its UK establishment?

→ **Yes** Please enter the name and service address of every person(s) authorised below

→ **No** Tick the box below then go to Part 8 'Signature'

☐ If there is no such person, please tick this box

## K1 Details of person authorised to accept service of documents in the UK

Please use this section to list all the persons' authorised to accept service below  
Please complete Sections K1-K2

### Continuation pages

Please use a continuation page if you need to enter more details

Full forename(s)

SUNJAE

Surname

KWON

## K2 Service address of person authorised to accept service <sup>①</sup>

Building name/number

13

Street

APPROACH ROAD

Post town

LONDON

County/Region

Postcode

S W 2 0 8 B A

Country

UK

### ① Service address

This is the address that will appear on the public record. This does not have to be your usual residential address. Please note a DX address would not be acceptable.

# OS IN01

Registration of an overseas company opening a UK establishment

## Part 8

## Signature

This must be completed by all companies

I am signing this form on behalf of the company

Signature

Signature

X

*[Handwritten signature]*

X

This form may be signed by  
Director, Secretary, Permanent representative

# OS IN01

## Registration of an overseas company opening a UK establishment



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **SUNJAE KWON**

Company name **KPY PHILLIPS YOUNG LLP**

Address **13 APPROACH ROAD**

Post town **LONDON**

County/Region

Postcode **S W 2 0 8 B A**

Country **UK**

DX

Telephone **0203 274 3066**



### Checklist

**We may return forms completed incorrectly or with information missing**

**Please make sure you have remembered the following**

- ☒ The overseas corporate name on the form matches the constitutional documents exactly
- ☐ You have included a copy of the appropriate correspondence in regard to sensitive words, if appropriate
- ☒ You have included certified copies and certified translations of the constitutional documents, if appropriate
- ☒ You have included a copy of the latest disclosed accounts and certified translations, if appropriate
- ☐ You have completed all of the company details in Section B3 if the company has not registered an existing establishment
- ☐ You have complete details for all company secretaries and directors in Part 4 if the company has not registered an existing establishment
- ☐ Any addresses given must be a physical location. They cannot be a PO Box number (unless part of a full service address), DX or LP (Legal Post in Scotland) number
- ☒ You have completed details for all permanent representatives in Part 6 and persons authorised to accept service in Part 7
- ☐ You have signed the form
- ☐ You have enclosed the correct fee



### Important information

Please note that all information on this form will appear on the public record, apart from information relating to usual residential addresses.



### How to pay

A fee of £20 is payable to Companies House in respect of a registration of an overseas company. Make cheques or postal orders payable to 'Companies House'.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the appropriate address below.

#### England and Wales

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

#### Scotland

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post)

#### Northern Ireland

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG  
DX 481 N R Belfast 1

#### Higher protection

If you are applying for, or have been granted, higher protection, please post this whole form to the different postal address below:  
The Registrar of Companies, PO Box 4082,  
Cardiff, CF14 3WE



### Further information

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

Registered No. 2011 - 53

## NOTARIAL CERTIFICATE



This is English translation  
of the constitutional documents.

Kwang Yeol Seo

permanent representative

WOOIL Law Group , ATTORNEYS & NOTARIES  
Room No. 1103 Daewoo Foundation Building  
526. 5ga Namdaemoon-ro, Chung-gu, Seoul, KOREA  
Tel : 752 - 4259 . 779 - 2996 Fax : 754 - 6626

# ARTICLES OF ASSOCIATION



 **GS** Engineering & Construction

M. S. S. S.

# ARTICLES OF ASSOCIATION OF GS ENGINEERING & CONSTRUCTION CORP.

Enacted on	December 19, 1969	Amended on	February 26, 1988
Amended on	March 13, 1970	Amended on	February 24, 1989
Amended on	October 01, 1973	Amended on	February 23, 1990
Amended on	May 25, 1974	Amended on	February 26, 1991
Amended on	November 27, 1975	Amended on	February 27, 1992
Amended on	November 28, 1975	Amended on	February 26, 1993
Amended on	December 17, 1975	Amended on	February 25, 1994
Amended on	June 11, 1976	Amended on	February 24, 1995
Amended on	February 25, 1977	Amended on	February 23, 1996
Amended on	January 25, 1978	Amended on	February 25, 1997
Amended on	January 04, 1979	Amended on	February 26, 1998
Amended on	September 04, 1979	Amended on	February 25, 1999
Amended on	February 25, 1980	Amended on	June 09, 1999
Amended on	June 23, 1980	Amended on	March 17, 2000
Amended on	February 27, 1981	Amended on	March 02, 2001
Amended on	February 25, 1982	Amended on	March 20, 2002
Amended on	February 25, 1983	Amended on	February 26, 2003
Amended on	February 23, 1985	Amended on	March 18, 2005
Amended on	February 28, 1986	Amended on	March 07, 2008
Amended on	February 27, 1987	Amended on	March 20, 2009
		Amended on	March 19, 2010

## CHAPTER I GENERAL PROVISIONS

### ARTICLE 1. COMPANY NAME

The name of the Company is referred to as "GS GUNSUL CHUSIK HOESA", in Korean "지에스건설주식회사" and in English "GS Engineering & Construction Corp." (the "Company")

### ARTICLE 2. OBJECTS

The objects of the Company are to engage in the following business activities in domestic and abroad

- 1) Civil, architectural, electrical works, information & communication works, installation of steel structure, paving, harbor construction, dredging work, installation of cableway, landscaping work and installation, operation and maintenance (hereinafter called to as "O & M") of industrial equipment,
- 2) Construction, sale, maintenance and lease of apartment / housing complex,
- 3) Installation of fire fighting equipment / facilities,
- 4) Overseas construction works (General construction, Specialized construction),
- 5) Sale, purchase and lease of real estate,
- 6) Construction and O & M of athletic stadium / sports facilities,
- 7) O & M of entertainment facilities,
- 8) Forestation, orchard, horticulture and live stock farming,
- 9) Development of quarry, manufacture and sale of stones, aggregates, ready mixed concrete, precast concrete, concrete, cements, aluminium products and other

H. S. Park

- construction materials,
- 10) Construction and O & M of distribution complex,
  - 11) Exploitation of overseas resources,
  - 12) Lease, repair and maintenance of heavy equipment,
  - 13) Fabrication and installation of anti-pollution equipment / facilities,
  - 14) Design, construction and O & M of general and specific waste disposal facilities,
  - 15) Design, construction and O & M of sewage treatment facilities,
  - 16) Construction of the military works,
  - 17) General trading,
  - 18) Repair and maintenance of cultural properties,
  - 19) Construction of LPG facilities,
  - 20) O & M of tourist accommodation & facilities,
  - 21) Installation and O & M of collective energy supply facilities,
  - 22) Construction and O & M of gas supply facilities,
  - 23) Engineering, procurement, construction and supervision of plants,
  - 24) Reclamation of public owned wet area,
  - 25) Operation & maintenance of all sorts of facilities,
  - 26) Real estate development including city, mountain district and housing site,
  - 27) Issuance of firm offer,
  - 28) Construction and O & M of railroad(including electric high-speed railroad, electric light railroad and personal railway transportation), and development of the side area of railway station,
  - 29) Design, construction and O & M of water supply facilities,
  - 30) Construction and O & M of Power Plants,
  - 31) O & M of Park and Resort,
  - 32) O & M of toll road,
  - 33) Construction and O & M of parking facilities,
  - 34) General wholesale and retail,
  - 35) Manufacture and Sales of the steel products,
  - 36) Goods and Accommodations,
  - 37) Engineering,
  - 38) General supervision and design supervision,
  - 39) Entrusted research services in the area of Construction,
  - 40) Manufacture and sales of furniture,
  - 41) Construction and O & M of welfare facilities for adults and senior citizens,
  - 42) General land survey,
  - 43) Industrial equipment service and agency for analysis of environmental impact,
  - 44) Management, disposal and trust development of real estate,
  - 45) Development of underground,
  - 46) Construction of land complex,
  - 47) Safety inspection of facilities and precise safety diagnosis,
  - 48) Authorized examination and inspection,
  - 49) Design, construction and O & M of night soil disposal facilities and livestock waste water treatment facilities,
  - 50) Construction Management,
  - 51) Construction and O & M of tourist resort,
  - 52) Construction and O & M of goods station and international convention center,
  - 53) Architecture Design
  - 54) Engineering & Construction of water/waste water treatment facilities,
  - 55) Collection and transportation and intermediate/final treatment business of waste,
  - 56) Checking services for the management of energy,
  - 57) Planning of energy utilization agency business,
  - 58) Sales and development of software using the computer system network,
  - 59) Exports and imports of all trading agency business,
  - 60) Purveyance of supplies and services for an army,
  - 61) Oversea's Engineering and Oversea's Construction,
  - 62) Manufacturing and sales of pressure vessels, heat exchangers and air handling units,
  - 63) Manufacturing and sales of combustion instruments,
  - 64) Sales and arrangements of intellectual property right and the information relating to

Handwritten signature or mark.

- industrial technologies,
- 65) Business of special institute for the saving of energy including investment for the facility related with saving energy,
  - 66) Design of electric Facilities and Construction supervision,
  - 67) Planning, consulting, design and supervision in the field of rock installation, storage facilities, tunnels, military installation and civil defense facility construction,
  - 68) Survey of underground facilities and all kind of survey works,
  - 69) Traffic impact assessment agency work,
  - 70) Landscape impact assessment agency work,
  - 71) Disaster impact assessment agency work,
  - 72) Manufacture of numerical cartography,
  - 73) Establishment and management of education institutes,
  - 74) Planning, design, consulting, supervision and construction of pipeline of oil & gas,
  - 75) Investment in the above-listed business and all other related activities,
  - 76) Planning, design and construction of the recycling equipment,
  - 77) Planning, design, construction and test operating of construction equipment,
  - 78) Electronic business transaction,
  - 79) Construction of heating,
  - 80) Steel frame processing and installation, and sales business,
  - 81) New & renewable energy,
  - 82) Soil remediation,
  - 83) Underground water remediation,
  - 84) Real estate development,
  - 85) To engage in, conduct and carry out businesses and investments related to the conduct of the businesses set forth hereinabove

### **ARTICLE 3. LOCATION**

The Company shall have its head office in Seoul and may have its branch offices or representative offices in any proper place in Korea or abroad as may be required, by the resolution of the Board of Directors

### **ARTICLE 4. METHOD OF PUBLIC NOTICE**

Public notices by the Company shall be given in "Dong Ah Ilbo" and "The Korea Economic Daily", daily newspapers published in Seoul or on the website([http //www gsconst co kr](http://www.gsconst.co.kr)) of the Company

## **CHAPTER II SHARES**

### **ARTICLE 5. TOTAL NUMBER OF SHARES TO BE ISSUED**

The total number of Shares to be issued by the Company shall be two hundred million (200,000,000)

### **ARTICLE 6. PAR VALUE OF A SHARE**

The par value of a share of the Company shall be five thousand (5,000) won

### **ARTICLE 7. DELETED**

### **ARTICLE 8. SHARE CERTIFICATE DENOMINATION**

Share certificates of the Company shall be issued in eight denominations of one (1) share, five (5) shares, ten (10) shares, fifty (50) shares, one hundred (100) shares, five hundred (500) shares, one thousand (1,000) shares and ten thousand (10,000) shares

17 2024



## **ARTICLE 9. TYPES OF SHARES**

Shares to be issued by the Company (the "Shares") shall be registered common shares (the "Common Shares") and registered preferred shares (the "Preferred Shares")

### **ARTICLE 9-2. NUMBER AND TYPES OF PREFERRED SHARES**

- 1) The Preferred Shares to be issued by the Company shall not have the voting rights and the total number of Shares shall not exceed a half of the total number of issued Shares
- 2) For the Preferred Shares, the Board of Directors shall, at the time of issuance, decide the preferred dividend rate at or exceeding 9% per annum based on the par value
- 3) In case that the dividend rate of Common Shares exceed that of Preferred Shares, the Preferred Shares shall be entitled to be paid in the dividend procedure of Common Shares with the difference between the dividend rate of Common Shares and the dividend rate of Preferred Shares
- 4) In case that the Company does not distribute the concerned dividend for the Preferred Shares in a fiscal year, the Company shall distribute the accumulated payable dividend not distributed on the following year's dividend day prior to distribution of the following year's dividend
- 5) In case the Meeting of Shareholders resolves that the Company shall not distribute the concerned dividend for the Preferred Shares, the Preferred Shares shall have the voting right during the period from the next Meeting of Shareholders to the end of the Meeting of Shareholders resolving to distribute the preferred dividend for the Preferred Shares
- 6) In case of the Company's issue of new shares to be purchased or free issue of new shares, allocation of new share for the Preferred Shares shall be made by Common Shares, in case of issue of new shares to be purchased, and, by the same type of preferred shares, in case of free issue of new shares
- 7) The Company may, by the resolution of the Board of Directors, decide the maturity (the "Maturity") of Preferred Shares and conversion of such Preferred Shares to the Common Shares. In case that the Company couldn't distribute dividend to Preferred Shares by the Maturity, the Maturity will be automatically extended to the time when the Company complete to distribute the accumulated payable dividend to the Preferred Shares. In case that the preferred shares convert to the common shares at the maturity, the dividend for shares to be issued by such conversion shall apply the Article 13-5

## **ARTICLE 10. CHANGE OF NAME**

- 1) The assignment of Shares shall be valid only upon a delivery of share certificates
- 2) The assignee shall not insist the right of the shareholder against the Company unless the name and address of the assignee is entered in the shareholder's register (the "Register")
- 3) Those who apply for change of name with the reason by a transfer of share certificates, inheritance, bequest, etc., must submit the application prepared by the Company with the attachment of the share certificates

## **ARTICLE 11. APPOINTMENT OF NAME TRANSFER AGENT**

Upon resolution of the Board of Directors, the Company may appoint the transfer agent for the Shares and entrust him to matters related to Shares of the Company

## **ARTICLE 12. PLEDGE OF SHARES**

- 1) Shareholders wishing to pledge Shares or release the pledge of Shares shall submit the application prescribed by the Company to the Company with the attachment of share certificate and the pledge agreement
- 2) The pledge regarding above paragraph shall be equally applicable to pledge utilizing a blank power of attorney or a blank assignment document together with the consent of disposition

*Handwritten signature*

The same is also applicable to registration of a sub-pledge or a transfer

- 3) A payment of interests and dividends on the pledged shares shall be made only in case of recording in the Register

### **ARTICLE 13. PREEMPTIVE RIGHT TO NEW SHARES**

- 1) The shareholders of the Company (the "Shareholders") shall have the preemptive right to new shares
- 2) Notwithstanding the above paragraph 1), an allocation to the third party other than Shareholders can be made by the resolution of the Board of Directors in case of followings to achieve the managerial purposes, including, but not limited to, the introduction of new technology, development of financial structure, etc. Provided, however, that in case of No ④, No ⑤ and No ⑥, the aggregate number of all allocations shall not exceed 25% of the total number of issued shares
  - ① In case set forth by the laws concerned and in this Articles of Incorporation,
  - ② In case a special resolution is made in the shareholder's general meeting,
  - ③ In case a resolution of Board of Directors is made for issuance of new shares to issue the deposit receipt,
  - ④ In case the Company issue the Shares to the joint-venture partner,
  - ⑤ In case the Company issue the Shares to the financial institutions for financing activity, or
  - ⑥ In case the Company issue the Shares to the overseas company offering the technical know-how to the Company
- 3) The Shareholders' disposal or loss of the preemptive right to new shares and the fraction of Shares resulting from allocation of new shares shall be decided in accordance with the resolution of the Board of Directors

### **ARTICLE 13-2. ISSUANCE AT THE CURRENT VALUE**

- 1) The Company may issue a part or whole of the new shares at the current market value. The issuing price shall be made in accordance with the resolution of the Board of Directors
- 2) In case of the above 1), the Board of Directors may, notwithstanding Article 13, subscribe or make the holder accept, the new shares issued at the current value, according to the laws concerned

### **ARTICLE 13-3. ISSUANCE OF CONVERTIBLE BOND**

- 1) The Company may issue the convertible bond to achieve the managerial purposes, including, but not limited to, the introduction of new technology, development of financial structure, etc. by the resolution of the Board of Directors, to those who are not Shareholders of the Company, the amount of which shall not exceed four hundred billion (400,000,000,000) won
  - ① if the Company issues convertible bond through the public offering,
  - ② if the Company issues convertible bond in order to obtain the foreign investment necessary to managerial purposes,
  - ③ if the Company issues convertible bond to the associated company to introduce new technology therefrom,
  - ④ if the Company issues convertible bond to domestic or international financing institutes to get financing, and
  - ⑤ if the Company issues convertible bond in international market in accordance with the Article 165-16 of the Capital Market & Financial Investment Business Law
- 2) With respect to the convertible bond mentioned in the above 1), the Board of Directors may grant the convertible right to the part of all issue
- 3) The Common Shares to be issued by the conversion shall not exceed two hundred billion (200,000,000,000) won, the Preferred Shares to be issued by conversion shall not exceed two hundred billion (200,000,000,000) won and the conversion price shall be decided as par value

*Handwritten signature*

- or above by the resolution of Board of Directors at the time of issuance of the convertible bond
- 4) The requesting period for the conversion shall be from the next date of the issuing date of convertible bond to one(1) day prior to the maturity, but can be adjusted by the resolution of Board of Directors within the period above mentioned
  - 5) Dividend of new shares to be issued by conversion and interest payment of Convertible Bond shall be applied to Article13-5 with appropriate modifications

#### **ARTICLE 13-4. ISSUANCE OF BOND WITH WARRANT**

- 1) The Company may issue the Bond with Warrant to achieve the managerial purposes, including, but not limited to, the introduction of new technology, development of financial structure, etc , to those who are not stockholders, the amount of which shall not exceed four hundred billion (400,000,000,000) won
  - ① if the Company issues convertible bond through the public offering,
  - ② if the Company issues convertible bond in order to obtain the foreign investment necessary to managerial purposes,
  - ③ if the Company issues convertible bond to the associated company to introduce new technology therefrom,
  - ④ if the Company issues convertible bond to domestic or international financing institutes to get financing, and
  - ⑤ if the Company issues convertible bond in international market in accordance with the Article 165-16 of the Capital Market & Financial Investment Business Law
- 2) The amount of requesting the warrant shall be decided by the Board of Directors not exceeding the par value of the bond
- 3) The Common Shares to be issued by the execution of the warrant shall not exceed two hundred billion(200,000,000,000) won, the Preferred Shares to be issued by the execution of the warrant shall not exceed two hundred billion(200,000,000,000) won and the issuing price shall be decided as par value or above by the resolution of Board of Directors at the time of issuance of the bond with warrant
- 4) The execution period for the warrant shall be from the next date of the issuing date of the bond to one(1) day prior to the maturity thereof, but can be adjusted by the Board of Directors within the period above mentioned
- 5) Dividend of new shares to be issued by execution of the warrant shall be applied to Article13-5 with appropriate modifications

#### **ARTICLE 13-5. THE INITIAL DATE FOR COMPUTING THE DIVIDEND OF NEW SHARES**

In case that the Company issue the new shares through the Right Issue, Bonus Issue and Stock Dividend, the new shares are deemed to be issued in the former fiscal year

#### **ARTICLE 13-6. THE RIGHT TO SUBSCRIBE OF NEW SHARES**

- 1) The Company may give the right to subscribe of new shares(the "Right") to its employees (including employees of the related entity defined on Article 9 of enforcement ordnance of the Commercial Law) within 5% of total number of issued Shares by special resolution of shareholder's meeting in accordance with Article 189-4 of the Securities Exchange Law of Korea
- 2) The man who can receive the Right should contribute or have an ability of contribution to the Company, except one of the following
  - ① The majority shareholder(Article 542-8-②-5 of the Commercial Law) and its specially related entity(Article 13-4 of enforcement ordnance of the Commercial Law) except the man who is the special related entity only by becoming the director of the Company
  - ② The major shareholders(Article 542-8-②-6 of the Commercial Law) and its specially

*Handwritten signature*

related entity except the man who is the special related entity only by becoming the director of the Company

- ③ The major shareholders by excising the Right
- 3) The new shares to be issued by exercising the Right shall be registered Common Shares, and the Company may grant the Company's Shares or give by cash or the Company's Shares the difference between excising price of the Right and market price
- 4) The number of employees to grant the Right shall be less than 10% of total employees of the Company
- 5) The Right may be excised within 2 years from the date elapsed 3 years after resolution, and the man who have the Right can excise the Right after 2 years from joining of the Company except the cases of retirement by age limit or ordinary retirement
- 6) The board of directors may cancel the Right by resolution in case of following,
  - ① The employee who has the Right retire as his own accord,
  - ② The employee who has the Right cause material adverse damage to the Company,
  - ③ The Company's bankruptcy or dissolution,
  - ④ The cancellation of the Right in accordance with the contract of the Right

#### **ARTICLE 14. DELETED**

#### **ARTICLE 15. DELETED**

#### **ARTICLE 16. REISSUE OF SHARE CERTIFICATE**

- 1) In case of the reissue of share certificate resulting from the loss thereof, the applicant must sign in and affix his seal to the prescribed application, and obtain a nullification decision, attach the original or a certified copy thereto and submit an application for reissue of share certificate
- 2) In case of the reissue of share certificate resulting from a filthiness, defacement thereof, the applicant must sign in and affix his seal to the prescribed application and submit it to the Company together with the defaced share certificate

#### **ARTICLE 17. REGISTRATION OF RIGHT HOLDERS**

- 1) Shareholders, registered pledgee, or their legal representatives must register their names, designations, addresses and seals or signatures to the Company
- 2) In case of registration or de-registration of a pledge against Shares of the Company, the parties concerned must sign in and affix his seal to the prescribed application and submit it with the share certificate attached thereto
- 3) The preceding Paragraphs shall be equally applicable when any change in the items registered under the preceding Paragraphs occurs, and the Company shall not be liable for any damage resulting from negligence of such registration
- 4) The legal representative must submit to the Company a certificate evidencing his power and status as a legal representative
- 5) In case a shareholder, registered pledgee or his legal representative works in a foreign country, he must file to the Company the place in Korea where notices can be given by the Company and the attorney-in-fact to whom such notice can be given

#### **ARTICLE 18. REPORT OF NON-HOLDING THE SHARE CERTIFICATE**

- 1) A shareholder who does not want to have share certificates issued must file a report of such intention with the Company in the form prescribed by the Company, and the Company must record such fact in the shareholder's register and deliver to the shareholder a certificate of acknowledgment of non-holding the share certificate
- 2) In case that the share certificate already issued at the time of report under the preceding Paragraph, such share certificate must be submitted at the time of the report The submitted

Handwritten signature or mark.

share certificate shall be null and void

- 3) Notwithstanding the report under Paragraph 1), the reporting shareholder may demand the issuance of a share certificate whenever necessary

#### **ARTICLE 19. SERVICE CHARGE**

Those who made an application under Article 10, 11, 12, 16 and 17 must pay to the Company certain service charge determined by the Board of Directors

#### **ARTICLE 20. CLOSURE OF SHAREHOLDER'S REGISTER**

- 1) The Company shall suspend the registration of name change, registration and de-registration of a pledge and reporting and de-registration of trusted property from the 1<sup>st</sup> day of January to the 31<sup>st</sup> day of January of each year
- 2) The Shareholders registered in the last shareholder's list of the 31<sup>st</sup> day of December of each year shall be the Shareholders exercising the right at the ordinary general meeting of Shareholders in the fiscal year
- 3) In case that the Company convene the extraordinary general meeting or any other case, the Company may decide a period not exceeding the end of March by the resolution of board of directors and suspend the change of shareholder's list or the Company may decide the Shareholders registered at the shareholder's list to the Shareholders having the right and the board of directors may decided the suspend date and the initial date to be same The Company shall disclose it 2 weeks before the suspend date

### **CHAPTER III GENERAL MEETING OF SHAREHOLDERS**

#### **ARTICLE 21. CONVOCAATION**

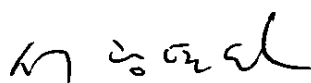
- 1) The ordinary general meeting of the Shareholders of the Company shall be held within three (3) months after the end of each fiscal year, and an extraordinary general meeting of the Shareholders shall be held whenever necessary Such meeting shall be called by the Representative Director of the Company, in accordance with resolution of the Board of Directors except when stipulated in the pertinent laws and regulations
- 2) In case of convocation the general meeting of Shareholders, the Shareholders shall be noticed with the date and time, the place and the objects of the general meeting of Shareholders by letter or electronic document at least by two(2) weeks before the general meeting of Shareholders
- 3) The notice of convocation to the Shareholders having 1% or below 1% of total Shares having voting right shall be substituted for the public notice at the Donga-Ilbo and The Korea Economic Daily published in Seoul for more than twice or the Data Analysis, Retrieval and Transfer System managed by the Financial Supervisory Service or the Korea Exchange by 2 weeks before the day of general meeting

#### **ARTICLE 22. PLACE OF MEETING**

The general meeting of Shareholders shall be held at the place of the head office

#### **ARTICLE 23. CHAIRMAN**

- 1) The Representative Director of the Company shall be the Chairman of the general meeting of Shareholders
- 2) In the event of an accident to the Representative Director of the Company, Vice-President, Managing Director, Deputy Managing Director, Executive Director and / or Director shall preside the Chairman in the order listed



## **ARTICLE 23-2. CHAIRMAN'S RIGHT TO MAINTAIN ORDER**

- 1) The Chairman of general meeting can make the people intentionally preventing from the procedure of general meeting interrupt, cancel the speaking or leave the general meeting and the people shall be followed to the order by Chairman
- 2) The Chairman of general meeting can restrict the period and the times of the shareholder's speaking for smoothening the procedure of the general meeting

## **ARTICLE 24. VOTING RIGHT**

A shareholder shall be entitled to one vote for each of his Shares except as otherwise provided by laws

## **ARTICLE 25. VOTING BY PROXY**

- 1) A shareholder may exercise his voting right through proxy
- 2) The proxy of the above 1) shall be confined to the Shareholders of the Company and the proxy shall file prior to the opening of the general meeting of Shareholders a document(the power of attorney) establishing his power of representation

## **ARTICLE 26. METHOD OF RESOLUTION**

Except as otherwise stipulated by law, a majority of Shareholders whose Shares represent more than one-fourth of the total number of Shares issued and outstanding shall constitute a quorum. Resolutions shall be adopted by a majority vote of the Shares held by the Shareholders present

## **ARTICLE 27. MINUTES OF THE MEETING**

Regarding the proceeding of the general meeting of the Shareholders, the proceeding and the results thereof shall be recorded in the Minutes and signed and seals affixed by the Chairman and the Directors presented at the meeting. The Minutes shall be maintained and kept by the Company

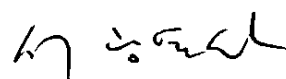
## **CHAPTER IV DIRECTORS, BOARD OF DIRECTORS AND AUDITORS**

### **ARTICLE 28. ELECTION OF DIRECTORS**

- 1) The Company shall have a minimum of three(3) and a maximum of nine(9) Directors who shall be elected at the general meeting of Shareholders. But, the commercial act 382-2 shall not be applied to the way of election
- 2) Upon resolution of the Board of Directors, the Company may elect some Chairmen, Vice Chairmen, Presidents, Vice Presidents, Managing Directors, Deputy Managing Directors and Executive Directors among the directors of the Company
- 3) The representative Director shall be appointed among Chairmen, Vice-Chairmen, Presidents, Vice Presidents, Managing Directors, Executive Directors and Directors by the resolution of the Board of Directors

### **ARTICLE 29. DIRECTOR'S TERM OF SERVICE**

- 1) The Director's term of service shall be three(3) years
- 2) When the Director's term of service expires before the closing of the ordinary general meeting of Shareholders convened in respect of the last period of the settlement of accounts during his term of office, the term shall be extended until the closing of such general meeting
- 3) In case of the absence of a Director, a new Director shall be elected at an ordinary or extraordinary general meeting of Shareholders. However, if the number of inconvenience in



performing business is caused due to such absence, such supplementary election shall not be necessary

#### **ARTICLE 30. RESPONSIBILITIES OF DIRECTORS**

- 1) The Chairman of the Company shall be the Chairman of the Board of Directors
- 2) The Representative Director shall represent the Company and shall be responsible for the entire operation of the Company. If there are several Representative Directors, each of them shall represent the Company according to the decision made by the Board of Directors
- 3) Vice Presidents, Managing Directors, Deputy Managing Directors, Executive Directors and Directors shall perform the designated responsibilities with assisting the President of the Company
- 4) In case of the absence and inability of the Chairman of the Company, his duties shall be taken over by the Representative Director. In case of the absence and inability of the President, such duties shall be taken over in the order of Vice-President, Managing Director, Deputy Managing Director, Executive Director and Director
- 5) In case that the Company has more than one Vice President, Managing Director, Deputy Managing Director, Executive Director and Director, the order of priority shall be subject to decision made by the Board of Directors
- 6) In case that the Director find a fact which seems to damage considerably to the Company, the Director shall report it to the Auditor

#### **ARTICLE 31. BOARD OF DIRECTORS**

- 1) The Board of Directors shall be composed of the Directors of the Company and shall discuss and resolve all the important matters of the Company except for the matters to be discussed and resolved at the general meeting of Shareholders
- 2) The Chairman shall convene the Board of Directors, and be himself the chairman of the Board of Directors, and give each director and auditor an oral or written notice at least twelve(12) hours before the meeting
- 3) In case that all Directors agree unanimously, the meeting of the Board of Directors shall be called without following the aforementioned procedures
- 4) Every resolution of the Board of Directors shall be adopted by a majority vote of the Directors present who shall constitute in number a majority of the Directors
- 5) The Board of Directors may allow the Directors, in whole or in part, to attend the meeting of Board of Directors by means of telecommunication facilities which make all Directors hear the sound and see the image of each other. In this case, the concerned Directors shall be deemed attended in the meeting of Board of Directors
- 6) As to the meeting of the Board of Directors, its due course and results shall be made in the Minutes of the meeting of the Board of Directors and shall be kept in the Company, after the Chairman with the Directors and the Auditors, who presented the meeting sign and seal affixed thereon

#### **ARTICLE 31-2. COMMITTEES**

- 1) The Board of Directors shall have following committees
  - ① Auditing Committee,
  - ② Committee for recommendation of Outside directors
- 2) The Board of Directors shall have the right to organizing, rights, operation of committees
- 3) The Committees shall be applied to Article 31 with appropriate modifications

#### **ARTICLE 32. DELETED**

*M. S. O. R. A. L.*

## **ARTICLE 32-2. AUDITING COMMITTEE**

- 1) The Company shall have the Auditing Committee in accordance with Article 31-2
- 2) The Auditing Committee shall be composed of not less than 3 Directors of the Company, and one or more members shall be the specialist in accounting or finance
- 3) Not less than 2 of 3 of the members of Auditing Committee shall be composed of outside directors, and the other members shall meet the requirement of Paragraph 2 in Article 542-10 of the Commercial Law
- 4) In relation to the appointment of the members of Auditing Committee who are not the outside directors, if the majority shareholder and specially related persons thereof, the person who possesses Shares for the benefit of major shareholder and specially related persons thereof, and the person who entrusts the voting right on the Share to major shareholder and specially related persons thereof have more than 3% of total voting right of the Company such persons mentioned hereto shall not exercise their voting right on the Shares exceeding 3% of total voting right of the Company
- 5) The Auditing Committee shall appoint representative(s) of the Auditing Committee by their resolution. In this case, committee more than one person may be selected as joint representative of the Auditing Committee. Provided, however, that the representative of the Auditing Committee shall be selected from the Outside Directors
- 6) The Auditing Committee audit accounting and operation of the Company
- 7) The Auditing Committee may call the temporary meeting of Shareholders by submitting the Board of Directors of the written request with the agenda and reason of call
- 8) The Auditing Committee may request the subsidiary to report the business activities if it is necessary to the performance of their mission
- 9) The Auditing Committee shall select the Outside Auditor
- 10) The Auditing Committee shall execute the things assigned to them by the Board of Directors as well as those mentioned Paragraph 6 to 9 hereto
- 11) The Auditing Committee shall make the minute of meeting of Auditing Committee in which the outline and result of the audit shall be described and on which all auditors who execute the audit shall write down their own name and affix their seals or do their signatures

## **ARTICLE 33. REMUNERATION OF AUDITOR AND DIRECTORS**

The remuneration of the Auditor and the Directors of the Company shall be decided by the resolution of the general meeting of Shareholders

## **ARTICLE 34. RETIREMENT ALLOWANCE OF AUDITOR AND DIRECTOR**

The retirement allowance of the Auditor and Directors of the Company shall be decided in accordance with the Officer's Retirement Regulations of the Company which shall be stipulated separately

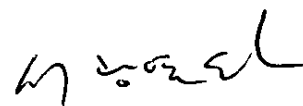
## **CHAPTER V ACCOUNTING**

### **ARTICLE 35. FISCAL YEAR**

The fiscal year of the Company shall commence on January 1 and terminate on December 31 of each year

### **ARTICLE 36. FINANCIAL STATEMENTS**

- 1) The Representative Director of the Company shall submit the following documents and its ancillary particulars as well as operation reports after auditing by the Auditor to the ordinary general meeting of Shareholders at least six(6) weeks before the date of the general meeting





of Shareholders

- ① Balance Sheet
  - ② Profit and Loss Statement
  - ③ Account statement of earned surplus distribution or loss disposal
- 2) The Auditor shall submit the auditing reports to the Representative Director of the Company, by one(1) week before the date of the ordinary general meeting of Shareholders

## **ARTICLE 36-2. SELECTION OF OUTSIDE AUDITOR**

The Company shall select the Outside Auditor through the approval from Auditing Committee in accordance with the Regulations of Outside Auditor for the Company limited by Shares and shall report such fact to the following meeting of Shareholders or give written notice to Shareholders on the stockholders' list or notify on the website([http //www gsconst co kr](http://www.gsconst.co.kr)) of the Company

## **ARTICLE 37. DISPOSAL OF PROFITS**

The unappropriated retained earnings at the end of each fiscal year of the Company shall be disposed of as follows

- 1 Profit reserve,
- 2 Other legal reserve,
- 3 Dividends,
- 4 Discretionary reserve,
- 5 Other appropriations of retained earnings

## **ARTICLE 38. DIVIDENDS OF THE PROFIT**

- 1) The dividend of the profit shall be made on cash and share
- 2) The dividends of Paragraph 1) shall be paid to the Shareholders or registered pledgee who are registered in the shareholder's list on the end of each period for the last settlement of the accounts
- 3) In case that the right to demand for dividend is not executed for five(5) years, the extinctive prescription shall be completed and the dividend shall belong to the Company
- 4) In case of share dividend, the Company can issue different kinds of Shares if the Company has issued several kinds of Shares

## **CHAPTER VI ADDENDA**

### **ARTICLE 39. SCOPE OF APPLICATION**

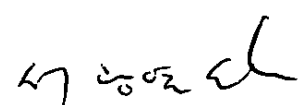
Those matters not provided in these Articles of Incorporation shall be applied to the Korean Commercial Code or other laws of Korea

### **ARTICLE 40. ENACTMENT OF INTERNAL RULES**

The Company, if necessary, may enact by resolution of the Board of Directors internal guidelines or regulations required for business and administration purposes

### **ARTICLE 41. NAMES AND ADDRESSES OF PROMOTERS**

To incorporate the Company as a CHUSIKHOESA, all the promoters of the Company have prepared this Articles of Incorporation and hereunto set their hands and affixed their seals



December , 1969

33-9, 1-ka, Jangchung-dong, Chung-ku, Seoul	Chul-Hwe KOO
258-22, Itaewon-dong, Yongsan-ku, Seoul	Chung-Hwe KOO
136, Wonseo-dong, Chongro-ku, Seoul	Ja-Kyung KOO
45-10, Ockin-dong, Chongro-ku, Seoul	Joon-Koo HUH
333-59, Sindang-dong, Sungdong-ku, Seoul	Sin Koo HUH
89-3, 1-ka, Jangchung-dong, Chung-ku, Seoul	Seung Chan PARK
45-1, Kwanchul-dong, Jongno-ku, Seoul	Lucky Chemical Industry Co ,Ltd

**ADDITIONAL CLAUSE (February 23, 1996)**

These Articles of Incorporation shall be effective from February 23, 1996 However, the amended Articles such as 13, 13-3, 13-4, 17, 26, 27, 30, 31, 32 and 38 shall be effective from October 1, 1996

**ADDITIONAL CLAUSE (June 9, 1999)**

These Articles of Incorporation shall be effective from June 9, 1999

**ADDITIONAL CLAUSE (March 17, 2000)**

These Articles of Incorporation shall be effective from March 17, 2000

**ADDITIONAL CLAUSE (March 2, 2001)**

These Articles of Incorporation shall be effective from March 2, 2001

**ADDITIONAL CLAUSE (March 20, 2002)**

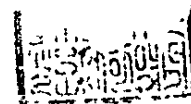
These Articles of Incorporation shall be effective from March 20, 2002

**ADDITIONAL CLAUSE (February 26, 2003)**

These Articles of Incorporation shall be effective from February 26, 2003

**ADDITIONAL CLAUSE (March 18, 2005)**

These Articles of Incorporation shall be effective from March 18, 2005



**ADDITIONAL CLAUSE (March 7, 2008)**

These Articles of Incorporation shall be effective from March 7, 2008

**ADDITIONAL CLAUSE (March 20, 2009)**

These Articles of Incorporation shall be effective from March 20, 2009

*Handwritten signature or initials.*


**ADDITIONAL CLAUSE (March 19, 2010)**

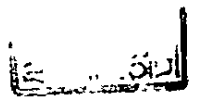
These Articles of Incorporation shall be effective from March 19 2010 However the amended Article 4 shall be effective from May 29, 2010

15-1-2010

by 2010

# 정 관

 **GS** 건설주식회사



CERTIFIED TRUE COPY

Kwang Yeol Seo  
permanent representative  
김광열

## GS건설주식회사 정관

제정	1969	12	19	개정	1989.	2	24
개정	1970	3	13	"	1990.	2	23
"	1973	10	1	"	1991.	2	26
"	1974	5	25	"	1992.	2	27
"	1975	11	27	"	1993.	2	26
"	1975	11.	28	"	1994.	2.	25
"	1975	12.	17	"	1995.	2	24
"	1976	6.	11	"	1996.	2	23
"	1977	2.	25	"	1997	2	25
"	1978	1.	25	"	1998	3	26
"	1979	1.	4	"	1999	2	25
"	1979	9.	4	"	1999	6	9
"	1980	2.	25	"	2000	3	17
"	1980	6.	23	"	2001	3	2
"	1981	2.	27	"	2002	3	20
"	1982	2.	25	"	2003	2	26
"	1983	2	25	"	2005	3	18
"	1985	2.	23	"	2008	3	7
"	1986	2	28	"	2009	3	20
"	1987	2	27	"	2010	3	19
"	1988	2	26				



CERTIFIED TRUE COPY

.....]

[Handwritten signature]

## 제일장 총 칙

제1조(상호) 본회사는 GS건설주식회사라 칭하며, 한글로는 지에스건설주식회사라 하고  
영문으로는 “GS Engineering & Construction Corp ” 로 한다.

제2조(목적) 본회사는 국내외에서 다음의 사업을 경영함을 목적으로 한다

- 1 토목, 건축, 전기, 정보통신, 철강재설치, 포장, 항만건설, 준설, 석도설치,  
조경, 산업설비공사업 및 운영업
- 2 주택신축판매, 보수유지관리 및 임대업
- 3 소방설비공사업
- 4 해외에서의 전문 및 종합건설업
- 5 부동산의 매매 및 임대업
- 6 체육시설, 운동경기장, 운동설비의 건설 및 운영업
- 7 유기장 영업
8. 임산 파수원에 및 목축업
- 9 석산개발, 골재, 레미콘, PRECAST CONCRETE 제품, 콘크리트 제품, 시멘트,  
알미늄 및 기타 건설자재의 생산판매업
10. 유통단지의 설치운영 및 관리업
11. 해외자원개발사업
12. 중기임대업 및 정비업
13. 환경오염방지시설업
14. 일반폐기물 및 특정폐기물 처리시설 설계, 시공업 및 운영업
15. 하수종말처리시설 설계, 시공업 및 운영업
16. 군납공사업
17. 무역업
18. 문화재보수공사업
19. 액화석유가스 시공업
20. 관광숙박업 및 관광객 이용시설업
21. 집단에너지시설 설치 및 운영업
22. 가스공급시설 설치 및 운영업
23. 플랜트 엔지니어링 설계, 제작, 구매, 시공 및 시운전업
24. 공유수면매립업
25. 시설물 유지관리업
26. 도시개발, 산지개발, 택지조성 등 부동산 개발업
27. 물품매도확약서 발행업
28. 철도, 고속전철, 경전철, 피 알 티(개인레도 교통)의 건설, 운영 및 역세권  
개발사업
29. 상수도시설 설계, 시공 및 운영업
30. 발전시설 설치 및 운영업
31. 공원 및 유원지운영업
32. 유료도로운영업
33. 주차장 건설 및 운영업
34. 일반도소매업
35. 철구제품 제조 판매업

CERTIFIED TRUE COPY

*Handwritten signature*

- 36 음식 및 숙박업
- 37 엔지니어링활동업
- 38 종합감리업 및 설계감리업
- 39 건설부문 수탁연구용역업
- 40 가구류 제조판매업
- 41 성인복지시설 및 노인복지시설 건설 및 운영업
- 42 일반측량업
43. 산업설비용역업 및 환경영향평가대행업
44. 부동산의 관리 처분 및 개발신탁업
45. 지하개발사업
- 46 대지조성사업
- 47 시설물 안전점검 및 정밀안전진단업
- 48 공인시험 검사업
- 49 분뇨처리시설 및 축산폐수공공처리시설 등의 설계 시공업 및 운영업
- 50 건설사업관리업
- 51 관광지 조성 및 운영업
- 52 화물터미널, 국제회의시설 건설 및 운영업
- 53 건축설계업
- 54 오수정화시설 설계시공업
- 55 폐기물 수집운반업
56. 에너지 관리진단업
- 57 에너지 사용계획 수립 대행업
- 58 전자계산조직을 이용한 소프트웨어 개발 및 판매
- 59 무역대리업
- 60 군납업
- 61 해외건설 엔지니어링업
- 62 압력용기류 및 열교환기류와 공기조화기의 제작 및 판매업
- 63 연소기계 기구의 제작 및 판매업
- 64 지적소유권과 상업기술상 정보의 매매 및 주선
- 65 에너지 절약형 시설투자에 관한 사업등 에너지절약 전문기관의 수행사업
- 66 전력시설물 설계 및 공사감리업
- 67 암석설비 비축기지 · 터널 군사시설 민방위시설등 공사의 계획 ·자문  
설계와 감리업
- 68 지하시설 측량업 및 측량업 일체
- 69 교통영향평가 대행업
- 70 경관영향평가 대행업
- 71 재해영향평가 대행업
- 72 수치지도 제작업
73. 교육기관의 설립 및 운영업
74. 송유관 및 가스수송관 설계, 감리, 시공업
75. 플랜트 설비의 유지보수 및 운전사업
- 76 자원재활용 플랜트 설계, 시공업
- 77 건축 설비의 설계, 시공 및 시운전업
- 78 전자 상거래업
- 79 난방시공업
- 80 철근 가공 및 설치 판매업

- 81 신 재생에너지 전문업
- 82 토양정화업
- 83 지하수정화업
- 84 부동산개발업
- 85 전기 각호의 사업에 대한 투자 및 이에 부대되는 일체사업

제3조(소재지) 본회사의 본점은 서울특별시에 두고 필요에 따라 이사회의 결의로 국내외의 지역에 지점 또는 영업소를 둘 수 있다

제4조(광고방법) 본회사의 광고는 회사의 인터넷 홈페이지([http //www gsconst co kr](http://www.gsconst.co.kr))에 게재한다 다만, 전산장애 또는 그 밖의 부득이한 사유로 회사의 인터넷 홈페이지에 광고를 할 수 없을 때에는 서울특별시에서 발행되는 일간 "동아일보"와 "한국경제신문"에 한다

## 제이장 주 식

제5조(발행할 주식의 총수) 본회사가 발행할 주식의 총수는 이억주로 한다

제6조(일주의 금액) 본회사의 발행주식 일주의 금액은 금오천원으로 한다.

제7조(삭제)

제8조(주권의 종류) 본회사의 주권의 종류는 일주권, 오주권, 일십주권, 오십주권, 일백주권, 오백주권, 일천주권, 일만주권의 팔종으로 한다

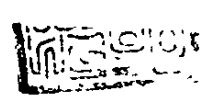
제9조(주식의 종류) 본회사가 발행할 주식의 종류는 기명식 보통주식과 기명식 우선주식으로 한다.

제9조의 2(우선주식의 수와 종류)

- ①본회사가 발행할 우선주식은 의결권이 없는 것으로 하며, 그 발행주식의 수는 발행주식총수의 2분의 1 범위내로 한다.
- ②우선주식에 대하여는 액면금액을 기준으로 하여 년 9%이상으로 발행시에 이사회의 우선배당율을 정한다
- ③보통주식의 배당율이 우선주식의 배당율을 초과한 경우에는 그 초과분에 대하여 보통주식과 동일한 비율로 참가시켜 배당한다
- ④우선주식에 대하여 어느 사업년도에 소정의 배당을 하지 못한 경우에는 누적된



1. 1. 1.



미배당분을 다음 사업년도의 배당시에 우선하여 배당한다

- ⑤우선주식에 대하여 소정의 배당을 하지 아니한다는 결의가 있는 경우에는 그 결의가 있는 총회의 다음 총회부터 그 우선적 배당을 한다는 결의가 있는 총회의 종료시까지의 의결권이 있는 것으로 한다
- ⑥본회사가 유상증자 또는 무상증자를 실시하는 경우 우선주식에 대한 신주의 배정은 유상증자의 경우에는 보통주식으로 무상증자의 경우에는 동일한 내용의 우선주식으로 한다
- ⑦본회사는 우선주식의 발행시 이사회결의로 존속기간을 정할 수 있으며, 이 기간 만료와 동시에 보통주식으로 전환할 수 있는 것으로 정할 수 있다 그러나 위 기간중 소정의 우선배당을 하지 못한 경우에는 소정의 누적된 미배당분 및 그 후의 우선배당을 완료할 때까지 존속기간은 연장된다 존속기간 만료시 보통주식으로 전환되는 경우 전환으로 인하여 발행되는 주식에 대한 이익의 배당에 관하여는 제13조의5의 규정을 준용한다

#### 제10조(명의개서)

- ①주식의 양도에 있어서는 주권을 교부하여야 한다
- ②주식의 이전은 취득자의 성명과 주소를 주주명부에 기재하지 않으면 회사에 대항하지 못한다
- ③주식의 양도, 상속, 증여 등의 사유로 인하여 주식의 명의개서를 청구하고자 하는 자는 본회사의 청구서에 주권을 첨부하여 제출하여야 한다

제11조(명의개서 대리인의 지정) 본회사는 이사회 결의로써 명의개서 대리인을 지정, 주식업무를 위탁할 수 있다

#### 제12조(주식의 입질)

- ①주주가 필요한 경우에 주식에 대하여 질권을 설정 또는 말소코저 할 때에는 본회사 소정의 청구서에 그 주권 및 질권설정계약을 첨부하여 본회사에 제출하여야 한다
- ②전항의 질권설정은 백지위임장 또는 백지양도증서와 처분승낙서로써 하는 경우 또한 같다 전질이나 이전의 등록을 하고자 할 때에는 또한 같다
- ③질권부주식에 대한 이자 및 이익배당은 주주명부에 등록한 경우에 한한다.

#### 제13조(신주의 인수권)

- ①본회사의 주주는 신주의 인수권을 갖는다
- ②제①항의 규정에도 불구하고 신기술의 도입, 재무구조 개선등 회사의 경영상

목적을 달성하기 위한 다음 각호의 경우에는 이사회 결의로 주주 이외의 자에게 신주를 배정할 수 있다 단, 제4호 내지 제6호에 대한 신주배정은 각호의 배정 비율을 합하여 발행주식총수의 25%를 초과하지 못한다

- 1 관계법령 또는 본 정관에 따로 정한 경우
  - 2 주주총회의 특별결의가 있는 경우
  3. 주식예탁증서 발행을 위하여 신주를 발행하는 경우로써 이사회결의가 있는 경우
  4. 경영상 필요로 합작투자선에게 신주를 발행하는 경우
  5. 자금의 조달을 위하여 거래 금융기관등에게 신주를 발행하는 경우
  6. 기술도입을 위해 그 제휴회사에게 신주를 발행하는 경우
- ③주주가 신주인수권을 포기 또는 상실하거나 신주배정에서 단수주가 발생하는 경우 그 처리방법은 이사회 결의에 의한다.

#### 제13조의 2(시가발행)

- ①본회사는 신주를 발행함에 있어서 그 일부 또는 전부를 시가로 발행할 수 있으며, 그 발행가액은 이사회 결의로 정한다.
- ②제①항의 경우 이사회는 제13조의 규정에 불구하고 시가로 발행하는 신주식을 관계법령의 규정에 의하여 모집하거나, 인수인에게 인수하게 할 수 있다

#### 제13조의 3(전환사채의 발행)

- ①본회사는 사채의 액면총액이 사천억원을 초과하지 않는 범위내에서 신기술의 도입, 재무구조개선 등 회사의 경영상 목적을 달성하기 위한 다음 각호의 경우에는 이사회 결의로 주주외의 자에게 전환사채를 발행할 수 있다
  - 1 전환사채를 일반공모의 방법으로 발행하는 경우
  - 2 경영상 필요로 외국인투자촉진법에 의한 외국인투자를 위하여 전환사채를 발행하는 경우
  - 3 기술도입을 위해 그 제휴회사에게 전환사채를 발행하는 경우
  - 4 자금의 조달을 위하여 국내외 금융기관에게 전환사채를 발행하는 경우
  - 5 자본시장과 금융투자업에 관한 법률 제165조의 16의 규정에 의하여 전환사채를 발행하는 경우
- ②제①항의 전환사채에 있어서 이사회는 그 일부에 대하여만 전환권을 부여하는 조건으로도 이를 발행할 수 있다
- ③전환으로 인하여 발행하는 주식은 이천억원 범위내에서 보통주식, 이천억원 범위내에서 우선주식으로 하고 그 전환가액은 주식의 액면금액 또는 그 이상의 가액으로 사채발행시 이사회가 정한다
- ④전환을 청구할 수 있는 기간은 당해 사채발행일 익일부터 그 상환기일의 직전일까지로 한다 그러나 위 기간내에서 이사회결의로써 전환청구기간을 조정할 수

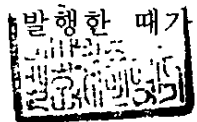
있다

- ⑤전환으로 인하여 발행하는 주식에 대한 이익의 배당과 전환사채에 대한 이자의 지급에 관하여는 제13조의5의 규정을 준용한다.

#### 제13조의 4(신주인수권부사채의 발행)

- ①본회사는 사채의 액면총액이 사전억원을 초과하지 않는 범위내에서 신기술의 도입, 재무구조개선 등 회사의 경영상 목적을 달성하기 위한 다음 각호의 경우에는 이사회결의로 주주회의의 자에게 신주인수권부사채를 발행할 수 있다
- 1 신주인수권부사채를 일반공모의 방법으로 발행하는 경우
  - 2 경영상 필요로 외국인투자촉진법에 의한 외국인투자를 위하여 신주인수권부사채를 발행하는 경우
  - 3 기술도입을 위해 그 제휴회사에게 신주인수권부사채를 발행하는 경우
  - 4 자금의 조달을 위하여 국내외 금융기관에게 신주인수권부사채를 발행하는 경우
  - 5 자본시장과 금융투자업에 관한 법률 제165조의 16의 규정에 의하여 해외에서 신주인수권부사채를 발행하는 경우
- ②신주인수를 청구할 수 있는 금액은 사채의 액면금액을 초과하지 않는 범위내에서 이사회가 정한다.
- ③신주인수권의 행사로 발행하는 주식은 이천억원 범위내에서 보통주식, 이천억원 범위내에서 우선주식으로 하고 그 발행가액은 액면금액 또는 그 이상의 가액으로 사채발행시 이사회가 정한다
- ④신주인수권을 행사할 수 있는 기간은 당해 사채발행일 익일부터 그 상환기일의 직전일까지로 한다 그러나 위 기간내에서 이사회결의로써 신주인수권행사기간을 조정할 수 있다
- ⑤신주인수권의 행사로 인하여 발행하는 주식에 대한 이익의 배당에 관하여는 제13조의5의 규정을 준용한다

제13조의5(신주의 배당기산일) 본회사가 유상증자, 무상증자 및 주식배당에 의하여 신주를 발행하는 경우 신주에 대한 이익의 배당에 관하여는 신주를 발행한 때가 속하는 사업년도의 직전 사업년도말에 발행된 것으로 본다



#### 제13조의6(주식매수선택권)

- ①본회사는 임 직원(상법 시행령 제9조에서 정하는 관계회사의 임 직원을 포함한다 이하 이조에서 같다)에게 발행주식총수의 100분의 5의 범위내에서 주식매수선택권을 주주총회의 특별결의에 의하여 부여할 수 있다.
- ②주식매수선택권을 부여받을 자는 회사의 설립·경영과 기술혁신등에 기여하거나 기여할 수 있는 능력을 갖춘 임 직원으로 하되 다음 각호의 1에 해당하는 자는

제외한다

- 1 최대주주(상법 제542조의 8 제2항 제5호의 최대주주를 말한다 이하 같다) 및 그 특수관계인(상법 시행령 제13조의 제4항 규정에 의한 특수관계인을 말한다. 이하 같다). 다만, 당해법인의 임원이 됨으로써 특수관계인에 해당하게 된 자(그 임원이 계열회사의 비상근임원인 자를 포함한다)는 제외한다
- 2 주요주주(상법 제542조의 8 제2항 제6호의 주요주주를 말한다 이하 같다) 및 그 특수관계인 다만, 당해법인의 임원이 됨으로써 특수관계인에 해당하게 된 자(그 임원이 계열회사의 비상근임원인 자를 포함한다)는 제외한다
3. 주식매수선택권의 행사로 주요주주가 되는 자
- ③주식매수선택권의 행사로 교부할 주식은 기명식 보통주식으로 하며, 주식매수선택권 행사시는 기발행 자기주식을 교부하거나 주식매수선택권의 행사가격과 시가와의 차액을 현금 또는 기발행 자기주식으로 교부하는 방식으로 한다
- ④주식매수선택권의 부여 대상이 되는 임·직원의 수는 재직하는 임·직원의 100분의 10을 초과할 수 없다.
- ⑤주식매수선택권은 제①항의 결의일부터 3년이 경과한 날로부터 2년내에 행사할 수 있으며, 주식매수선택권을 부여받은 자는 제①항의 결의일부터 2년이상 재임 또는 재직하여야 행사할 수 있다. 다만, 주식매수선택권을 부여받은 자가 제①항의 결의일부터 2년 이내에 정년으로 인한 퇴임 또는 퇴직 기타 본인의 귀책사유가 아닌 사유로 퇴임 또는 퇴직한 경우에는 그 행사기간동안 주식매수선택권을 행사할 수 있다
- ⑥다음 각호의 1에 해당하는 경우에는 이사회 결의로 주식매수선택권의 부여를 취소할 수 있다
  - 1 당해 임·직원이 주식매수선택권을 부여받은 후 임의로 퇴임하거나 퇴직한 경우
  - 2 당해 임·직원이 고의 또는 과실로 회사에 중대한 손해를 초래하게 한 경우
  - 3 당해 법인의 파산 또는 해산 등으로 주식매수선택권 행사에 응할 수 없는 경우
  - 4 기타 주식매수선택권 부여계약에서 정한 취소사유가 발생한 경우

#### 제13조의7(이익소각)

- ①본회사는 주주에게 배당할 이익으로써 주식을 소각할 수 있다.
- ②소각의 목적, 소각할 주식의 종류와 총수, 소각하기 위하여 취득할 주식가액의 총액 및 주식을 취득하는 기간등 세부적인 사항에 대하여는 이사회 결의로 정한다

#### 제14조(삭제)

#### 제15조(삭제)

#### 제16조(주권의 재발행)

- ①주권의 상실로 인하여 그 재발행을 청구할 때에는 소정의 서식에 의한 청구서에 기명날인하고 제권판결을 얻은 후 그 정본 또는 등본을 첨부하여 주권 재교부의 청구를 하여야 한다.
- ②주권의 분합, 오손 등의 사유로 인하여 그 재발행을 청구할 때에는 소정의 서식에 의한 청구서에 기명날인하고 이에 주권을 첨부하여 제출하여야 한다

#### 제17조(권리자의 등록)

- ①본회사의 주주, 등록질권자 또는 그 법정대리인은 성명, 명칭, 주소 및 인감 또는 서명을 회사에 등록하여야 한다.
- ②본회사의 주식에 관하여 질권을 등록할 때에는 소정의 서식에 의한 청구서에 당사자가 기명날인하고 주권을 첨부하여 제출하여야 하며 그 말소도 또한 같다
- ③전기 각항의 등록사항이 변경이 생긴 때에도 같으며 그 등록을 해태함으로써 생긴 손해에 대하여는 본회사는 그 책임을 지지 아니한다.
- ④법정대리인은 그 대리권을 증명할 자격증명서를 제출하여야 한다
- ⑤주주 또는 질권등록자 및 법정대리인이 외국에 근무하는 경우 대한민국내에 통지 또는 최고받을 곳 또는 대리인을 정하여 본회사에 제출하여야 한다

#### 제18조(주권의 불소지 신고)

- ①주주로서 주권의 소지를 원치 않을 때는 본회사 소정양식에 의거 불소지 신고를 하여야 하며 당사는 주주명부에 그 뜻을 기재하고 해당주주에게 주권 불소지 확인서를 교부하여야 한다
- ②전항의 경우 이미 발행된 주권은 신고시 이를 첨부하여야 하며 제출된 주권은 무효로 한다
- ③제①항의 신고가 있더라도 신고인은 필요에 따라 주권의 발행을 청구할 수 있다

**제19조(수수료)** 제10조, 제11조, 제12조, 제16조, 제17조에 정한 청구를 할 때에는 이사회가 정하는 바에 따라 수수료를 지급하여야 한다.

#### 제20조(주주명부의 폐쇄)

- ①본회사는 매년 1월 1일부터 1월 31일까지 주식의 명의개서, 질권의 설정 또는 말소와 신탁재산의 표시 또는 말소의 등록을 정지한다.
- ②본회사는 매년 12월 31일 최종의 주주명부에 기재되어 있는 주주를 그 결산기에 관한 정기주주총회에서 권리를 행사할 주주로 한다
- ③본회사는 임시주주총회의 소집 기타 필요한 경우 이사회의 결의로 3월을 경과하지 아니하는 일정한 기간을 정하여 권리에 관한 주주명부의 기재변경을 정지하거나 이사회의 결의로 정한 날에 주주명부에 기재되어 있는 주주를 그 권리를 행사할 주주로 할 수 있으며, 이사회가 필요하다고 인정하는 경우에는 주주명부의 기재변경

정지와 기준일의 지정을 함께 할 수 있다. 회사는 이를 2주간전에 공고하여야 한다

## 제삼장 주 주 총 회

### 제21조(소집)

- ①본회사의 정기주주총회는 매사업년도 종료후 3월이내에 소집하고 임시주주총회는 그 필요에 따라 수시 이를 소집하되 법령이 정하는 경우를 제외하고는 이사회 의결에 의하여 대표이사인 사장이 소집한다
- ②주주총회를 소집함에는 그 일시, 장소 및 회일의 목적사항을 총회일 2주간전에 주주에게 서면 또는 전자문서로 통지하여야 한다
- ③의결권있는 발행주식총수의 백분의 일이하의 주식을 소유한 주주에 대한 소집 통지는 총회일 2주간전에 총회소집의 뜻과 회의목적사항을 서울특별시내에서 발행되는 일간 동아일보와 한국경제신문에 각각 이회이상 공고하거나 금융감독원 또는 한국거래소가 운용하는 전자공시시스템에 공고함으로써 제2항의 소집통지에 갈음할 수 있다.

### 제22조(소집지) 주주총회는 본점소재지에서 개최한다

### 제23조(의장)

- ①주주총회의 의장은 대표이사 사장으로 한다
- ②대표이사 사장 유고시에는 부사장, 전무이사, 상무이사, 이사 순으로 그 직무를 대행한다

### 제23조의2(의장의 질서유지권)

- ①주주총회의 의장은 고의로 의사진행을 방해하기 위한 발언 · 행동을 하는 등 현저히 질서를 문란하게 하는 자에 대하여 그 발언의 정지 또는 퇴장을 명할 수 있다
- ②주주총회의 의장은 의사진행의 원활을 기하기 위하여 필요하다고 인정할 때에는 주주의 발언의 시간 및 회수를 제한할 수 있다

### 제24조(의결권) 주주는 그 소유주식 일주에 대하여 일개의 의결권을 가진다 단, 법률에 다른 규정이 있을 때는 그에 따른다

### 제25조(의결권의 대리행사)

- ①주주는 대리인으로 하여금 그 의결권을 행사하게 할 수 있다

②제①항의 대리인은 주주총회 개시전에 그 대리권을 증명하는 서면(위임장)을 제출하여야 한다

제26조(의결방법) 주주총회는 법률에 다른 규정이 있는 경우를 제외하고는 출석한 주주의 의결권의 과반수로 하되 발행주식총수의 4분의 1이상의 수로 하여야 한다

제27조(의사록) 주주총회의 의사진행에 관하여는 그 경과요령과 결과를 의사록에 기재하고 의장과 출석한 이사가 기명날인 또는 서명하여 본회사에 보존한다

## 제사장 이사 · 이사회 · 감사위원회

### 제28조(이사의 선임)

- ①본회사의 이사는 삼인이상 구인이내로 두되 주주총회에서 이를 선임한다 단, 선임방법에 있어서 상법 제382조의2의 규정을 적용하지 아니한다.
- ②본회사는 이사회의 결의에 의하여 이사중에서 회장, 부회장, 사장, 부사장, 전무이사 및 상무이사 각 약간명을 선임할 수 있다
- ③본회사를 대표하는 이사는 회장, 부회장, 사장, 부사장, 전무이사, 상무이사, 이사 중에서 이사회의 결의에 의하여 선임한다.

### 제29조(이사의 임기)

- ①이사의 임기는 삼년으로 한다
- ②이사의 임기가 임기중 최종의 결산기에 관한 정기주주총회 이전에 만료될 경우에는 그 총회의 종결시까지 그 임기를 연장한다
- ③이사의 결원이 생긴 때에는 임시주주총회 또는 정기주주총회에서 이를 선임한다. 그러나 이사의 결원이 생겨도 법정원수를 결하지 아니하고 업무수행상 지장이 없는 경우에는 그러하지 아니하다

### 제30조(이사의 직무)

- ①회장은 이사회의 의장이 된다
- ②대표이사는 본회사를 대표하고 회사의 모든 업무를 통할한다. 대표이사가 수인인 경우 이사회가 정하는 바에 따라 각자 회사를 대표한다.
- ③부사장, 전무이사, 상무이사, 이사는 대표이사를 보좌하고 그 소관업무를 담당 수행한다.
- ④회장 결원 또는 유고시에는 부회장, 사장, 부사장, 전무이사, 상무이사, 이사의 순으로 직무를 대행한다



- ⑤전항의 부회장, 사장, 부사장, 전무이사, 상무이사, 이사가 복수인 경우에 각 그 직무를 대행할 순위는 미리 이사회에서 정하여진 순위에 따른다.
- ⑥이사는 회사에 현저하게 손해를 미칠 염려가 있는 사실을 발견한 때에는 즉시 감사 위원회에게 이를 보고하여야 한다

### 제31조(이사회)

- ①이사회는 이사회로서 조직하고 주주총회의 권한으로 되어있는 사항을 제외한 본회사 업무의 모든 중요사항을 의결한다
- ②이사회는 회장이 소집하고 의장이 되며 회일을 정하여 적어도 12시간 전에 각 이사에게 문서 또는 구두로 통지하여야 한다
- ③이사 전원의 동의를 있을 때에는 전항의 절차없이 언제든지 소집할 수 있다
- ④이사회 결의는 이사 과반수의 출석과 출석이사의 과반수로 한다
- ⑤이사회는 이사의 전부 또는 일부가 직접 회의에 출석하지 아니하고 모든 이사가 동영상 및 음성을 동시에 송 수신하는 통신수단에 의하여 결의에 참가하는 것을 허용할 수 있다 이 경우 해당 이사는 이사회에 직접 출석한 것으로 본다
- ⑥이사회 의사에 관하여는 안전, 경과요령, 그 결과, 반대하는 자와 반대이유를 의사록으로 작성하고 의장과 출석한 이사가 기명날인 또는 서명하여 본회사에 보존한다

### 제31조의2(위원회)

- ①본회사는 이사회내에 다음 각호의 위원회를 둔다
  - 1 감사위원회
  - 2 사외이사후보추천위원회
- ②각 위원회의 구성, 권한, 운영 등에 관한 세부사항은 이사회 결의로 정한다
- ③위원회에 대해서는 제31조의 규정을 준용한다

### 제32조(삭제)

#### 제32조의2(감사위원회)

- ①본회사는 감사에 갈음하여 제31조의2의 규정에 의한 감사위원회를 둔다.
- ②감사위원회는 3인 이상의 이사로 구성되며, 위원 중 1인 이상은 회계 또는 재무전문가이어야 한다
- ③위원의 3분의 2 이상은 사외이사이어야 하고, 사외이사가 아닌 위원은 상법 제 542조의 10 제2항의 요건을 갖추어야 한다.
- ④사외이사가 아닌 감사위원회 위원의 선임에는 의결권을 행사할 최대주주와 그 특수관계인, 최대주주 또는 그 특수관계인의 계산으로 주식을 보유하는 자, 최대주주 또는 그 특수관계인에게 의결권을 위임한 자가 소유하는 의결권있는

- 주식의 합계가 의결권있는 발행주식총수의 100분의 3을 초과하는 경우 그 주주는 그 초과하는 주식에 관하여 의결권을 행사하지 못한다
- ⑤감사위원회는 그 결의로 위원회를 대표할 자를 선정하여야 한다 이 경우 수인의 위원이 공동으로 위원회를 대표할 것을 정할 수 있다 단, 위원회를 대표할 자는 사외이사중에서 선임한다
- ⑥감사위원회는 본회사의 회계와 업무를 감사한다.
- ⑦감사위원회는 회의의 목적사항과 소집의 이유를 기재한 서면을 이사회에 제출하여 임시주주총회의 소집을 청구할 수 있다
- ⑧감사위원회는 그 직무를 수행하기 위하여 필요한 때에는 자회사에 대하여 영업의 보고를 요구할 수 있다 이 경우 자회사가 지체없이 보고를 하지 아니할 때 또는 그 보고의 내용을 확인할 필요가 있는 때에는 자회사의 업무와 재산상태를 조사할 수 있다
- ⑨감사위원회는 외부감사인을 선임한다
- ⑩감사위원회는 제6항 내지 제9항 외에 이사회가 위임한 사항을 처리한다
- ⑪감사위원회는 감사에 관하여 감사록을 작성하여야 하며, 감사록에는 감사의 실시요령과 그 결과를 기재하고 감사를 실시한 감사위원회 위원이 기명날인 또는 서명하여야 한다

제33조(이사의 보수) 이사의 보수는 주주총회의 의결로써 이를 정한다

제34조(이사의 퇴직금) 이사의 퇴직금은 별도로 정하는 임원퇴직금 지급규정에 따른다

## 제오장 계 산

제35조(사업년도) 본회사 사업년도는 매년 1월 1일부터 12월 31일까지로 한다

제36조(재무제표의 작성)

- ①본회사의 대표이사 사장은 정기주주총회 회일의 육주간전에 다음의 서류와 그 부속명세서 및 영업보고서를 작성하여 감사위원회의 감사를 받아 정기주주총회에 제출하여야 한다
- 1 대차대조표
  - 2 손익계산서
  - 3 이익잉여금처분계산서 또는 결손금처리계산서

②감사위원회는 정기주주총회일의 일주일전까지 감사보고서를 대표이사 사장에게 제출하여야 한다.

**제36조의2(외부감사인의 선임)** 회사는 주식회사의 외부감사에 관한 법률의 규정에 의한 감사위원회의 승인을 얻어 외부감사인을 선임하며 선임후 최초로 소집되는 정기주주총회에 그 사실을 보고하거나 최근 주주명부폐쇄일 기준주주에게 서면이나 전자문서에 의한 통지 또는 회사의 인터넷 홈페이지([http //www.gsconst co kr](http://www.gsconst.co.kr))에 게시한다

**제37조(이익금처분)** 본회사는 매사업년도의 처분전이익잉여금을 다음과 같이 처분한다

- ①이익준비금
- ②기타의 법정적립금
- ③배당금
- ④임의적립금
- ⑤기타의 이익잉여금처분액

**제38조(이익배당)**

- ①이익의 배당은 금전과 주식으로 할 수 있다
- ②제①항의 배당은 매 결산기말 현재의 주주명부에 기재된 주주 또는 등록질권자에게 이를 지급한다
- ③배당금의 지급청구권은 오년간 이를 행사하지 아니하면 소멸시효가 완성하며 시효의 완성으로 인한 배당금은 본회사에 귀속한다
- ④이익의 배당을 주식으로 하는 경우 회사가 수종의 주식을 발행한 때에는 주주총회의 결의로 그와 다른 종류의 주식으로도 할 수 있다

**제38조의2(중간배당)**

- ①본회사는 사업연도중 1회에 한하여 6월 30일 최종의 주주명부에 기재된 주주 또는 등록질권자에게 상법 제 462조의3에 의한 중간배당을 실시할 수 있다. 이 경우 중간배당은 금전으로 지급한다.
- ②제①항의 중간배당은 이사회 결의로 하되, 그 결의는 제①항의 기준일 이후 45일 내에 하여야 한다.
- ③사업연도 개시일 이후 제①항의 기준일 이전에 신주를 발행한 경우(유·무상증자, 주식배당, 전환사채의 전환청구, 신주인수권부사채의 신주인수권 행사의 경우를 포함한다) 중간배당에 관해서는 당해 신주는 직전사업연도말에 발행된 것으로 본다

## 제육장 보 칙

제39조(적용범위) 본정관에 규정되지 않은 사항은 상법 또는 기타 법령에 의한다

제40조(내규제도) 본회사는 필요에 따라 이사회 결의로 업무추진 및 경영상 필요한 세칙내규를 정할 수 있다

제41조(발기인의 성명과 주소) 위 주식회사를 설립하기 위하여 본정관을 작성하고 발기인 전원이 기명날인하다

	1969년	12월	일
서울특별시 중구 장충동 1가 33번지의 9호	구	철	회
서울특별시 용산구 이태원동 258번지의 22호	구	정	회
서울특별시 종로구 원서동 136번지	구	자	경
서울특별시 종로구 옥인동 45번지의 10호	허	준	구
서울특별시 성동구 신당동 333번지의 59호	허	신	구
서울특별시 중구 장충동 1가 89번지의 3호	박	승	찬
서울특별시 종로구 관철동 45번지의 1호	주식회사 낙희화학공업사		

## 부 칙(1996. 2. 23)

본 정관은 1996년 2월 23일부터 시행한다 다만, 제13조, 제13조의 3, 제13조의4, 제17조, 제26조, 제27조, 제30조, 제31조, 제32조, 제38조의 개정규정은 1996년 10월 1일부터 시행한다.

## 부 칙(1999. 6 9)

본 정관은 1999년 6월 9일부터 시행한다

## 부 칙(2000. 3. 17)

본 정관은 2000년 3월 17일부터 시행한다

**부 칙**(2001. 3. 2)

본 정관은 2001년 3월 2일부터 시행한다

**부 칙**(2002. 3. 20)

본 정관은 2002년 3월 20일부터 시행한다

**부 칙**(2003. 2. 26)

본 정관은 2003년 2월 26일부터 시행한다.

**부 칙**(2005. 3. 18)

본 정관은 2005년 3월 18일부터 시행한다.

**부 칙**(2008. 3. 7)

본 정관은 2008년 3월 7일부터 시행한다


**부 칙**(2009. 3. 20)

본 정관은 2009년 3월 20일부터 시행한다

**부 칙**(2010. 3. 19)

본 정관은 2010년 3월 19일부터 시행한다 다만 제4조의 개정규정은 2010년 5월 29일부터 시행한다

국무총리

발급번호 Issuance number	사업자등록증명 Certificate for Business Registration		처리기간 Processing period
7705-134-4846-773			즉시 Immediately
상호(법인명) Name of company	지에스건설 (주) GS ENGINEERING & CONSTRUCTION CORP		
사업자등록번호 Business registration number	104-81-18121		
성명(대표자) Name of representative	허명수 HUH MYUNG SOO		
주민(법인)등록번호 Resident(Corporation) registration number	110111-0002694		
사업장소재지 Address	서울 중 남대문로 5 537 537, Namdaemunno5(o)-ga, Jung-gu, Seoul, Korea		
개업일 Date of business commencement	1969년(Year) 12월(Month) 19일(Day)		
사업자등록일 Date of business registration	1969년(Year) 12월(Month) 19일(Day)		
업태 Business type	건설업 Construction		
종목 Business item	일반건축공사 Office and Commercial Building Construction		
공동사업자 Joint business owner	성명(법인명) Name (Name of company)	주민(사업자)등록번호 Resident(Business) registration No	
	해당사항없습니다 (NO DATA)		
<p style="text-align: center;">위와 같이 증명합니다 We hereby certify the above</p>			
담당부서 Department	민원봉사실 Taxpayer Service Center	<p style="text-align: center;">2011년 02월 22일 Year Month Day 남대문 세무서장 Head of Namdaemun District Tax Office</p> 	
담당자 Staff in charge	예정옥		
연락처 Telephone No	) -		


**국세청**

◆ 본 증명은 국세청 홈택스(www.hometax.go.kr)에서 「민원증명 원본확인」 메뉴를 통해 문서발급번호로 위 변조 여부를 확인하거나, 문서 하단의 바코드로 확인해 주십시오. 다만 문서발급번호를 통한 확인은 발급일로부터 90일까지 가능합니다.

( 1/1 )

발급번호	사업자등록증명 (법인사업자)		처리기간
9981-868-9643-091			즉시
상호(법인명)	지에스건설 (주)		
사업자등록번호	104-81-18121		
성명(대표자)	허명수		
주민(법인)등록번호	110111-0002694		
사업장소재지	서울 중 남대문로 5 537		
개업일	1969년 12월 19일		
사업자등록일	1969년 12월 19일		
업태	건설업 / 제조업 / 제조업		
	에너지 / 건설업 / 도매 / 부동산매매업 / 부동산업 / 서비스 / 서비스		
종목	일반건축공사 / 철근가공및설치판매업 / 산업용기타장비		
	신,재생에너지 전문업 / 주택 토목 플랜트 포장 전 / 무역		
	부동산매매 임대 / 부동산개발업 / 건축관련기술용역 중장비정비 / 토양정화업,지하수정화업		
공동사업자	성명(법인명)	주민(사업자)등록번호	
	해당사항없습니다		
위와 같이 증명합니다			
2011년 02월 22일			
담당부서	민원봉사실		
담당자	예정옥		
연락처	)-		
		남대문 세무서장 (인)	



국세청

◆ 본 증명은 국세청 홈택스(www.hometax.go.kr)에서 「민원증명 원본확인」 메뉴를 통해 문서발급번호로 위변조 여부를 확인하거나, 문서 하단의 바코드로 확인해 주십시오 다만 문서발급번호를 통한 확인은 발급일로부터 90일까지 가능합니다

위 번역문은 원문과 상위없음을  
서약합니다

2011 3 14

서약인 김연희



I swear that the attached translation  
is true to the original

Mar, 14th 2011

Signature

등 부 2011년 제 553호

Registered No. 2011 - 553

인

증

Notarial Certificate

위 김연희는  
본 공증인의 면전에서 위 번역문이  
원문과 상위 없음을 확인하고  
서명 날인하였다

Yun Hee Kim personally

appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his(her)  
name

2011년 3월 14일

This is hereby attested on this 14th

이 사무소에서 위 인 증 한다

day of Mar, 2011 at this office

공증인가 법무법인 우 일

서울중앙지방검찰청

서울특별시 중구 남대문로 5가 526번지  
대우재단빌딩 1103호

WOOIL Law Group

Seoul Central District Prosecutors' Office

Attorneys & Notaries

Rm 1103, Daewoo foundation Building 526  
5Ga Namdaemun-ro, Chung-gu, Seoul, Korea

공증인

Signature of the Notary Public

Young-Suk Ham

This office has been authorized by the Minister of Justice, the Republic of Korea,  
to act as Notary Public since 6th day of July 2004 under Law No 6207

CERTIFIED TRUE COPY

210mm×297mm(보존용지(1종)70g/m²)



---

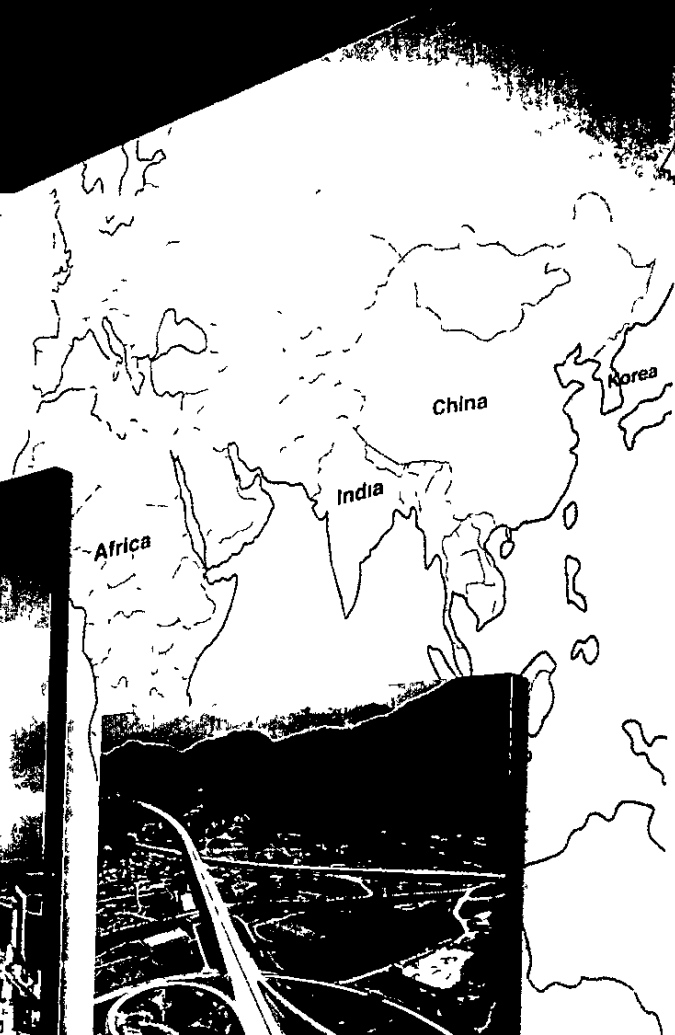
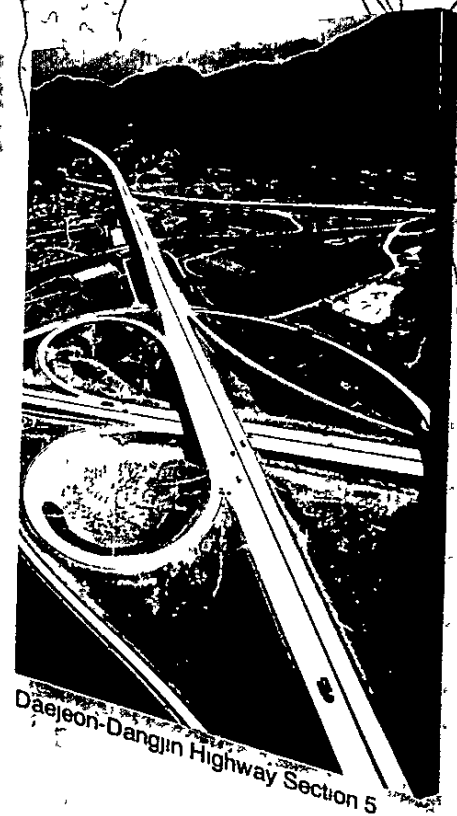
# COMPANY OVERVIEW

GS Engineering & Construction was established as LG Construction Co. in 1969 and since then has achieved remarkable results in many fields, thanks to an outstanding workforce and topnotch technologies. The business portfolio has expanded steadily to include large-scale residential and plant projects inside and outside Korea as well as growing involvement in environmental and power plant projects. As a result, the groundwork has been laid for becoming a major global player.

In 2005, corporate name was changed to GS Engineering & Construction, and a concerted effort has been made to get off to a powerful new start. The company achieved the highest sales of any Korean builder in 2006, solidly establishing a leadership position. At the beginning of 2008, Vision 2015 was announced as an ambitious plan for offering top value to customers on the global stage. To this end, people, technology and systems are being harmonized, while innovative thinking and bold action plans are being pursued to advance steadily forward.

# GLOBAL BEST & FUTURE

Business opportunities for GS E&C  
as well as in strategically important



America

04

05



Banpo Xi



LG Beijing Tower

GS E&C operate confidently as a global player in cultivating growth engines for the future. Internally, we work with engineers from various countries, and our current overseas projects span fifteen nations.

Our goal is to be a top-tier global player and trusted partner for customers, employees, investors and the general public alike. To this end, we creatively and passionately provide value that enriches people's lives.

---

MESSAGE  
FROM THE CEO

OVERVIEW



In the coming year, we will further our standing in the domestic and overseas markets by proceeding with ever-greater insight and prudence.

06

07

**To Our Shareholders:**

In 2009, we successfully overcame a market environment that became increasingly difficult as the year progressed. Our operation control system was upgraded and our priorities were adjusted to ensure unshakable soundness no matter how severe the crisis.

These efforts paid off with a record-breaking performance: new orders valued at over ₩12.86 trillion, sales surpassing ₩7.38 trillion, and operating profit of ₩568 billion. I believe these noteworthy results were made possible because of not only our own hard work but also your support for GS E&C.

We expect the business environment to continue to be difficult in 2010. Intense competition is seen both overseas and in the Korean market for government contracts, while recovery in the private construction sector is likely to be delayed. However, we believe we can maintain our robust growth momentum through our own concerted effort and your ongoing support.

Therefore, we expect to achieve ₩14.12 trillion in new orders, ₩595 billion in operating profit on ₩7.58 trillion in sales in 2010. We have decided on "value growth based on financial soundness" as our management directive for this year. Detailed action plans are being implemented according to this directive so that our performance targets can be attained.

Let me briefly describe for you, our customers and shareholders, the resolve we all share at GS E&C to realize our performance goals.

First, we are focused on internalizing the "value management" concept. By this we mean, internalizing the methods for managing cash flow, risk, cost and safety—the fundamentals that affect corporate performance profoundly. In the process, the company is strengthened overall.

---

## MESSAGE FROM THE CEO

### OVERVIEW



On the one hand, we will bolster financial soundness by monitoring cash flow tightly and striving for constant improvement of cash flow. On the other hand, we will enhance our system for predictable operation by managing risk preemptively and managing performance targets under specific scenarios.

Securing cost competitiveness is another important consideration if we are to retain absolute superiority amid intensifying competition. Each business division has established quantitative targets, is increasing task execution capabilities, and continues to lower costs.

Building a platform for long-term growth is another key matter on our agenda. We will never allow ourselves to become complacently satisfied with our present stature. Instead, we are working to realize a dynamic vision for the future so that we can continue to satisfy your expectations of us.

To begin, we will pursue balanced growth among our business divisions to ensure a stable portfolio. We will also devote our strengths to elevating our abilities to perform ultra-large-scale projects overseas.

Technology R&D at GS E&C is not simply research for research's sake. Rather, we are working toward world-class technologies that can themselves be products. Our goal, therefore, is to increase the effectiveness of our search for future growth engines by building a system of close collaboration between our technologies and our business areas.

---

## NEW ORDERS



## SALES REVENUE



Meanwhile, the platform for long-term growth will be strengthened as we accelerate our technology commercialization. At the same time we are honing our ability to execute new growth projects that are being pursued as part of a master plan for future growth engines. "Green" projects represent an important market trend and are counted among the future growth areas. Therefore, we are expanding our involvement in such areas as nuclear power plants, tidal power plants, green buildings and green transportation networks.

Last but not least, our organizational culture continues to evolve. We never cease in our efforts to foster an organization culture that is both flexible and creative so that we can best adapt to a fast-changing business environment. Over the mid-/long term, a management philosophy of "empowerment and responsibility" will become deeply embedded in our organizational culture. Our people will be able to carry out their duties in a style unique to GS E&C, building the foundation for sustainable corporate growth.

In the coming year, we will further our standing in the domestic and overseas markets by proceeding with ever-greater insight and prudence. I can assure you that we are firmly committed to repaying your loyalty and trust by making shareholder and corporate value our top priority.

President & CEO  
Myung-Soo Huh

## BOARD OF DIRECTORS

### OVERVIEW

The GS E&C Board of Directors, the highest decision-making body in the company, consists of four standing members and five outside members. The Board freely discusses and then decides on important corporate governance issues, including how the General Shareholders' Meeting and BOD meetings are conducted. The BOD members also oversee major investment decisions, management plans, accounting and finances, and key personnel and organization policies. As a result, operational transparency is raised, the accountability of top management is reinforced, and the internal oversight and control functions are faithfully performed.



#### CHANG-SOO HUH

Chairman of the Board  
Presently Chairman of GS E&C  
Presently Chairman of GS Holdings  
Chairman of LS Cable  
(Former LG Cable)



#### MYUNG-SOO HUH

Presently President & CEO of GS E&C  
COO of GS E&C  
CFO of GS E&C  
Senior Vice President of LG Electronics



#### SANG-RYONG WOO

Presently President & CGO of GS E&C  
Head of Plant Business Division  
Senior Executive Vice President of GS Culture



#### HWI-SUNG LEE

Presently Senior Executive Vice President of GS E&C  
Presently Head of Domestic Business Division  
Head of Civil Engineering Business Division



#### JONG-BIN KIM

Outside Director  
Formerly CFO of LG Yoon Young Engineering  
Formerly Chairman of LG Chemical



#### CHUNG-MAN KIM

Outside Director  
Presently Full-time Counselor of Listing Central System  
Formerly Chairman of LG Industrial System  
Formerly LG Chemical System



#### DUK-HOON LEE

Outside Director  
Formerly Chairman of LG Chemical  
Formerly Chairman of LG Chemical System



#### CHONG-KUN PYUN

Outside Director  
Formerly Chairman of LG Chemical  
Formerly Chairman of LG Chemical System  
Formerly LG Chemical System



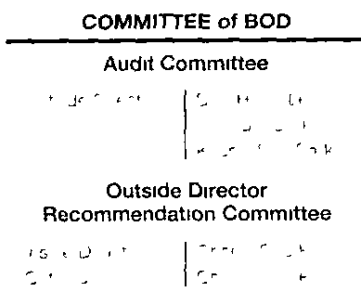
#### KYUNG-SUH PARK

Outside Director  
Formerly Chairman of LG Chemical  
Formerly Chairman of LG Chemical System



## CORPORATE GOVERNANCE

GS E&C strictly maintains corporate transparency and managerial accountability by applying an advanced corporate governance structure that is centered on the Board of Directors. The Board supports the top executives, enabling them to exercise their creative and progressive enterprising spirit. Ultimately, corporate value can be maximized and the shareholder first policy can be implemented thoroughly. Moreover, the company takes various steps to ensure that operational results and corporate value are returned to shareholders in the form of real benefits.



### BOD ACTIVITIES

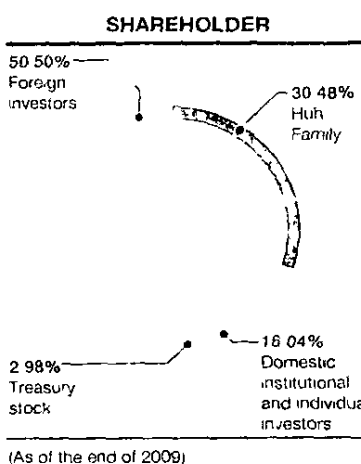
The GS E&C Board of Directors is responsible for interpreting issues regarding the law and Articles of Incorporation. Other BOD duties include making important decisions on policy implementation and the basic direction of corporate operations, as well as examining the performance of senior executives. The nine-member Board, which includes five outside directors, convened nine times during 2009 and deliberated on twenty three agenda items. In conformity with the regulations, the BOD has also established two subcommittees: one for Audit and the other for Outside Director Recommendation committee, for faster and more efficient decision-making. Part of the BOD's authority is delegated to these subcommittees, which consist of the directors who are most experienced and knowledgeable in the area concerned.

### AUDIT & OUTSIDE DIRECTOR RECOMMENDATION COMMITTEE

The Audit committee performs an oversight and support function that brings restraint and balance to the internal auditing of performance results, thereby maximizing corporate value. The three persons on the Committee are all outside directors, and they held six meetings in 2009. The Outside Director Recommendation Committee was established to ensure independence and impartiality in the outside director selection process. One of the two members is an outside director, and the Committee convened once during 2009.

**CORPORATE GOVERNANCE**

2001	2002	2003	2004



### EXTERNAL ASSESSMENT OF CORPORATE GOVERNANCE

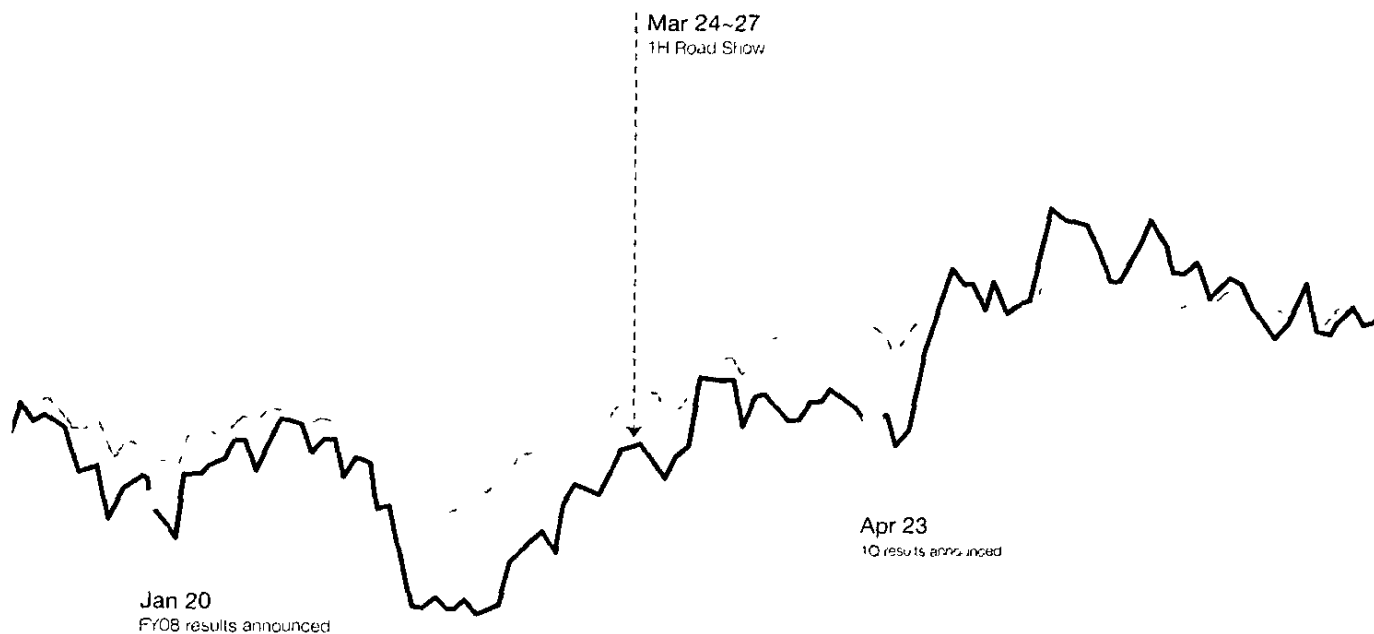
The corporate governance structure at GS Engineering & Construction was ranked the highest of all domestic construction companies by the Korea Corporate Governance Service. GS E&C was the only Korean builder to receive a 'Very Good' evaluation in the 2008 KOGS rating, and the company's corporate governance was also judged to be excellent by the Korean Stock Exchange in 2001, 2002 and 2004.

### SHAREHOLDING COMPOSITION

As of the end of 2009, foreign investors held 51 percent of the total shares issued by GS Engineering & Construction while domestic institutional and individual investors held 18 percent. Another 34 percent of the shares were either held by main shareholders (Huh Family) or by GS E&C as treasury stock.

## SHARE DATA

### OVERVIEW



### THE STOCK MARKET

The global financial crisis that started in 2008 caused global stock markets to plunge. Governments around the world managed to stop the precipitous descent implementing various economic stimulus packages, and many Korean companies performed better than expected in 2009. As a result, foreign investors rushed to buy Korean stocks. These factors combined to drive the Korea Stock Price Index (KOSPI), the country's benchmark index, which closed the year 49.7 percent higher than it had been at the end of 2008.

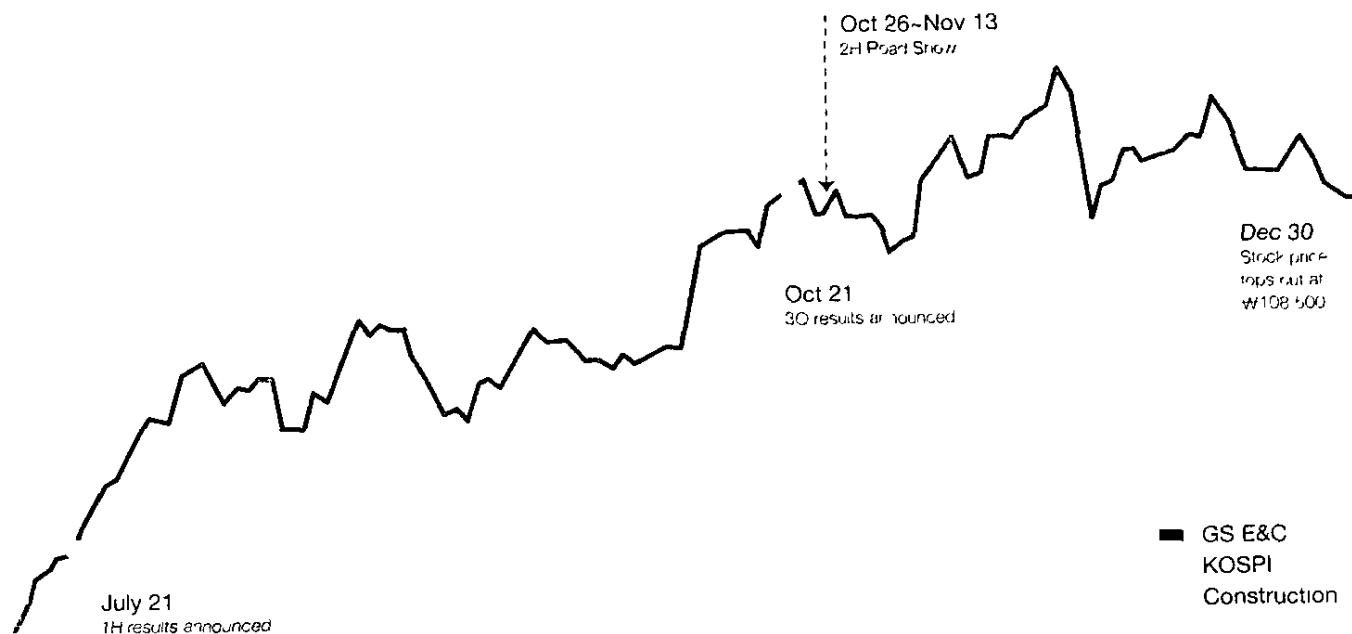
Considering developments in 2009 and the lingering uncertainties, many market watchers expect the 2010 stock market to be extremely volatile, peaking high and bottoming out low for the year. Some positive factors are also expected to come into play in the first half of 2010: (1) a global economic recovery, (2) liquidity driven rally thanks to ongoing low interest rates and a weak Dollar, and (3) under-valued stocks. By contrast, possible negatives may appear in the second half. These include (1) a weak recovery, (2) increased volatility of price variables, (3) drops in corporate profits and earnings revision ratios, and (4) declining PER.

In conclusion, the rally that started in late 2008 is likely to

continue through the first half of 2010 at least. However, in the second half, various factors such as the sustainability of a private sector recovery, uncertainties of the Korean government's policy direction and increased volatility in price variables will determine the overall performance of the Korean stock market for the year. The effects of the current rally should be able to withstand a market correction, because a "double dip" recession is unlikely in Korea and systemic risk in the Korean financial market is low.

### CONSTRUCTION STOCKS

The prices of construction stocks rose faster than the KOSPI average between March and May 2009, thanks to low interest rates and mitigated credit risks. However, the gains in share prices for construction companies during the year ended up being lower than the KOSPI average because of concerns over slowing growth and falling profitability for Korean construction companies. One of the main reasons for this skepticism involves the drop in the presale of yet-to-be-built residences. This drop, which began in 2008, was expected to erode sales in the highly profitable housing segment. Another cause for concern was the falling profitability of overseas construction projects, which had been very lucrative but were falling in



12

13

The price for GS E&C shares closed at ₩108,500 on December 30, 2009, which was 87 percent higher than the ₩58,000 figure a year earlier. In addition to the price increase itself, the rate of growth is higher than that for any other Korea construction company and outperforming the KOSPI average.

sified competition amid a decrease in new order volume.

Observers say construction industry shares as a whole will need time to recover, as Korean builders must make up for losses in the housing sector and improve their earnings. However, prospects for the large construction companies are positive, because they can gain earnings momentum from overseas projects, and their losses in the housing sector will be mostly recouped by the end of 2010.

## GS ENGINEERING & CONSTRUCTION

The price for GS E&C shares closed at ₩108,500 on December 30, 2009, which was 87 percent higher than the ₩58,000 figure a year earlier. In addition to the price increase itself, the rate of growth is higher than that for any other Korea construction company and outperforming the KOSPI average. The foreign ratio of shareholding, which was 32 percent at the beginning of 2009, was just over 50 percent at year's end.

The reasons for the share price increase are as follows. Domestically, the company's worries over the housing segment, which had been its main risk factor, subsided. Construction costs were expected to soar during the second half of 2009, but about 20 of its many large

apartment complex projects come to completion. However, the presales volume turned around, significantly lowering the backlog of unsold apartment units, easing concerns over construction costs.

Overseas, meanwhile, reaching the 2009 sales target appeared doubtful because Kuwait National Petroleum Co. cancelled a massive order and overseas orders were weak in the first half of 2009. However, GS E&C was awarded a US\$3.11 billion order for an RFCC unit at the Ruwais Refinery in the UAE. This is the main program for the refinery's expansion project and represents the largest overseas project ever for a Korean builder.

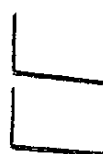
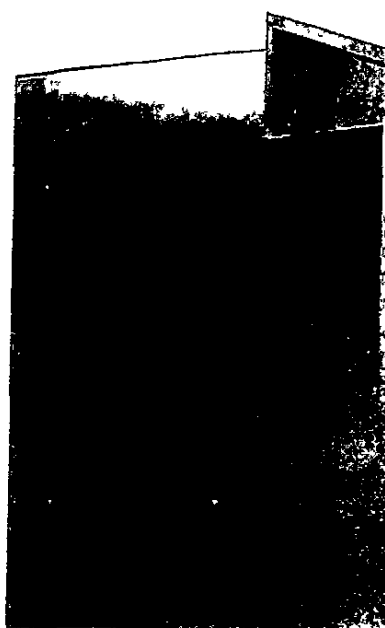
In addition, the company received the US\$1.2 billion GASCO 4th HGL Recovery Train project in the UAE and two subway construction contracts in Singapore, helping to boost new orders to US\$6 billion for the year. As a result, GS E&C improved its global stature, and its share price soared.

The solid domestic performance and strong advance overseas boosted the stock price 87 percent from the beginning of 2009 to year's end. The price of GS E&C shares has many reasons to continue rising in the coming year, as the company will pursue value-oriented growth supported by fiscal soundness.

BUSINESS  
HIGHLIGHTS

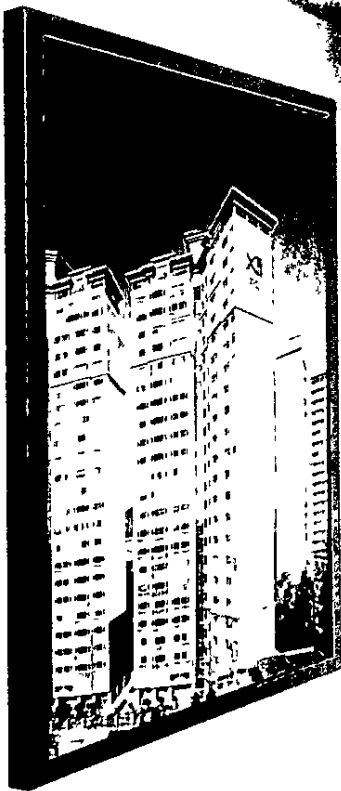
OVERVIEW

# Business Highlights 2009



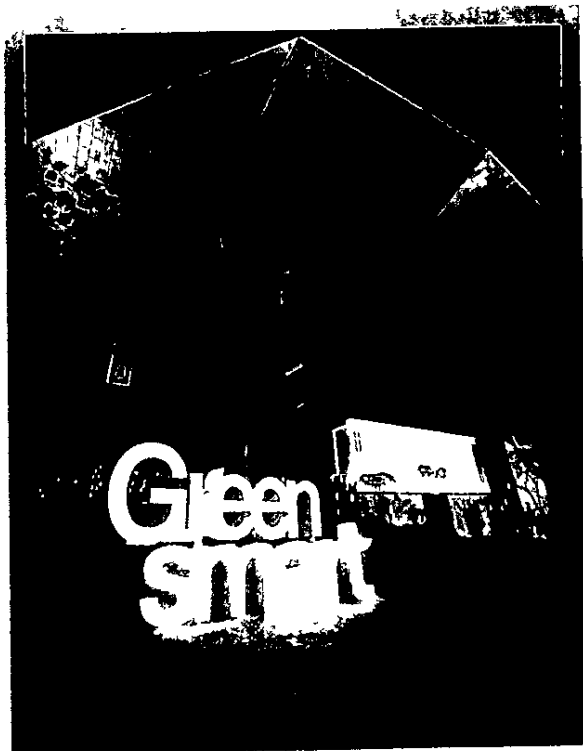
## Record Overseas Orders Received

New orders received in 2009 surpassed US\$6 billion for the first time. This total includes the US\$3.1 billion Ruwais Refinery #2 in the UAE, the largest single contract ever won by the company, as well as significant advances into the Singapore market.



## "Xi" Brand Power Unsurpassed

The Xi brand was recently awarded the Green Smart Xi award, showing that Korean consumers prefer apartments constructed by GS E&C to those from any other builder.



## \*CSR Credentials Recognized

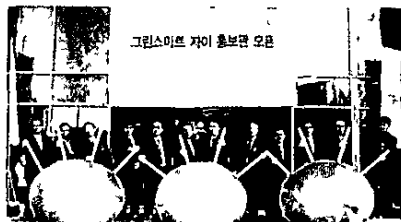
GS E&C believes that environmental protection and sustainable profitability go hand in hand. The "Green Smart Xi" model house was opened to the public, and the company won the Green Construction Award and Korea Environmental Award in 2009.

\*CSR: Corporate Social Responsibility

## 2009 AT A GLANCE

### OVERVIEW

#### 2009년 대한민국 기업인 가장 신뢰받는 기



그린스마트 자이 홍보관 오픈



#### 01 Most Respected Company in 2009

GS E&C was honored at the 2009 Korea's Most Respected Companies and CEO's Awards by KCEOA in recognition of the Total Project Management System (TPMS). The system monitors progress at construction sites on a daily basis, enhancing operational transparency. As a result, a solid framework is in place for mutually-beneficial relationships with subcontractors.

#### 02 Best "Quality-of-life Apartment" for Banpo Xi

The Banpo Xi apartment complex received the President's Prize (Grand Prize) at the 13th "Quality-of-life Apartment Awards," sponsored by the Korea Economic Daily. The program is famous for its thorough on-site evaluations. Quality was the theme for 2009. Banpo Xi was recognized for improvements in all areas, including landscaping of the grounds and community facilities.

#### 03 "Green Smart Xi" Model House

The "Green Smart Xi" model house opened at Xi Gallery in Seogyo-dong, Seoul. The model house is divided into four parts: gallery, garden, energy-efficient home showroom, and corporate PR hall. In the gallery, a floor video warns visitors of the threats posed by global warming. In addition, a media table helps visitors to learn more about smart grid basics. One can experience first-hand the advanced energy management system of Xi at the energy-efficient home showroom, the highlight of the model house.

#### 04 Top Prize at Korea Environmental Awards

GS E&C received the Environment Minister's Prize and the top prize in the Environment-friendly Plant segment at the 2009 Korea Environmental Awards. Six Korean government ministries (Environment, Education & Science Technology, Public Administration & Security, Agriculture, Fisheries and Food, Knowledge Economy, and Homeland & Maritime Affairs) sponsor the ceremony, now in its fourth year. The Awards recognize superior environment friendliness and sustainable development and are presented in four categories: Private Companies, Local Governments, Public Sector and Other.

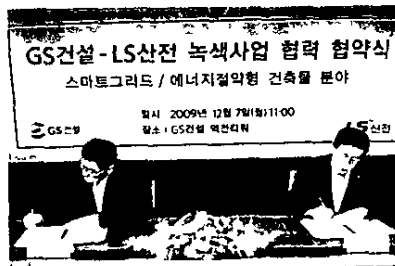
#### 05 Joint Wind Power Generation Project

GS E&C signed an MOU with Suzlon Energy and Mitsui & Co. for cooperation in the wind power generation segment. Initially, the three companies will jointly bid on wind farm contracts in Korea. In the future, they plan to work together on developing the wind power industry inside and outside Korea.



## 06 Customer Satisfaction Lauded at Global Excellent Awards

The Xian Manager services of GS E&C received the top prize in the Customer Satisfaction category at the 2009 Global Excellent Awards. The after-sales service program was praised for helping build close relationships with customers by meeting their rapidly changing needs. These prestigious Awards were first introduced by the Japan Management Association Consulting, a multinational consulting group, in 2003. They endorse excellence in companies, institutions and products, helping promising global players exercise their competencies to the full.



## 07 Partnership for Smart Grid-applied Energy-efficient Buildings

GS E&C signed an MOU with LS Industrial Systems for smart grid and energy-efficient building projects. GS E&C CEO Myung-Soo Huh and LS IS CEO Ja-Kyun Koo were among the participants at the signing ceremony. The MOU sets out a partnership for developing "green buildings," where newly built or retrofitted structures adopt smart grid technology to maximize energy efficiency.



## 08 Times Square Wins Grand Prize in Architecture Segment

Times Square, constructed by GS E&C, received the grand prize in the architecture segment at the 5th Korea Civil Engineering and Architecture Awards. The hybrid shopping mall in southwestern Seoul was recognized for demonstrating the advance technologies and construction expertise of GS E&C. More than six million people visited there in the first month after opening in September 2009. The complex is now established as a new Seoul landmark, with about 250,000 visitors a week. The residents include the Marriott Hotel, completely renovated Shinsegae Department Store, CGV Multiplex Cinemas, two office buildings, and various other shops.



## 09 \$3.1 billion Contract for Ruwais Refinery

GS E&C won the contract for a residue fluid catalytic cracking unit at the Ruwais refinery in the UAE. Takreer, an affiliate of the UAE's state-run Abu Dhabi National Oil Company, issued the \$3.1 billion-worth order. The project is the single largest (in contracted amount) ever received by a Korea builder. This is also the largest RFCC constructed by a sole contractor, with a daily capacity of 127,000 barrels, a world record.



## 10 Top Prize at 2009 Green Housing Awards

The Poil Xi apartment complex received the top prizes in the Landscaping category at the Third Green Housing Awards. The Awards honor companies and local governments who are committed to developing eco-friendly housing and maximizing energy efficiency. This year, nine "green" housing brands were named.

## SUSTAINABLE OPERATION

### OVERVIEW

# SUSTAINABLE OPERATION

GS Engineering & Construction is committed to fulfilling all obligations to customers, shareholders, employees, local communities, the nation and society as a whole. Thus, management is proactively adjusting to the changing corporate environment in order to be a world-class enterprise that can continue to grow and advance.





## ETHICAL MANAGEMENT

GS E&C is committed to being an ethically upright company that can be trusted. Therefore ethical management activities are broadly based, encompassing organizational, systemic and educational elements.

### HOMEPAGE FOR ETHICAL MANAGEMENT

A dedicated homepage introduces the company's ethical management activities to all stakeholders. It also serves as a channel for internal whistle-blowers and outside observers to report irregularities by GS E&C employees.

### TRAINING ON ETHICAL MANAGEMENT

GS E&C has a series of training programs that cover ethical issues encountered in specific job situations. The lectures cover theoretical aspects as well as actual case studies. Some courses are available online, while others are regularly scheduled offline for persons in key positions of authority such as construction site supervisors and managers. Newly hired employees are all required to take a basic course on business ethics as well.

### PLEDGE TO COMPLY WITH ETHICAL CODE

All employees sign a pledge to comply with the company Code of Ethics. In so doing they express their resolve to be part of a corporate culture that does not tolerate wrongdoing of any kind.

### GIFT REFUSAL CAMPAIGN

Starting in 2003, the company has strictly banned the practice of giving and receiving gifts in the process of doing business.

### REWARDS FOR WHISTLE-BLOWERS

Employees or outsiders who report acts of bribery, theft or other sorts of abuse are given a reward in cash.

### COLLECTIVE RESPONSIBILITY FOR WRONGDOING

If one member of a unit is found guilty of wrongdoing, his or her co-workers and superiors will also be implicated.

### PUNISHMENT FOR OUTSIDE BRIBE GIVERS

A subcontractor that bribes a GS E&C employee will lose the right to work with the company. On the other hand, the subcontractor who reports a bribe demand by a GS E&C employee will receive a payment and other benefits according to the whistle-blower reward program.

### BAN ON POSSESSION OF SUBCONTRACTOR SHARES

GS E&C employees are prohibited from owning shares in listed or unlisted companies that do business with GS E&C.

### CORPORATE SOCIAL RESPONSIBILITY

The "Xi Love Sharing" community service corps was launched in 2006 as part of a CSR program that helps the disadvantaged in society. This organization integrates and systematically oversees the diverse public service activities performed by GS E&C and has chapters at the Head Office as well as at worksites around the country. The recipients of the activities are selected in cooperation with local government agencies.

### IR ACTIVITIES

Investor trust is fostered by transparent management practices that involve the Board of Directors and Audit Subcommittee. The Board directly and openly decides issues of major importance each quarter. To maximize shareholder value, top managers have also taken part in an overseas road show each of the past two years, and they attend various international conferences in order to provide investors with the latest updates on the company and strengthen communication links with investors. In the process, investors from around the world are kept informed of developments at GS E&C. An IR homepage is also maintained to provide global investors with performance data in real time.

## SUSTAINABLE OPERATION

### OVERVIEW



## SOCIAL RESPONSIBILITIES

Companies today can no longer focus solely on profit making as their primary goal. Rather, corporate social responsibility (CSR) has become a key factor for ensuring continuous customer satisfaction and sustainable corporate growth. Moreover, they recognize that polishing the corporate image is an effective way to build up intangible assets.

In February 2006, GS E&C launched "Xi Love Sharing," a voluntary community service organization that operates on the basis of matching grants. As a result, employee volunteer activities, which had previously been sporadic and small scale, could be coordinated and integrated for greater effectiveness. The customized volunteering activities by the new organization were inspired by the social welfare policies practiced in the United States or Europe. Instead of simply dictating services to be provided, the matching grant concept links the volunteer with the recipient one on one. The former can comprehend

exactly what the latter needs and then provide for those needs accordingly.

GS E&C employees have been divided into 123 volunteer units, including 103 at construction sites and 20 at the Head Office. These teams collectively engage in community service activities around 400 times a year. They offer their assistance in the communities near the construction sites in cooperation with local government organizations. For example, workers at the Goha-Jukgyo Expressway construction site regularly visited a work rehabilitation center in the vicinity during 2007 and 2008. The service unit at a government housing

reconstruction project in Cheolsan-dong (Gyeonggi Province) papered the walls and ceilings of a local nursing home. In 2008, the LG Telecom Sangam DMC Office project volunteers handed out rice cake soup packages to elderly persons living alone in the area, and employees at the Nonsan sewage line repair site helped in the effort to clean up a massive oil spill at Tjeon, on the west coast. Moreover, the community service unit of the Tongyeong LNG terminal construction site guided handicapped people on tours of local cultural heritages.

The kinds of community service activities

## 제2회 GS건설과 함께하는 "사랑의 크리스마스"



ties were expanded in 2009. In August, for example, GS E&C held a children's English camp in collaboration with Korea Food for Hungry International. The camp was for middle school students who want to learn English but lack the economic resources for private lessons. Some GS E&C employees served as teachers for the program.

Lee Min-gy (age 28, HR Dept.), one of the volunteers, outlined his secrets to effective English study. He said, "I was truly benefited from the kids about my experience as a student and help them to develop their own learning skills. It was rewarding to feel their passion and ambition."

Meanwhile, Love Sharing organized a wide range of programs in 2009, such as working with the Korean Federation for Environmental Movement to clean up the Han River and building or repairing homes with Habitat for Humanity, helping in medical services

Hwaseong County (Gyeonggi Province). Other activities of note include a charity kimchi-making event cosponsored by the J. K. Huh Foundation and Save the Children, and the "Children Invitation Night" held in cooperation with the J. K. Huh Foundation and Save the Children.

Meanwhile, the Head Office established "sisterhood" ties with the Ward Office, which introduces elders without families and other underprivileged people who need help. Each of the 20 employee volunteer units at the Head Office is assigned to five families, who are visited at least once a month and provided for. This means a total of 100 families receive regular support each month. In addition, one unit visits elderly persons living alone in the immediate vicinity of the Head Office every Wednesday, delivering side dishes prepared by the company cafeteria. GS Engineering & Construction has also participated in various programs for

people at construction sites and those at the Head Office to provide ample opportunities for everyone to get involved. The employees share their best practices via the in-house magazine, helping to build a consensus on CSR.

Moreover, the company has stepped up the number of substantial and ongoing care-related activities for recipients to bolster the tailored volunteer service programs. At the same time, volunteers are repairing homes or improving other aspects of local environments as part of activities that best use the strengths of each work site.



## SUSTAINABLE OPERATION

### OVERVIEW

## HR MANAGEMENT

The GS E&C employee is cultivated to be proactive and globally competent, for people are seen as the essential foundation for all corporate competencies. A scientific personnel approach is followed at the company, and substantial investments are made to attract, train and manage employees. Personnel infrastructure is now being expanded outside Korea to improve HR management and lay the groundwork for a truly global operation.



As part of these efforts, the company has completed the development of the position profile system and a training oriented performance management scheme. These programs are designed to secure "key HR levers," a key mid-/long term HR management goal. In addition, an action plan is being introduced in stages to improve essential competencies.

Organization culture innovation, a companywide task for 2010, will serve as the basis for further progress. The main purpose is to promote the organization culture more systematically and embed it deeply. To this end, 14 detailed tasks will be carried out.

GS E&C takes corporate responsibilities seriously and engages seriously in CSR activities through "Xi Love Shar

ing," a voluntary community service organization for employees. CSR programs will be expanded continuously in the future.

### PERSONNEL STATUS

GS E&C has hired foreign technical advisors to secure global competitiveness and business capabilities as quickly as possible. Meanwhile, major overseas subsidiaries are recruiting key personnel locally to accelerate localization of operations.

Highly-skilled professionals are being recruited constantly to lay the groundwork for long-term growth, and they continue to represent a greater percentage of the workforce. Specialized technical competencies are needed to elevate the competitiveness of new growth businesses and succeed in hotly contested areas.

To expand the talent pool, GS E&C now operates an engineering subsidiary in Delhi with a staff of 300. By 2015, the subsidiary will become a major engineering center staffed by 1,000 experts in architectural design. The Indian engineers are invited to the Korea Head Office for OJT to promote their sense of belonging to the GS E&C organization. An "Early Adaptation Program" and "Friend Mentor Program" have been implemented to help non-Koreans overcome cultural differences and facilitate the acclimatization of newly-hired Koreans to the organization.

### PERSONNEL MANAGEMENT GOING FORWARD

GS E&C has established a position profile system to serve as a foundation for improving the capabilities of all employees and cultivating multi-functional specialists. One of the first tasks for this new system was to reorganize the company's performance management system, a key management process. The new management scheme is designed to enhance HR quality by guiding employees systematically and supporting their work. Moreover, the company can evaluate employee performance more fairly and compensate that performance more appropriately, resulting in a more rational and productive organizational culture. The company and the employees can grow together as a result.

The company will implement mid-/long term action plans for HR management to foster corporate personnel and to reinforce organizational competencies. These plans include developing a system to foster core personnel, further innovating the organizational culture, and adopting the HR executive information system.

### PERSONNEL TRAINING & CAREER MANAGEMENT

A snapshot of the personnel training system can be seen by examining the GS Construction Academy, which consists of three major components: the

"Best School," "First School," and "G School." The Best School is imparting the specialized capabilities required by each business division and the technology competitiveness essential for the construction industry. This knowledge is being provided in a format that can be applied immediately at the construction sites. Meanwhile, the First School offers classes on all the processes undertaken by a construction company, including sales, engineering, construction work, and facility O&M. The trainees thereby come to understand work flows outside their own area of expertise, helping overall operations to proceed

more smoothly. Individual employees are also allowed to selectively learn the topics that best accommodate their individual capabilities. Finally, the "G-School" is a special program for grooming key personnel from each organizational level and work position into future leaders.

Other programs include the Executive Training System, GBC, an extensive foreign language curriculum that provides the required skills for working globally, foreign language classes before and after work hours, and the Global Business Skills Development Course. Online courses are also offered

for English, Japanese, Chinese, Vietnamese, Russian, and Arabic.

GS E&C will adopt various HR development approaches based on the position profile, including job rotation and expert training, for sustainable growth. In this process, the profile system will help achieve individual and organizational growth at the same time.



## SAFETY & ENVIRONMENTAL MANAGEMENT

Protecting workers and the environment at construction sites is a fundamental obligation for all construction companies. It is also an essential element for corporate competitiveness. GS E&C safety management directives must be followed in every task without exception to ensure basic safety. Regulations require that accident prevention measures be a priority when deciding budgets, assigning personnel, and devising work approaches. In addition, environmental management is conducted thoroughly because it is fundamental for being a "green" company and is an obligation to society.

### SAFETY MANAGEMENT

Successful accident prevention and constant worker safety begin with education, and a concerted effort has been made to raise safety awareness among the entire workforce. GS E&C was the first Korean builder to establish a "Safety Innovation School." The school provides various training courses cus-

tomized for positions ranging from executives, site chiefs and team leaders to construction managers, safety engineers, subcontractor heads and crew chiefs. The Safety Innovation School offers various programs that reconstruct accident and workplace situations for practical training. Employees from the Head Office, which is far away from the actual construction work, are also required to strap on safety gear and experience working conditions at construction sites. This way, they can realize the importance of adhering to safety regulations at all times. They also learn cardiopulmonary resuscitation (CPR) techniques so that they can be ready to

respond in emergencies.

The in-house safety management program continues to raise the standard for the industry as a whole. GS E&C became the first builder in Korea to require technical people to be qualified as construction safety engineers. That certification is reflected in performance evaluations for promotion. Technical cooperation is being pursued with Kajima of Japan in order to establish the most advanced safety management system at GS E&C. In addition, Incident & Injury Free (IIF), an international program by Bovis Lend Lease, to encourage a positive mindset towards health and safety was adopted while near miss



## SUSTAINABLE OPERATION

### OVERVIEW

management helps prevent accidents

GS E&C complies with the international OHSAS 18001 and domestic KOSHA 18001 requirements, bolstering the safety and health management program. All construction equipment is regularly inspected, and a Safety Inspection Team was established to find and address all risk factors on construction sites.

### ENVIRONMENTAL MANAGEMENT

GS E&C received ISO 14001 certification back in 1996 and has maintained a robust environmental management program pursuing "green growth" projects and increasing environmental performance.

The company continues to improve the eco-friendliness of designs, construction methods and materials to address global warming and protect the environment. In addition, detailed action plans are currently being implemented to determine and reduce GHG emission volumes at construction sites.

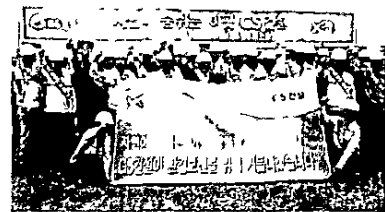
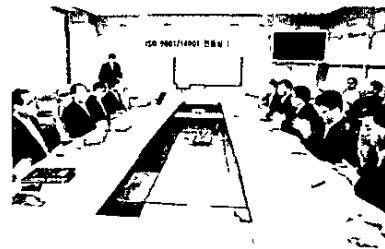
Every effort is being made to raise the effectiveness of the environment management program as well. GS E&C is the first domestic builder to implement a budgeting system that can automatically collect and total environmental expenses, and has adopted environmental accounting ahead of everyone else.

An Environmental Conflict Prediction Program has been developed to anticipate, avoid or settle immediately any civil complaints over environmental issues. Data on the construction equipment being used, the project schedule, the noise barriers and all other relevant details for each process are inputted, and the program offers the optimal environmental management plan based on that data.

GS E&C is training workers and monitoring construction sites to minimize the impact on the environment and local ecosystem. The company regularly designates an "Environmental Day," where employees of GS E&C and subcontractors at a specific construction site volunteer to clean up the local streams, mountains, and community.

The Total Project Management System (TPMS) provides the essential information in real time needed to ensure environmental management is conducted thoroughly during each process at construction sites.

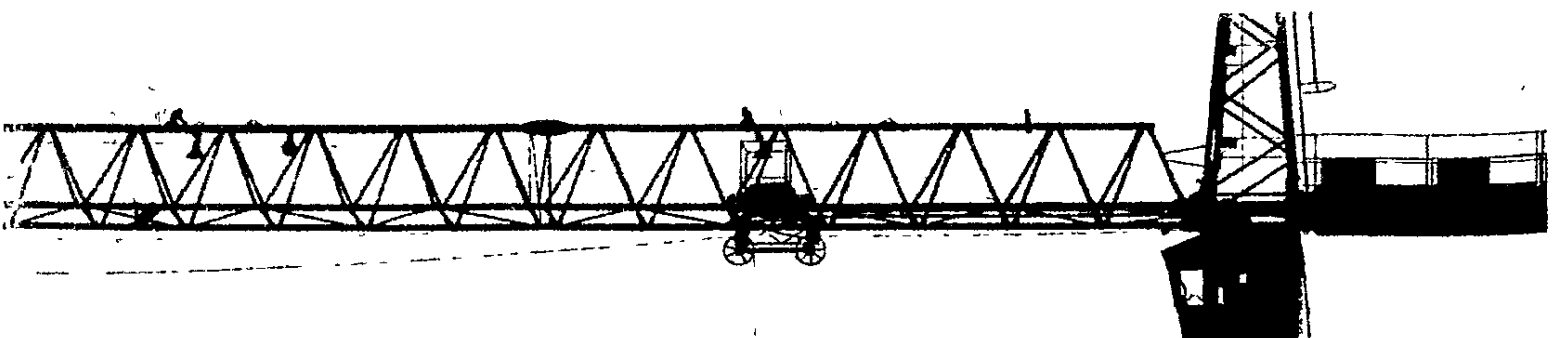
Meanwhile, the company is developing environment-friendly technologies and runs a subcontractor mentoring system that promotes "win-win" relations. All subcontractors are being integrated into the TPMS, and training is provided on its implementation. GS E&C regularly holds the "X CEO Forum"



and continues to support environmental management training at subcontractors. These efforts have been recognized publicly, as GS E&C was selected for the First Prize in the Green Management category at the Global Green Management Awards, hosted by the Korea Management Association and Korea Management Association Registrations & Assessments Inc.

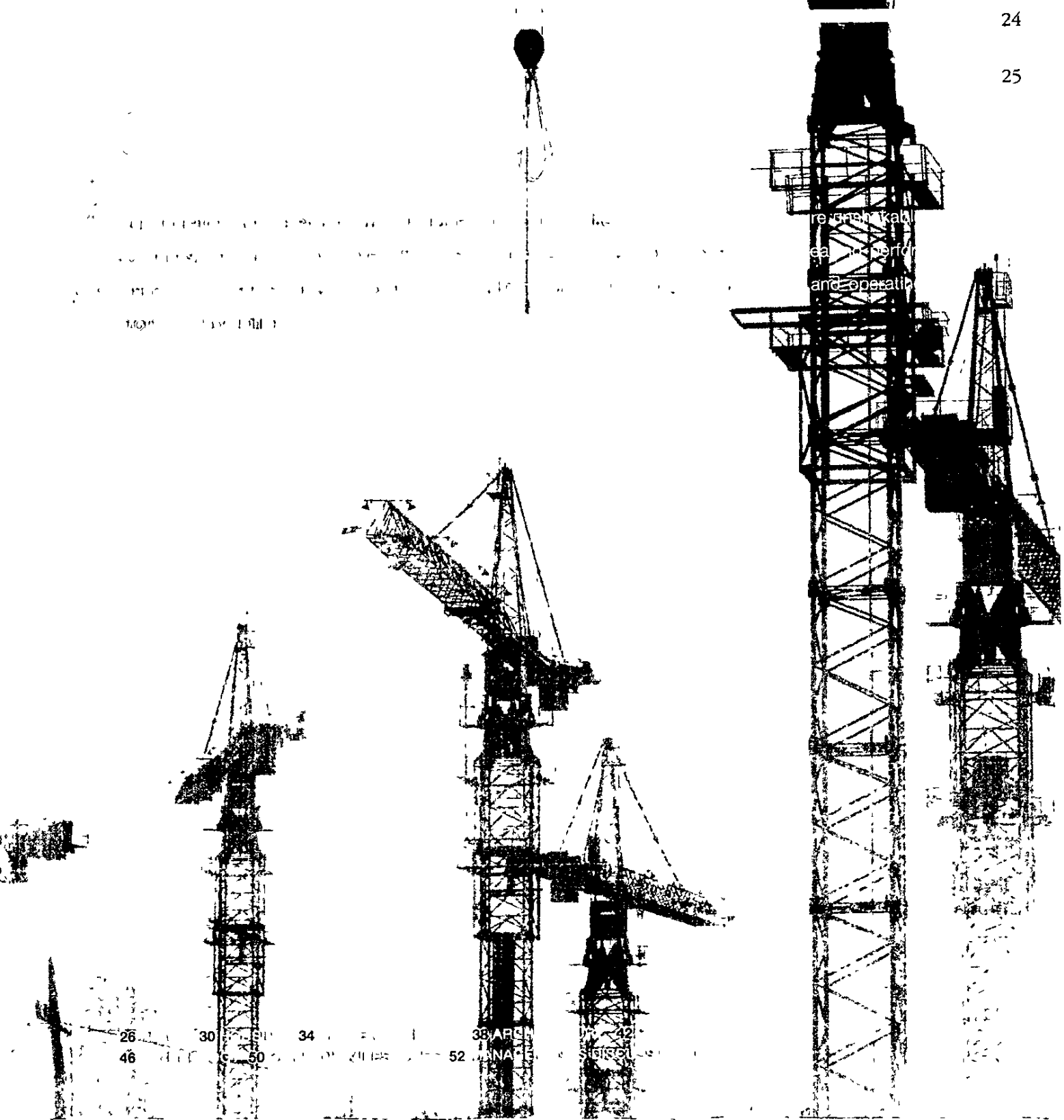
### STRONGER COMPETITIVENESS THROUGH ECO-FRIENDLY CONSTRUCTION

에코친화적 건설현장 조성 Eco-friendly construction site	환경친화적 공사 Upgraded environmental work	환경친화적 공사 Intensive environmental training & technical support	환경친화적 공사 Intensified effort to lower environmental risk
<ul style="list-style-type: none"> <li>• GHG reduction activities</li> <li>• Compliance to environmental laws</li> <li>• Development &amp; use of eco-friendly construction methods</li> </ul>	<ul style="list-style-type: none"> <li>• Improved environmental work processes</li> <li>• Standardized environmental facilities in-house</li> <li>• Upgraded environmental information system</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental videoconferences with HQ</li> <li>• Cultivation of environmental management experts</li> <li>• Technical support for problem sites</li> </ul>	<ul style="list-style-type: none"> <li>• Operation of environmental conflict prediction program</li> <li>• Environment manager (deputy site manager)</li> <li>• Participation in outside environmental activities (government/NGO)</li> </ul>



24

25



26

46

30

50

34

52

38

52

42

56

re-shank kalm  
ea. in perfor  
and operatio

## PLANT

REVIEW  
OPERATIONS  
PLANT

...is moving toward greater global prominence  
...opening up new markets, developing future  
...grows engines





---

### Sohar Aromatics

[Client] Aromatics Oman LLC

[Location] Sohar, Oman

[Contract Period] Jun. 2006-Nov. 2009

[Project Description] BTX 1,000,000 MTPY

# 6,087

**NEW ORDERS**

Billions of Won

26

27



## PLANT

### REVIEW OF OPERATIONS



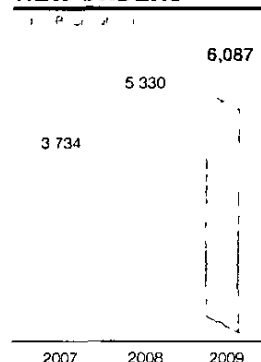
### MESSAGE FROM THE PLANT DIVISION HEAD

**MOO-IK CHANG**  
Senior Executive Vice President

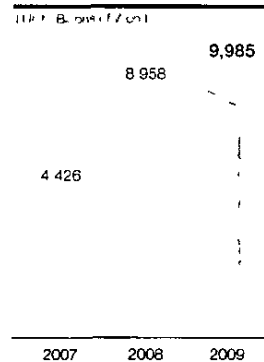
Major contracts such as the Refinery Expansion and GASCO 4th NGL Train projects at the Ruwais in Abu Dhabi boosted the 2009 new order total to more than ₩6 trillion. As a result, our annual growth rate has averaged 44 percent since 2005. GS E&C is committed to diversifying the overseas plant segment, which is currently concentrated in oil exporting countries in the Middle East. To this end, we are augmenting our sales force in Latin America and Africa, regions with abundant natural resources and great development potential. In addition, we've strived to participate in new gas plant projects in the Middle East in order to strengthen our position in this sector.

Our Division will not be complacently satisfied with the achievements to date. Rather we will continue to work on ensuring internal stability and stimulating external growth by seeking out new markets, developing future growth engines, and cultivating capable engineers as we advance toward greater global prominence.

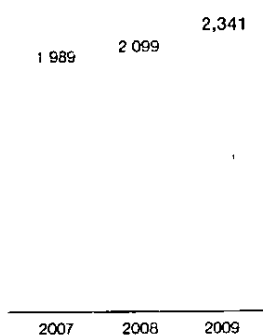
### NEW ORDERS



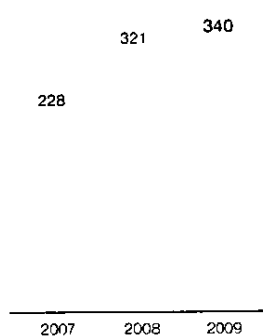
### ORDER BACKLOG



## SALES REVENUES



## GROSS PROFIT

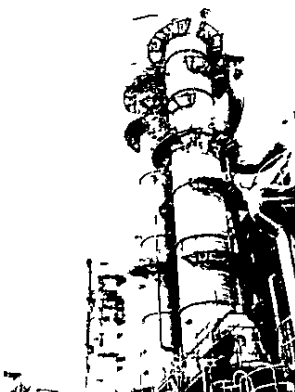


The Plant Business Division outperformed all targets (new orders, sales and profit) set in early 2009. Two of the most important new orders came from the UAE: the Ruwais Refinery Expansion, the single largest contract taken by any Korean contractor to date, and the GASCO Fourth NGL Train. As a result, new orders for the year surpassed ₩6.1 trillion, which was 160 percent of the original goal. Annual sales surpassed the ₩2 trillion mark for the first time in 2008, and in 2009 they were up an additional 10 percent to ₩2.3 trillion.

## LOOKING FORWARD

Major clients in the Middle East, who had delayed or cancelled several projects due to the global financial crisis, are expected to resume investments. Middle Eastern and African clients will be a steady source of new orders for refineries and petrochemical plants. Moreover, increased demand for clean energy will provide uninterrupted growth momentum in the gas processing sector.

Risk management competencies will be bolstered to ensure that the major new orders received in 2009 are carried out with optimal profitability. Ongoing efforts are also being made to make GS E&C a top player in projects that support green growth and other future business.



HOUSING

REVIEW OF  
OPERATIONS  
HOUSING

# HOUSING

Our success in 2009 was made possible by our commitment to constant improvement and the very latest technology.



## Banpo Xi

[Client] Banpo Jugong 3 Danyu Reconstruction Association

[Location] Seoul, Korea

[Contract Period] Apr. 2006~Jan. 2009

[Project Description]

3,410 Units, Total floor area 837,302m<sup>2</sup>

# 2,413

NEW ORDERS

Billions of Won

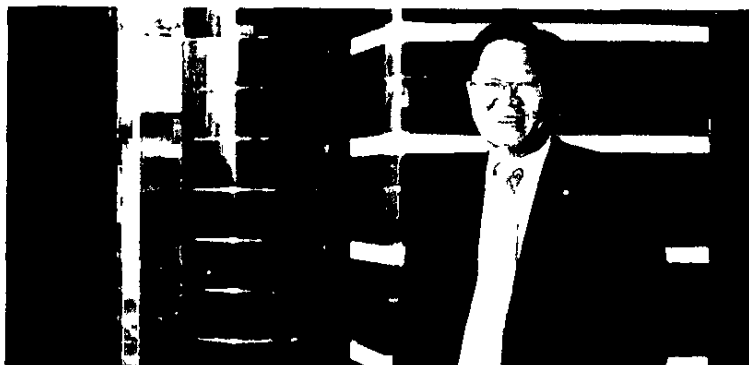
30

31



## HOUSING

### REVIEW OF OPERATIONS



**CHUNG-HEE LIM**  
Executive Vice President

Our Division experienced a very difficult year as a result of the global financial crisis and slumping housing markets inside and outside Korea. Despite the adversity, our apartments continued to win numerous awards, and our presales performance was outstanding. Making this possible was our commitment to constantly upgrading our apartments and ensuring that they feature the very latest technology.

Presales were outstanding at the Poil Xi apartment complex and elsewhere. We also received fifteen awards in total at home and abroad, bolstering our stature as Korea's No. 1 apartment brand. We became the first builder to win the Korean government's Patented Technology Award, and Banpo Xi received the President's Prize at the 2009 "Quality of-life Apartment Awards." In addition, our "Boutique Monar o" received the Korean Architecture Awards. Other honors include the top awards at the Korea Luxury Brand and World Power Brand competitions. Moreover, we ranked first in Korea's Global Brand Capability and Global Customer Satisfaction Indices.

Last year, we unveiled "Green Smart Xi," our eco-friendly, energy-efficient apartments. As such, we are a frontrunner in developing new technology to accommodate the government's green growth policy and reflect customers' changing needs. Our Division is establishing an early lead in the green home segment and laying a solid foundation for future growth. We have moved up our timetable for "Green Smart Xi" availability, while we continue to offer homes of great value that are in step with domestic and overseas market requirements.

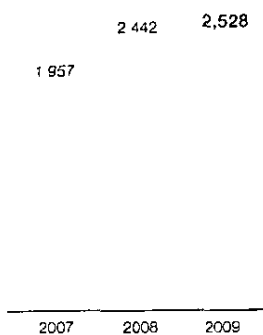
### NEW ORDERS

	2007	2008	2009
NEW ORDERS	4,709	4,297	2,413

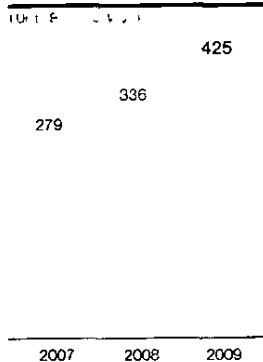
### ORDER BACKLOG

	2007	2008	2009
ORDER BACKLOG	10,685	12,606	11,872

### SALES REVENUES



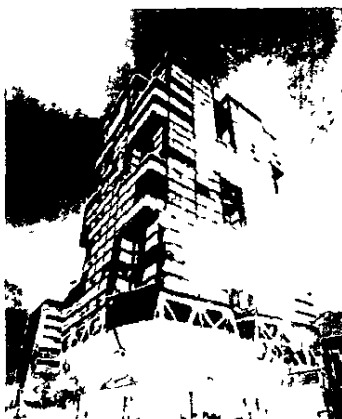
### GROSS PROFIT



Despite the unfavorable market conditions, new orders totaled ₩2.4 trillion providing an order backlog to ₩11.9 trillion at year's end. This is the largest figure posted by any Korean homebuilder, providing a solid platform for future growth. A surge in sales for the large Ilsan Xi and Poil Jugong projects as well as the expanded construction work resulting from newly started projects brought sales to over ₩2.5 trillion. In 2010, presales should drop because of the lingering effects of the global economic downturn. However, the Division expects to achieve about the same sales volume as in 2009 by completing the projects at Wangsimni District #1 and #2, Gongdeok Xi and Gajae-ul District #4.

The priority in 2010 will be fiscal soundness. To this end, the Division will capitalize on a stronger economy to accelerate the presale of unsold units and will decide new projects on the basis of their presale potential. Growth stability will also be enhanced through ongoing cost reduction efforts. The priority for new construction starts will be placed on the most profitable redevelopment and reconstruction projects in the Greater Seoul Area, thereby maintaining a solid business base.

The Division aims to achieve ₩3.8 trillion in new orders and ₩2.4 trillion in sales during the coming year. Profitable growth will be pursued through an aggressive response to new market conditions, systematic project execution and thorough risk management. In addition, "Green Smart Xi" will provide new residential environments to meet the changing needs of customers, bolstering GS E&C's position in the global housing construction industry.

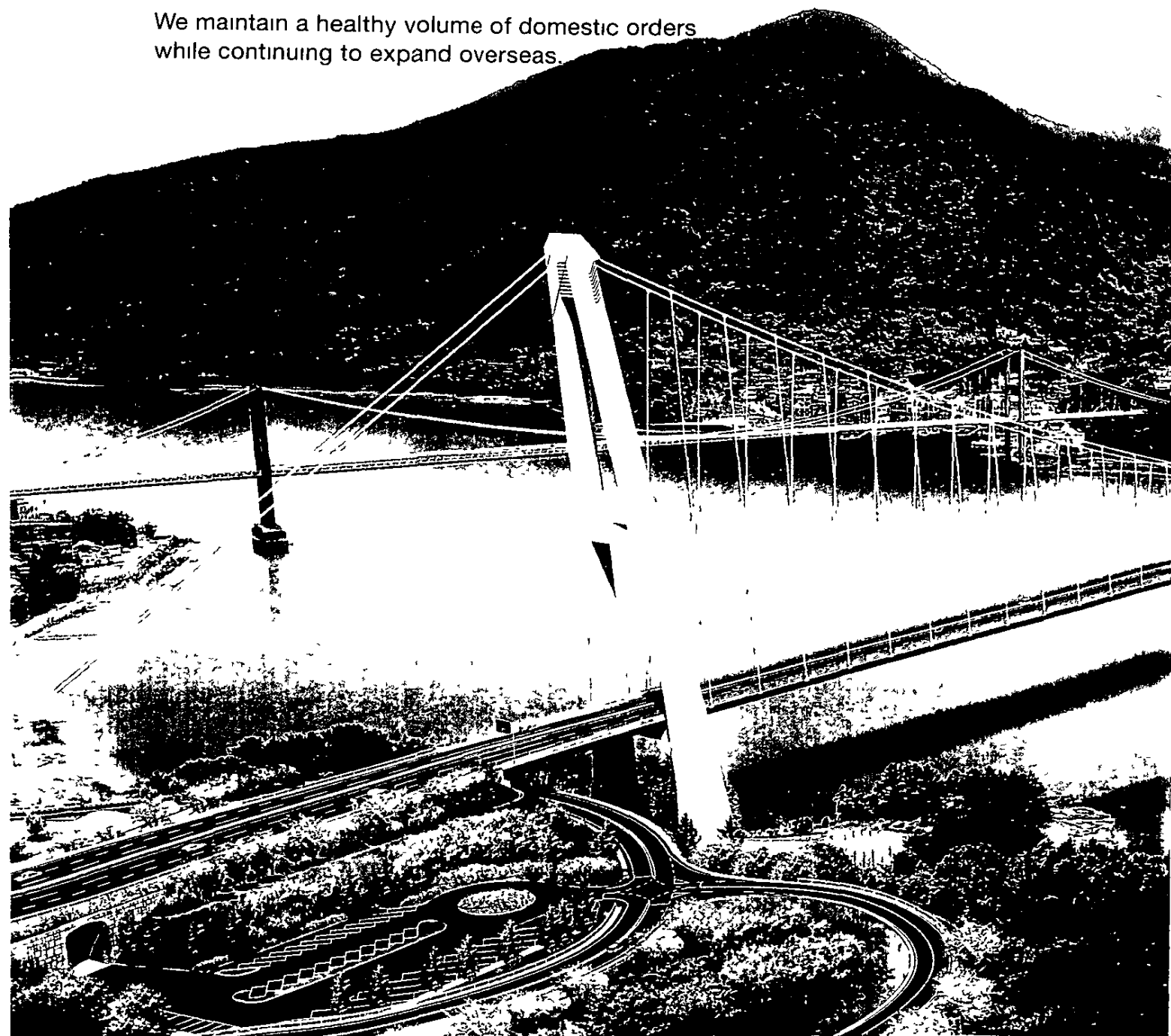


CIVIL  
ENGINEERING

REVIEW OF  
OPERATIONS

# CIVIL ENGINEERING

We maintain a healthy volume of domestic orders while continuing to expand overseas.





### 2nd Namhae Grand Bridge

[Client] Busan Regional Construction  
Management Office

[Location] Namhae Kyeongnam Korea

[Contract Period] Oct 2009–Sept 2016

[Project Description]

Total Length 3.1km

(990m Suspension Bridge) 4 lanes

# 2,547

NEW ORDERS

Billions of Won

34

35



## CIVIL ENGINEERING

### REVIEW OF OPERATIONS



#### JONG-IN PARK

Senior Executive Vice President

In the year 2009, GS E&C's Civil Engineering Division managed to make considerable strides as governments around the world adopted expansionary fiscal plans to overcome the current global economic crisis. We bolstered our business portfolio by increasing the ratio of new orders for government projects. Domestically, our division won a contract for the Second Namhae Grand Bridge, the world's first suspension bridge with inclined pylons. We were also able to diversify our project portfolio through new orders overseas, including a subway construction contract from the Singaporean government and the Ruwais Refinery expansion project (Package #7) from the Abu Dhabi National Oil Company (ADNOC) in the UAE. The ADNOC contract presents a particular significance because it recognizes our EPC capabilities in the port construction sector, well known for its high entry barriers. The contract helps to open the door to other future projects of this type in the Middle East.

In Korea, fewer government projects are expected in 2010 than in the previous year. However, we will maintain our market share by seeking out mid-/long-term business opportunities such as privately funded infrastructure projects and "green growth" projects, promoted by the Korean government. Meanwhile, we will strive to augment our new order volume in the overseas. Prospects are particularly strong in Vietnam where we have been firmly established, as well as our newly entered markets in Singapore and the Middle East. Civil Engineering Division is committed to building competencies and implementing thorough risk management over new projects.

### NEW ORDERS

UNIT: \$ million		
2007	2008	2009
857	1,130	2,547

### ORDER BACKLOG

UNIT: \$ million		
2007	2008	2009
2,409	3,027	4,681

### SALES REVENUES

Year	Sales Revenues (₩ billion)
2007	796
2008	657
2009	833

Year	Sales Revenues (₩ billion)
2007	796
2008	657
2009	833

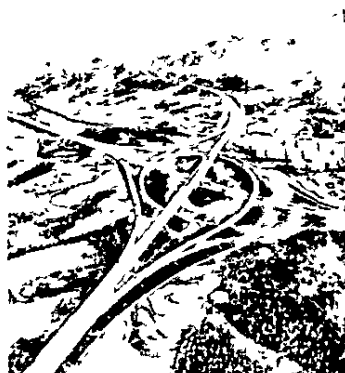
### GROSS PROFIT

Year	Gross Profit (₩ billion)
2007	206
2008	86
2009	74

Year	Gross Profit (₩ billion)
2007	206
2008	86
2009	74

Year	Gross Profit (₩ billion)
2007	206
2008	86
2009	74

Year	Gross Profit (₩ billion)
2007	206
2008	86
2009	74



The Division won a healthy volume of domestic orders and performed successfully overseas as well. As a result, total new orders exceeded the ₩2 trillion mark, following last year's record of over ₩1 trillion. The growth of last year was well balanced, to include turnkey projects, privately funded infrastructure projects, government contracts awarded based on lowest bids, and overseas contracts. In 2009, the Division posted ₩833 billion in sales, a 27 percent increase over the ₩657 billion in 2008. New orders reached ₩2.5 trillion, up 125 percent from a year ago.

New orders for civil engineering projects are expected to be lesser in 2010 than the previous year. However, expanded business opportunities are anticipated in the low carbon green growth business. For instance, next generation growth engines will be secured as the Division goes forward with the new Incheon Bay Tidal Power Plant, the largest project of its kind ever. At the same time, the Division will maintain its current share of domestic government contracts by strengthening technology competitiveness.

Overseas operations, on the other hand, will be heightened by ongoing participation in the huge petrodollar-driven infrastructure investments in the Middle East. The Division is committed to enhancing project execution competencies and to training engineers to work abroad, such that overseas contracts continue to make up a greater portion of the business portfolio.

The Division will leverage the improved financial soundness achieved in 2009 to focus on value-oriented growth in 2010. The 2010 goal for new orders has been set at ₩2.2 trillion, while sales are expected to reach ₩1.3 trillion, up 50 percent from 2009. For the mid-/long term, the Division will help to reinforce GS E&C's status as a globally competitive EPC contractor.

ARCHITECTURE

REVIEW OF  
OPERATIONS

# ARCHITECTURE

We won more domestic public projects year on year, and laid the groundwork for overseas expansion



**Times Square  
(Kyungbang K-Project)**

[Client] Kyungbang Corporation  
[Location] Seoul, Korea  
[Contract Period] Jun. 2006–May 2009  
[Project Description]  
Total floor area 308,597m<sup>2</sup> B5–20F

# 1,284

**NEW ORDERS**  
Billions of Won

38

39



## ARCHITECTURE

### REVIEW OF OPERATIONS



### MESSAGE FROM THE ARCHITECTURE DIVISION HEAD

**IN-SEOUG SON**  
Executive Vice President

Demand for new office buildings contracted sharply in the private sector as a result of the economic slowdown in 2009. Therefore, we focused on winning more public projects. We also strengthened our marketing effort with GS, LG and LS affiliates to secure a solid revenue platform and worked hard to acquire the competencies necessary to expand our presence overseas.

Aggressive marketing enabled us to win highly significant government contracts, including the Gwang-gyo "Edu Town" Apartments, Sangrok Apartments and National Ecological Park. Our marketing effort enjoyed success in the private sector as well as we received an order to build dormitories for Hyecheon University. Our partnerships with major players in strategic overseas markets allowed us to participate in several projects outside Korea. We have thus laid the groundwork for winning new orders as a prime contractor in 2010.

Our work on Time Square, a new landmark in Seoul's Yeongdeungpo district, received the top prize at the Korea Architecture Awards, demonstrating once again our advanced technology and construction capabilities.

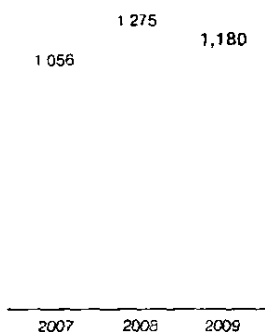
### NEW ORDERS

Unit: Billions of Won		
2007	2008	2009
1,044	1,071	1,284

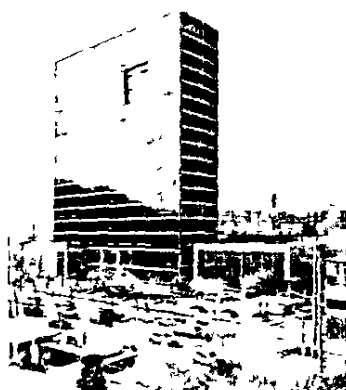
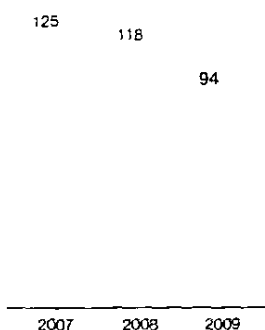
### ORDER BACKLOG

Unit: Billions of Won		
2007	2008	2009
1,677	1,133	1,183

## SALES REVENUES



## GROSS PROFIT

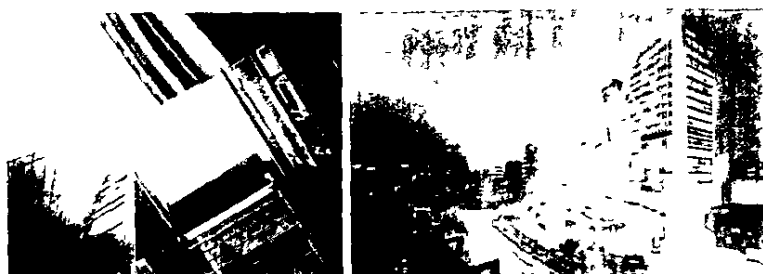


The Division fared well in the public sector market and received additional orders from GS, LG and LS affiliates, with new orders exceeding ₩1.28 trillion for the year, up 20 percent from the ₩10.7 trillion figure posted in 2008. On the other hand, sales came to just under ₩1.2 trillion, slightly (5%) lower than the 2008 figure. The surge in new orders, notwithstanding, the Division saw sales fall because the large-scale Gyeongbang K Project and new facilities at the LG Display complex in Paju, Korea were completed in 2009.

The Division reinforced marketing activities in the strategic regions of the Middle East and Southeast Asia, participating in projects in collaboration with major local contractors. Marketing for turnkey projects was also strengthened to reestablish a platform for leadership in the segment.

The Division continued to diversify the business portfolio in Korea as well. Progress was made in two budding segments: build-transfer-lease (BTL) projects and so-called "Ubiquitous City" urban development projects, where all major information systems (residential, medical, business, governmental and the like) share data, and computers are built into the houses, streets and office buildings. At the same time, GS E&C broke into the public electrical business market as well.

The Architecture Business Division will build on the improved financial soundness achieved in 2009 to acquire the competitiveness needed to make a "growth breakthrough." The Division will improve its chances for winning new orders in all segments. The Division's overall competencies will be reinforced by expanding the range of revenue-generating projects and building the capability to execute EPC contracts. The focus in 2010 will be winning additional government orders at home and achieving tangible results abroad. The target for new orders has been set at ₩1.2 trillion, and sales are expected to total ₩1.05 trillion. Orders from the Korean government are expected to increase in 2010, and the Division will aggressively pursue this segment to boost profitability. Construction of the LG Display Europe facility in Guangzhou, China, and other projects from GS, LG and LS affiliates, will reaffirm the Division's competencies.

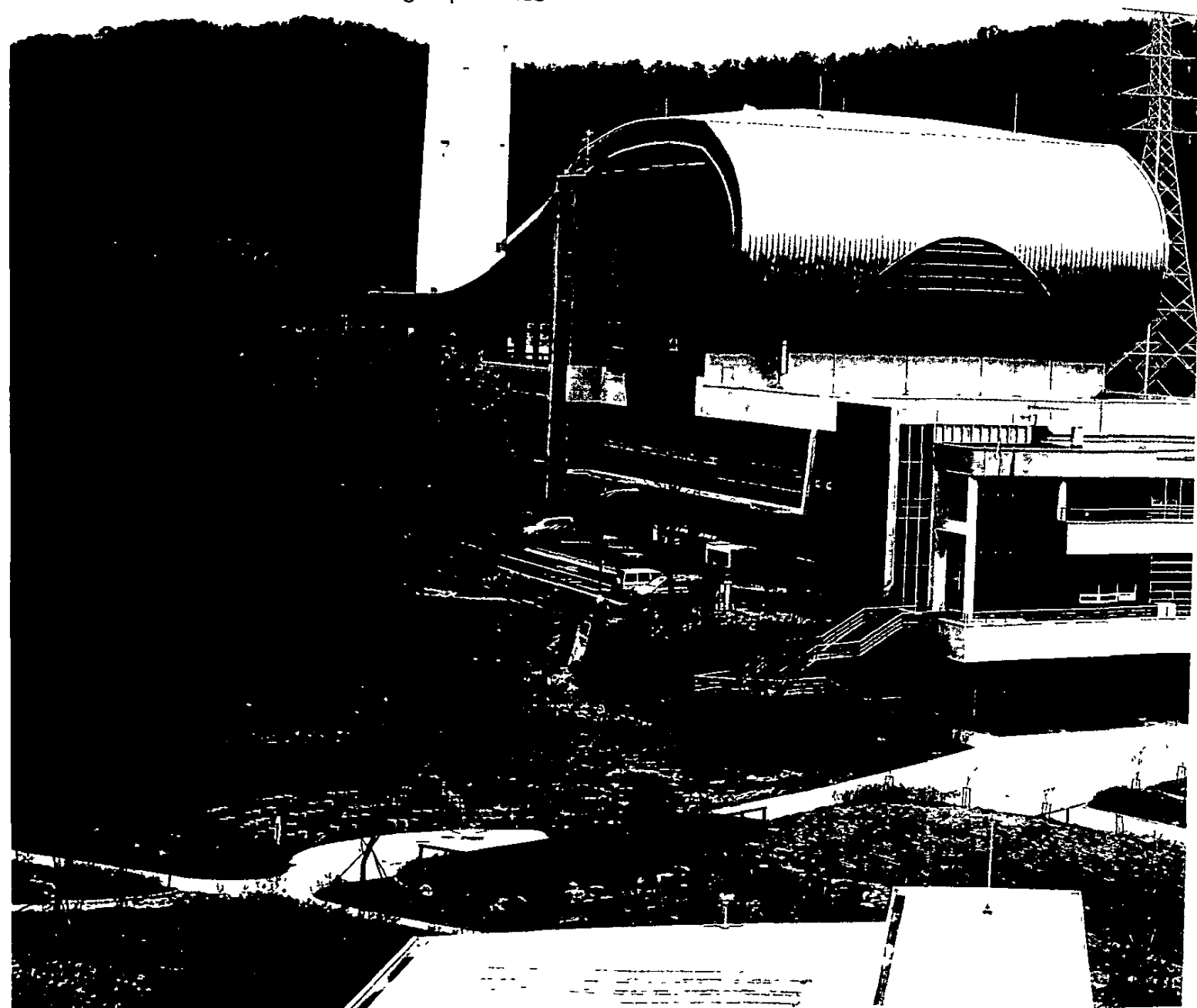


POWER &  
ENVIRONMENT

REVIEW OF  
OPERATIONS

# POWER & ENVIRONMENT

We are diversifying overseas markets by reinforcing  
our overseas marketing capabilities





**Cheongju Municipal Solid  
Waste Treatment Plant**

[Client] Municipality of Cheongju

[Location] Cheongju Korea

[Contract Period] Sept. 2006-Mar. 2009

[Project Description]

Incineration Plant 200 ton/day Stoker Type

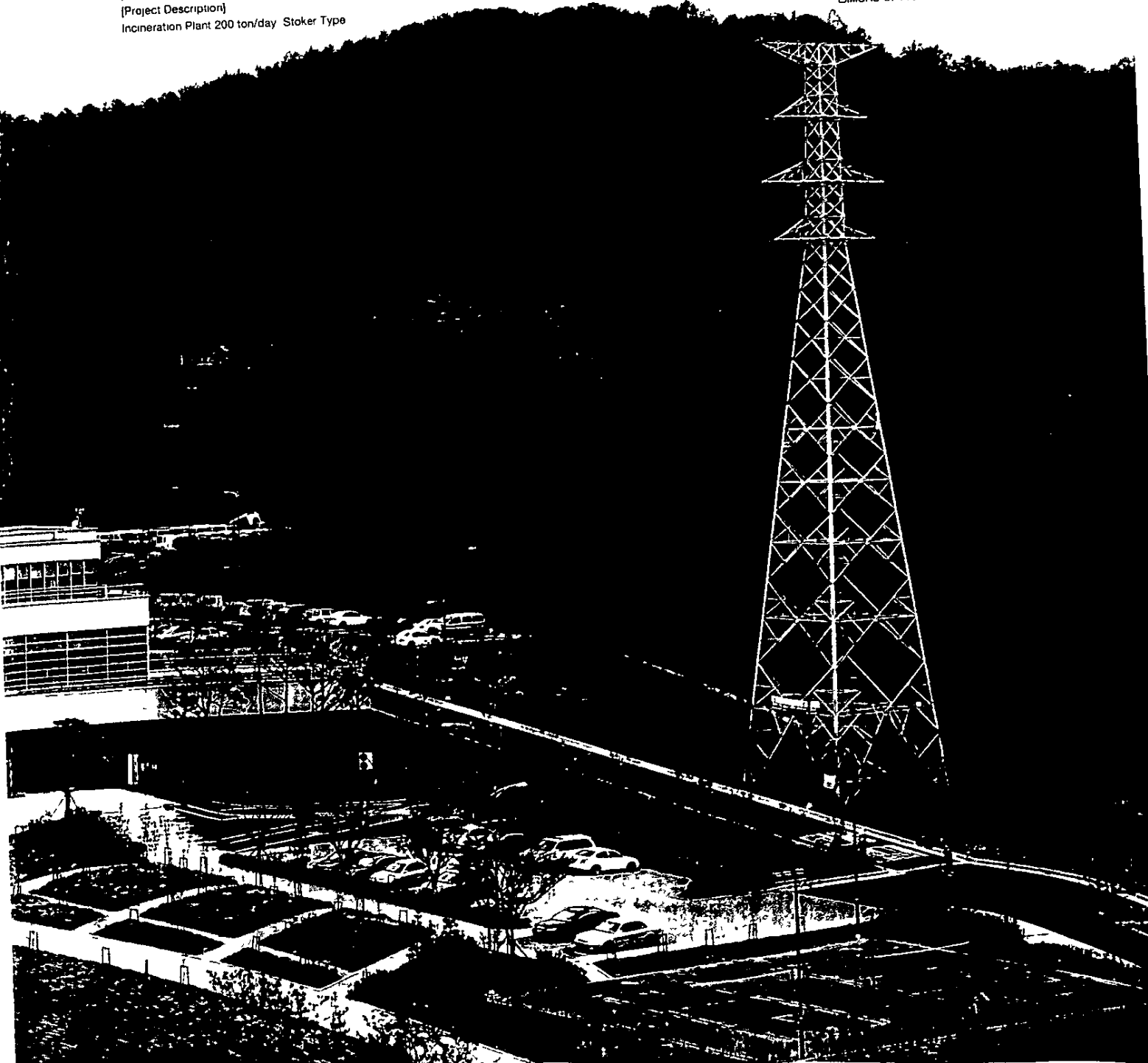
# 531

**NEW ORDERS**

Billions of Won

42

43



## POWER & ENVIRONMENT

### REVIEW OF OPERATIONS



#### JUNG-JAE HUH

Senior Executive Vice President

Our operation in 2009 was mainly focused on ensuring financial soundness so that we could overcome the global financial turmoil. At the same time, we worked to advance overseas and develop new market segments domestically. We acquired new partners for building power plants and environmental facilities and reinforced our overseas marketing capabilities. As a result we are now ready to engage in overseas projects as a prime contractor. We also diversified our overseas markets, expanding beyond the Middle East to make inroads into Southeast Asia and Latin America.

The business environment in 2010 is expected to be difficult because of the lingering effects of the global financial crisis. In response, we will acquire greater marketing capabilities in the new regions overseas and strengthen our project management and execution capabilities. In the process, we can establish a solid record as an overseas EPC contractor. Over the mid-/ long-term, we will hire foreign experts in power and environmental plants, and we will secure the competencies required to operate and maintain the facilities we build. In the process we will continue to rise on the global stage.

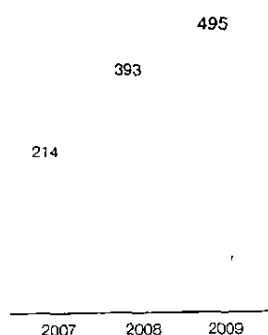
### NEW ORDERS

Unit: 1,000 U.S. Dollars		
2007	2008	2009
294	403	531

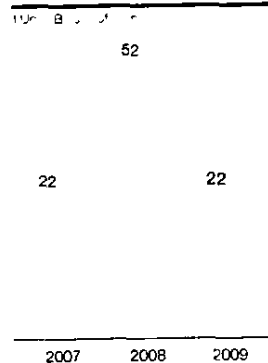
### ORDER BACKLOG

Unit: 1,000 U.S. Dollars		
2007	2008	2009
550	871	893

### **SALES REVENUES**



### **GROSS PROFIT**



In the power plant business area, the Division bolstered through binding with a Japanese trading company, major equipment makers and local contractors overseas. In Korea, meanwhile, a contract was won from Yeongheung Wind Farm paving the way for further involvement in the renewable energy sector. The nuclear power generation Task Force established a roadmap for acquiring the competencies necessary to act as the lead company in a consortium.

In the environment business area, the Division saw tangible results in domestic turnkey and infrastructure projects. At the same time, the regions of overseas involvement were expanded beyond the Middle East to Southeast Asia and Latin America, and new partnerships were pursued with leading foreign players.

Meanwhile, basic capabilities for green growth projects were obtained by adding recycling to wastewater treatment and energy generation to solid waste disposal.

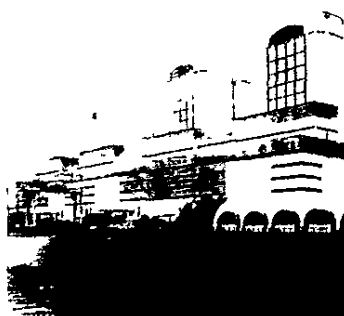
In the power plant business area, contracts for nuclear power plants are expected to increase gradually. While the market for thermal power plants will be decreased at home. Power plant orders from the Middle East and Latin America will be expected mainly for independent power producers.

In the environment business area, the Division must be needed to be changed by the outside environments such as changing in domestic market and law changes in order to have solid opportunities for project participation.

Overseas, continuous marketing efforts are needed along with a localization strategy. Thus, GS E&C will strengthen project execution and marketing capabilities for nuclear plants. Plans also call for stepping up involvement in new and renewable energy as well as district heating projects.

The Division will further improve competitiveness in domestic environmental projects while expanding involvement overseas. To this end, new overseas partners will be secured and the overseas marketing network will be enhanced.

The Division will then build on these accomplishments, focusing in the short term on securing opportunities in overseas EPC projects to improve competencies.

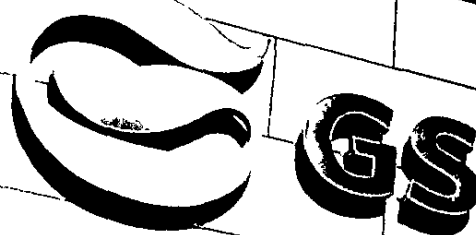


TECHNOLOGY

REVIEW OF  
OPERATIONS  
TECHNOLOGY

# TECHNOLOGY

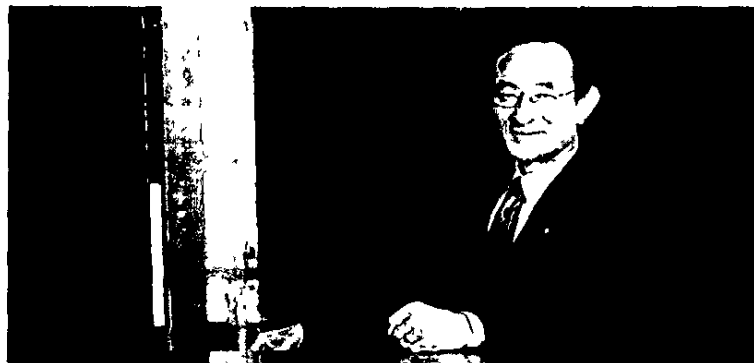
Our mission is to acquire world-class technologies  
and differentiated technology products.





## TECHNOLOGY

REVIEW OF  
OPERATIONS



MEMBER OF THE  
BOARD OF DIRECTORS

### YOUNG-NAM LEE

CTO & Senior Executive Vice President

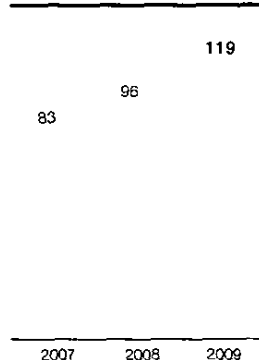
The Technology Division is committed mainly to two areas for generating the best value in technology: the creation of differentiated technology products through R&D and the improvement of internal productivity through technical support.

Our R&D unit carefully selects, for intensive development, world-class technology products that can compete successfully in the global market. In the process, we help GS E&C strengthen its platform for sustained growth. In addition, we are stepping up our development of low-carbon technologies to be ahead of the game in the "green growth" sector.

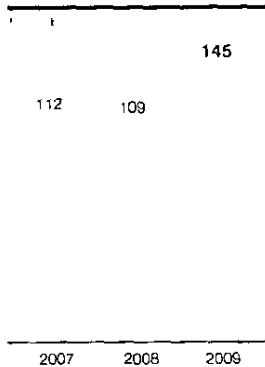
Meanwhile, our Technology Support people have worked to secure core engineering technologies that can elevate the abilities of each Division to execute both current and new projects. We also have concentrated on increasing productivity and preventing accidents at the construction sites.

We will take the advantage of our global technology network to secure core technologies and further enhance our engineering abilities. In the process, GS E&C's stature will continue to rise as a world-class contractor.

### NO. OF PATENTS REGISTERED



## R&D INVESTMENT



The Technology Division worked hard in 2009 to achieve three main tasks (1) secure and commercialize core technologies, (2) provide technical support services to reduce cost, and (3) bolster technology infrastructure

The R&D unit drew up roadmaps for acquiring world-class technologies and technology products. In addition, the Division increased its involvement in joint research with overseas partners and in the government's R&D projects. Another priority for the year was the development of technologies that can enhance the construction productivity

Fifty-three research projects were carried out, including those for the world-class technology products. The work resulted in fifty-two registered patents and five "new excellent technologies" certified by government

Safety management processes developed by the Division have helped to prevent accidents on the job. Noteworthy among them are the pre-project design reviews and construction risk management. Furthermore, the Value Engineering campaign and the commercialization of in-house technologies have helped GS E&C win new contracts and reduce costs

In the coming year, the Technology Division will add more world-class technology products to its portfolio and endeavor to secure the technologies necessary for future growth. At the same time, efforts will be focused on securing "green" technologies to be ready for new opportunities in the green growth sector

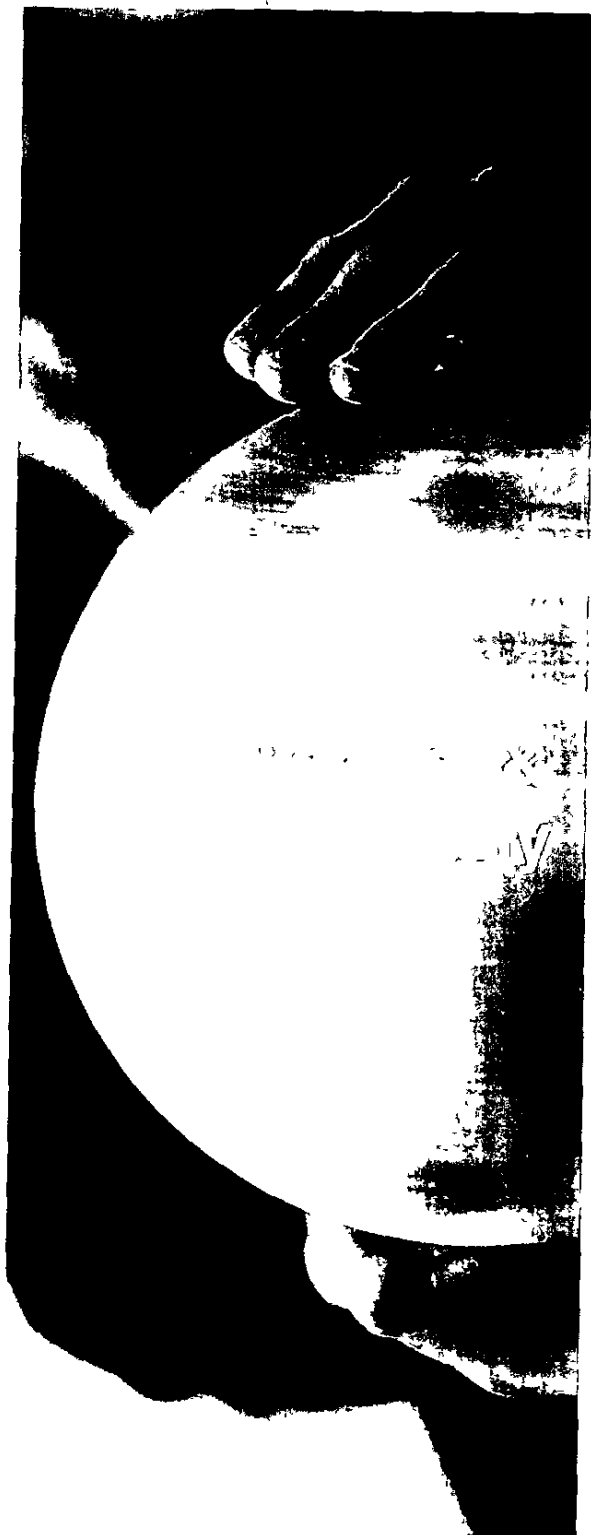
The priority for R&D will be to secure more world-class technology products as quickly as possible. To this end, the Division aims to expand joint research projects with overseas partners, hire more foreign experts, and secure the international technological network

In terms of technical support, pre-construction management and the technical support activities will be bolstered to enhance both worker safety and construction productivity for the most challenging projects in Korea as well as at overseas construction sites



## COMPANY MILESTONES

### REVIEW OF OPERATIONS



- Lackhee Development Co , Ltd (the Company's predecessor) established
- Company name changed to Lucky Development Co , Ltd
- Lucky International Construction Co , Ltd established
- Lucky International Construction Co , Ltd merged into Lucky Development Co , Ltd
- The Company designated a housing contractor by the Ministry of Construction
- 95 • Initial public offering issued
- 96 • Lucky Development (Arabia) Co , Ltd established
- 97 • Company received Korean government's export award for winning US\$1 billion in international contracts
- Lucky Development International Inc established in the US
- Lucky Development Inc established in Saipan
- 21<sup>st</sup> Century Vision adopted for becoming a best all round developer in the domestic market and a general construction company globally
- Construction license acquired for Japan
- Medal of Industrial Service awarded on Tax Day
- Company 20 Year Almanac published
- American Society of Mechanical Engineers accredited the Company in construction of nuclear power plant
- Lucky Thai Engineering & Construction Co , Ltd established in Bangkok
- ISO 9001 quality management certificate acquired
- Company name changed to LG Construction Co , Ltd
- "The Year of New Construction Era" announced
- ISO 14001 environmental management certificate acquired



- Soo-Kee Min appointed the Company's 9th President & CEO
- LG-HP Sunflower International Village awarded by Haiphong People's Committee in Vietnam
- LG Engineering Co., Ltd. merged into LG Construction Co., Ltd.
- Grand prize received as the Superior Company and the Best Apartment by Women Consumer Survey
- 2000 • Construction of the West Sea Grand Bridge completed
- 2001 • Best Corporate Governance Award received by the Korea Stock Exchange
- LG apartment chosen Hit Apartment Product in the 2<sup>nd</sup> half of 2001 by the Korea Daily News
- Outstanding Corporate PR Award received in the World Advertisement Awards
- 2002 • Silver Industrial Medal received on Tax Day
- Kap-Ryul Kim appointed the Company's 10<sup>th</sup> President & CEO
- Good Corporate Governance Award received by the Korea Stock Exchange
- LG E&C's new apartment brand identity "Xi (eXtra intelligent)" introduced
- Vision 2010 announced
- US\$ 1.6 billion South Pars 9 & 10 gas treatment project awarded in Iran
- Grand prize received in the cyber IR field at the 5<sup>th</sup> Korea Economic Daily IR Awards, and in the construction and cement fields at the 1<sup>st</sup> Money Today IR Awards
- Charter for Corporate Governance enacted
- Environmental Management Grand Prize received in Construction Industry category
- Good Corporate Governance Award received from Korea Stock Exchange
- Grand prize received in the cyber IR field at the 6<sup>th</sup> Korea Economic Daily IR Awards, and in the construction and cement fields at the 2<sup>nd</sup> Money Today IR Awards

- Changed corporate name to GS E&C Corporation
- Awarded a "Analyst Prize" at 7<sup>th</sup> Annual Hankyung IR Award by the Korean Economic Daily
- Awarded a "Best IR Prize for Construction / Cement Sector" at 3<sup>rd</sup> Moneytoday IR Award by Money Today
- 31<sup>st</sup> in Engineering News-Record (ENR) Rankings
- Prizes for Best CFO, Financial Innovation
- CMMI Maturity Level 4
- 2003 • Top Award at the 7<sup>th</sup> annual IR Conference
- Ranked 31<sup>st</sup> among Top 225 Global Contractors by *Engineering News Record*
- Investment grade credit ratings from both Moody's and Standard & Poor's
- Presidential Award for Xi Gallery in Seogyo-dong (Seoul) at Good Design Expo
- Vision 2015 publicly announced
- "Xi" wins 2008 First Brand Award, the third straight year for this honor
- The ₩100B Taxpayers' Tower is received on the 42<sup>nd</sup> annual Taxpayers' Day
- First Prize is received in the Green Management category at the 2008 Global Green Management Awards
- The Korea IR Award is received at the 8<sup>th</sup> annual IR Conference & Korea IR Awards
- President's Prize for Banpo Xi at 13<sup>th</sup> Excellent Apartment Awards
- First Prize in CSR category at 1<sup>st</sup> Asia Today Green Construction Awards
- First Prize for Customer Satisfaction Management at Global Management Awards
- Times Square General Contractor Prize at 5<sup>th</sup> Korea Civil Engineering & Architectural Awards
- "Most Trusted Company" designation at 2009 Korea's Most Admired Businesspeople & Most Respected Companies

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1. DOMESTIC

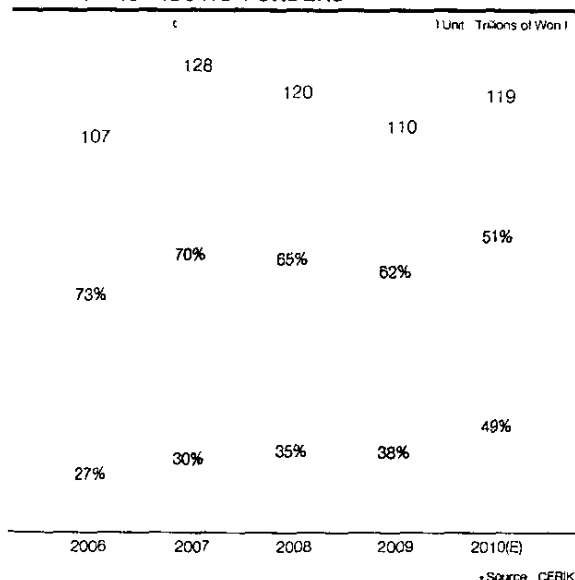
The Construction & Economy Research Institute of Korea (CERIK) reported that the value of new contracts in Korea totaled ₩118.7 trillion in 2009, 1.1 percent lower than the figure for the year before. The lackluster domestic economy caused a drop in new private sector orders. The Korean government increased its budget for infrastructure investment and frontloaded it but was still unable to reverse this decline.

Despite a drop in new orders overall, the value of new contracts in the public sector rose 39.8 percent year on year in 2009, as the government continuously issued new orders for the construction of public infrastructure such as public roads, bridges and railroads. An important contributor was the Four Major Rivers Restoration plan, a countrywide aqua-engineering project that promises such benefits as flood control, improved water quality and ecosystem restoration. The private sector saw the volume of new contracts fall 23 percent in 2009 compared with the figure for the previous year. The residential construction segment briefly showed some signs of recovery, thanks to the easing of the financial crisis and a lowered transfer income tax. However, this turnaround did not last because the government clamped down on bank mortgages by toughening the debt-to-income (DTI) rule and lowering the loan-to-value (LTV) ratio. Meanwhile, the economic slump curbed investment in plant, equipment and other non-residential construction, causing an overall market slowdown.

Many market watchers predict that the value of new government contracts will be about 20 percent lower in 2010 than they were the year before. This projection is based on the fact that most of the government budget was already spent to stimulate economic activities in 2009. A similar pattern was seen in 1998 and 1999, when a surge in public contracts for road and railway construction in 1998 was followed by a sharp drop in government orders the following year. According to reports, an estimated ₩15 trillion worth of new contracts was frontloaded in 2009. Although public projects in 2010 will be down year on year, their total should

still be bigger than in 2008, suggesting favorable market conditions in the coming year. This positive outlook is based on an increase in major national policy projects such as the Four Rivers, and the trend is likely to last at least through 2011.

### NEW CONSTRUCTION ORDERS



### 2. HOUSING

The 2009 housing market recovered faster than expected from the shock of the global financial crisis, dispelling concerns expressed earlier that year. The regions and products that suffered the sharpest decline were relatively quicker in recouping their losses. The US-triggered financial crisis caused world property prices to plummet and remain low. Analysts say, however, the real estate market in Korea underwent a comparatively smaller correction and has recovered relatively faster (in just six months) than those in other major countries have.

During the first half of 2009, the Korean government's real estate policy was aimed at helping to resolve the backlog of unsold apartments and stabilizing the housing market. In the second half, however, the policy direction shifted somewhat as the government announced measures for controlling liquidity-driven housing market fluctuation while maintaining the economic stimulus program.

Factors that can possibly influence the real property market



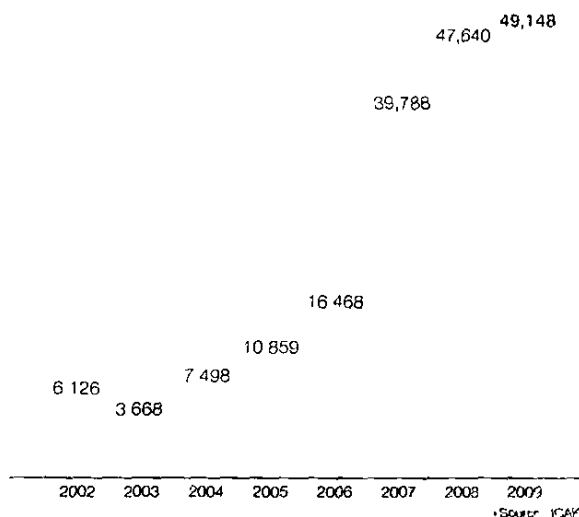
## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

2009, areas where vigorous activity was seen through 2008. On the other hand, oil-producing countries in the Middle East and Northern Africa continued to issue new orders for oil and gas processing facilities, refineries and power plants. More specifically, massive oil and gas processing facilities around the Ruwais Refinery and other plant projects in the UAE totaled over US\$14 billion. The value of Saudi Arabian plant projects received in 2009 was \$6.9 billion, including the US\$1.3 billion Karan Gas Field Development. Korean construction companies received a total of US\$2.9 billion in new orders from Algerian clients, out of which a US\$2.6 billion refinery project was the largest.

### RECENT OVERSEAS CONSTRUCTION ORDERS

(Unit: Millions of US dollars)



In the overseas market as a whole, the resumption of new orders, which started from the second half of 2009, is expected to continue in the coming year. For example, Korean contractors will receive a steady stream of oil, gas and petrochemical plant projects from oil producers in the Middle East and North Africa. In addition, if the value of the recently contracted UAE nuclear power plant project is added, the 2010 performance is expected to reach the \$70 billion mark, 50 percent higher than the figure for the previous year. Also noteworthy, about 40 percent of the predicted value will originate from areas outside the Middle East, signaling that Korean builders' high dependence on the Middle East will abate somewhat in 2010.

Major Korean construction companies working abroad agree that the slump in overseas projects began to turn around in the second half of 2009 and the trend will last during the coming year. The reason is that Korean companies participate mainly as subcontractors in overseas projects, which are supported by petro-dollars. Major markets are planning to invest more in infrastructure in the coming year. The ICAK conducted a study on the top 30 domestic construction companies in terms of overseas contracts received and found out that their combined new order target for 2010 could be as much as \$80 billion. Thus, aggressive overseas marketing activities are predicted from the very beginning of the year.

### NEW ORDERS

The value of new orders GS E&C received in 2009 surpassed ₩12.86 trillion, which was up 5 percent from a year ago. Domestic construction activity has remained weak because of government real estate policies first implemented in 2008, while the global financial crisis also contributed to a slump in construction activity. Despite those unfavorable conditions, however, the company has continued to post the highest growth in the Korean construction industry on the strength of new orders overseas as well as in the domestic civil engineering and housing sectors.

The order backlog at year-end, amounting to ₩13.1 billion in pending contracts, totaled ₩42 billion, enough work to keep the company operating at full capacity for the next 2 years. In 2009, the value of new orders received rose 12.5 percent with Middle East plant projects accounting for the most growth in the new orders. The 2009 figure in that segment exceeded ₩6.46 trillion, which was far higher than the figures for 2007 (over ₩3.44 trillion) and 2008 (over ₩4.36 trillion). Such growth is partly due to the excellent track record that GS E&C has amassed in the construction of oil refineries and gas processing plants outside Korea. In addition, the company was able to win the \$2.6-billion Ruwais Refinery expansion project in Saudi Arabia from the experienced local firms, marking a new milestone in the

GASCO and IGL Recovery Train projects in the UAE. The expected target for this year has been set at ¥14.1 trillion, pursuing value-oriented growth and focusing on financial soundness.

## SALES REVENUE

Sales rose 7.5 percent to more than ¥7.38 trillion in 2009, exceeding the original goal of ¥6.94 trillion. This strong showing amid an overall slump in construction activity is attributable to a balanced portfolio that spans five sectors - civil engineering, industrial plants, power, environmental facilities, office buildings, and housing.

Breaking down the sales total by business division, the Civil Engineering Business Division recorded ¥833 billion, up 17 percent from the previous year, as an increase in new orders received in 2009 led to a surge in sales. The Plant Business Division saw sales rise 12 percent year on year to ¥2.34 trillion, as the domestic HOU project and overseas plant projects proceeded on schedule. The Housing Business Division performed well considering the instability in the housing market as a whole. Sales for the Division rose 4 percent from a year ago to over ¥2.52 trillion in 2009, thanks to large-scale subcontracted work as well as to housing projects on company-owned land.

## GROSS PROFIT

Gross profit rose 1.1 percent to ¥1.46 trillion in 2009 from ¥1.44 trillion in 2008, up 1.4 percent from the previous year. This was due to an increase in sales volume and a reduction in costs. The Civil Engineering Business Division recorded a gross profit of ¥500 billion, up 1.1 percent from the previous year. The Plant Business Division recorded a gross profit of ¥400 billion, up 1.1 percent from the previous year. The Housing Business Division recorded a gross profit of ¥560 billion, up 1.1 percent from the previous year. The gross profit of the Civil Engineering Business Division was up 1.1 percent from the previous year, while the gross profit of the Plant Business Division was up 1.1 percent from the previous year. The gross profit of the Housing Business Division was up 1.1 percent from the previous year. The gross profit of the Civil Engineering Business Division was up 1.1 percent from the previous year, while the gross profit of the Plant Business Division was up 1.1 percent from the previous year. The gross profit of the Housing Business Division was up 1.1 percent from the previous year.

## GROSS PROFIT

				(Unit: Billion of Yen)
	762	860	913	955
	2006	2007	2008	2009

## OPERATING PROFIT

Operating profit reached ¥568 billion in 2009, up 19 percent from 2008 despite the overall difficulties in the construction industry. The main gains in this section came from the reduction of selling, general and administrative expenses (SG&A). The reason was that the allowance for bad debt to cover the risk related to unsold apartments was set at a lower level than it was in 2008, and advertising and commission expenses were reduced significantly. The operating profit target for 2010 has been set at ¥595 billion, given the constant emphasis on fiscal soundness will lead to cuts in operating costs and other expenses.

## OPERATING PROFIT

				(Unit: Billion of Yen)
	403	442	478	568
	2006	2007	2008	2009

## ORDINARY PROFIT

Ordinary profit dropped 6 percent in 2009 to ¥508 billion, from the 2008 figure of ¥549 billion. In non operating expenses, an additional allowance was set for bad debt related to privately funded infrastructure projects, of which construction work has not started yet but land prices are expected to fall. An additional reserve was established to cover the risk of loan defaults by some cooperative members of housing repair projects. In addition, foreign exchange losses were expanded, as the exchange rates

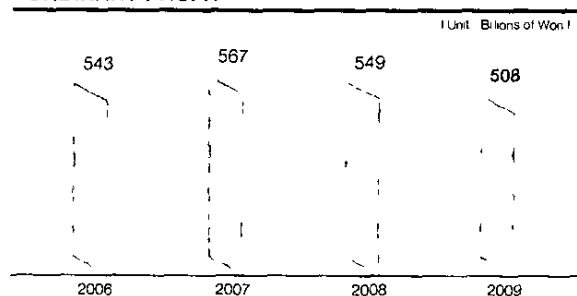
## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

fluctuated. On the other hand, gain on valuation using equity method of accounting and other income in 2009 were larger than those were in 2008.

Pre-tax net income in 2010 is expected to reach ₩606 billion, reflecting gains from the sales of Seoul Outer Beltway shares and allowance for bad debt to cover additional privately-funded projects that cannot start construction work.

#### ORDINARY PROFIT

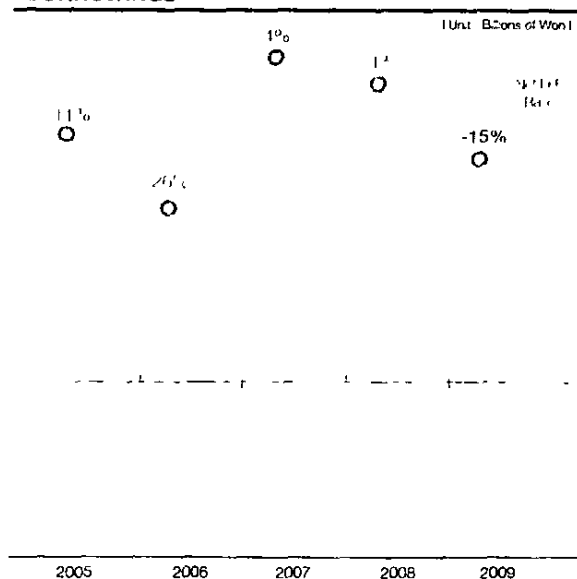


### FINANCIAL POSITION

#### BORROWINGS

Borrowings at the end of 2009 totaled ₩972 billion, up slightly from the ₩772 billion figure posted a year earlier.

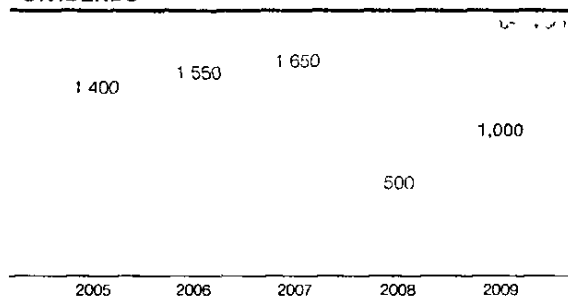
#### BORROWINGS



#### DIVIDENDS & INVESTMENTS

The dividend per share, which was ₩500 for 2008, was set at ₩1,000 for 2009, increasing the total dividend payout from ₩25 billion to ₩49 billion. After distributing some profits in the form of dividends, the company will invest most of the retained earnings to elevate shareholders' future value.

#### DIVIDENDS



#### CASH FLOW

Cash & cash equivalents rose to ₩1,445 billion in 2009 from ₩760 billion in the previous year. The changes in cash flow are detailed by activity type as follows.

First, operating cash flow totaled ₩551 billion. Contributing factors included ₩383 billion in net profit, ₩164 billion in non-cash income and expenses, and ₩74 billion in cash outflow resulting from changes in operating assets and liabilities. Second, cash flow from investment activities generated a cash outflow of ₩111 billion. These activities included investments for future development projects.

Third, cash flow from financing activities increased by ₩245 billion during the year, and ₩21 billion was paid to creditors.

#### EQUITY

As of December 31, 2009, the company had 50,000,000 outstanding shares of common stock, no preferred stocks, convertible bonds or bonds with warrants have been issued. Chairman Chang-Sook Huh and other members of the Huh family are the major shareholders, with 30.48% of the total shares issued. An additional 2.93% are in the form of treasury stock or part of the employee stock ownership plan. Years ended, foreign investors owned 50.0% of the total shares issued.

56

57

058

060

062

063

064

066

068

128

129

## INDEPENDENT AUDITORS' REPORT

FINANCIAL  
STATEMENTS



### *ERNST & YOUNG HAN YOUNG*

Taeyoung Bldg 10 2 Yeouido-dong,  
Yeongdeungpo gu Seoul 150 777 Korea

Tel +82 2 3787 6600 Fax +82 2 783 5890  
[www.ey.com/kr](http://www.ey.com/kr)

#### The Board of Directors and Stockholders GS Engineering & Construction Corporation

We have audited the accompanying non-consolidated statements of financial position of GS Engineering & Construction Corporation (the "Company") as of December 31, 2009 and 2008, and the related non-consolidated statements of income, appropriations of retained earnings, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of GS Engineering & Construction Corporation as of December 31, 2009 and 2008, and the non-consolidated results of its operations, its changes in retained earnings and equity, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.



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

February 18, 2010

*Ernst & Young Han Young*

This audit report is effective as of February 18, 2010 the auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this audit report is used. Such events and circumstances could significantly affect the accompanying non-consolidated financial statements and may result in modifications to this report.

As of December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

UNITED STATES DOLLARS

2008

**ASSETS**

Current assets

Cash and cash equivalents (Notes 2 and 13)	₩	1,444,743	₩	759,669
Short-term financial instruments (Notes 2 and 4)		22,390		49,461
Trade accounts and notes receivable, less allowance for doubtful accounts of ₩106,538 in 2009 (₩104,079 in 2008) (Notes 13, 16 and 22)		2,429,475		2,241,860
Short-term loans receivable, less allowance for doubtful accounts of ₩66,184 in 2009 (₩20,124 in 2008) (Note 13)		375,853		234,983
Prepaid construction costs		265,424		202,331
Other accounts receivable, less allowance for doubtful accounts of ₩5,542 in 2009 (₩4,671 in 2008) (Notes 13 and 16)		254,453		182,363
Inventories (Notes 2, 5 and 10)		428,986		457,218
Accrued income, less allowance for doubtful accounts of ₩12,188 in 2009 (₩5,070 in 2008)		25,313		11,569
Advance payments, less allowance for doubtful accounts of ₩6,100 in 2009 (₩11,002 in 2008)		186,965		188,338
Prepaid expenses		49,204		34,255
Derivative assets (Note 29)		107,051		134,506
Firm commitment assets (Note 29)		299,818		431,216
Current portion of deferred income tax assets (Note 23)		4,513		-
Total current assets		5,894,188		4,927,769

Non-current assets

Long-term financial instruments (Notes 2 and 4)		26		298
Long-term investment securities (Note 6)		600,528		540,107
Equity method investments (Notes 2 and 7)		604,647		747,953
Real estate investments		48,699		97,424
Long-term loans receivable, less allowance for doubtful accounts of ₩118,421 in 2009 (₩95,912 in 2008) (Notes 13 and 30)		251,730		353,937
Long-term guarantee deposits (Note 16)		121,903		99,286
Deferred income tax assets (Note 23)		-		-
Property, plant and equipment, net (Notes 8, 9, 10, 27 and 33)		1,421,696		1,412,320
Intangible assets net (Notes 11 and 33)		2,838		3,168
Total non-current assets		3,052,067		3,254,493

Total assets	₩	8,946,255	₩	8,182,262
--------------	---	-----------	---	-----------

(Continued)  
See accompanying notes

(Korean won in millions)

2008

60

# LIABILITIES AND EQUITY

61

## Current liabilities

Trade accounts and notes payable (Notes 13, 16 and 22)	₩	3,102,733	₩	2,561,524
Short-term borrowings (Notes 12 and 13)		200,240		260,000
Other accounts payable (Notes 13 and 16)		70,233		134,599
Other advances received		192,934		6,091
Withholdings (Note 13)		124,116		103,448
Guarantee deposits received		7,132		11,954
Accrued expenses		29,489		38,791
Income taxes payable (Note 23)		59,804		185,841
Dividends payable		18		22
Current portion of debentures, less discount of ₩95 in 2009 (nil in 2008) (Note 12)		149,905		-
Current portion of deferred income tax liabilities (Note 23)		-		14,855
Derivative liabilities (Note 29)		211,926		465,318
Firm commitment liabilities (Note 29)		40,212		4,886
Unearned revenue		5,398		1,461
Total current liabilities		4,194,140		3,788,790

## Non-current liabilities

Debentures, less discount of ₩1,619 in 2009 (₩1,722 in 2008) (Notes 12 and 13)		610,361		499,803
Long-term borrowings (Note 12)		11,940		11,940
Severance and retirement benefits		46,013		63,325
Leasehold guarantee deposits received (Note 16)		135,410		125,799
Membership guarantee deposits received (Note 16)		339,792		336,158
Provision for construction losses (Notes 2 and 22)		15,822		6,363
Provision for construction warranty (Note 2)		62,018		70,637
Deferred income tax liabilities (Note 23)		104,679		143,266
Other provisions (Note 14)		126,826		100,542
Other non-current liabilities		243		641
Total non-current liabilities		1,453,104		1,358,474
Total liabilities		5,647,244		5,147,264

## Equity

Capital stock (Note 17)		255,000		255,000
Capital surplus (Note 19)		239,268		236,767
Capital adjustments (Notes 18 and 19)		(86,233)		(81,881)
Accumulated other comprehensive income (Notes 9, 21, 23, 29 and 36)		750,226		842,423
Retained earnings (Note 20)		2,140,750		1,782,689
Total equity		3,299,011		3,034,998

Total liabilities and equity	₩	8,946,255	₩	8,182,262
------------------------------	---	-----------	---	-----------

See accompanying notes

# NON-CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

(Korean won in millions, except per share amounts)

	2009	2008
Sales (Notes 16, 22 and 33)		
Construction operations	₩ 7,061,206	₩ 6,535,180
Housing construction and sales operations	256,797	262,603
Other operations	58,922	68,065
	<u>7,376,925</u>	<u>6,865,848</u>
Cost of sales (Notes 16 and 22)		
Construction operations	6,128,699	5,708,156
Housing construction and sales operations	221,539	165,192
Other operations	71,742	79,536
	<u>6,421,980</u>	<u>5,952,884</u>
Gross profit	<u>954,945</u>	<u>912,964</u>
Selling and administrative expenses	<u>387,019</u>	<u>434,641</u>
Operating income (Note 33)	<u>567,926</u>	<u>478,323</u>
Other income (expenses)		
Interest income	71,671	60,078
Interest expense	(56,862)	(29,570)
Dividend income	873	2,320
Gain (loss) on foreign currency transactions, net	(61,846)	130,390
Gain (loss) on foreign currency translation, net	(7,773)	(23,814)
Equity in earnings of equity method investments, net (Note 7)	21,925	431
Gain on disposal of equity method investments, net	10,291	-
Gain on disposal of long-term investment securities	55,257	5,032
Loss on disposal of long-term investment securities	(2,319)	(5,714)
Gain (loss) on disposal of property, plant and equipment, net	(9,711)	6,002
Gain (loss) on settlement of derivative instruments, net	27,314	(41,063)
Gain (loss) on valuation of derivative instruments, net	13,329	(323,288)
Gain (loss) on valuation of firm commitment, net	(51,822)	423,520
Donations (Note 30)	(5,230)	(4,259)
Others, net	(64,822)	(129,748)
	<u>(59,725)</u>	<u>70,317</u>
Income before income taxes	<u>508,201</u>	<u>548,640</u>
Provision for income taxes (Note 23)	<u>125,400</u>	<u>167,086</u>
Net income	<u>₩ 382,801</u>	<u>₩ 381,554</u>
Basic earnings per share (Notes 2 and 24)	<u>₩ 7,737</u>	<u>₩ 7,689</u>

See accompanying notes

# **NON-CONSOLIDATED STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS**

For the years ended December 31, 2009 and 2008

	2009	2008
<b>Retained earnings before appropriations</b>		
Unappropriated retained earnings (undisposed accumulated deficit) carried forward from the prior year	₩ 1,275	₩ (11,803)
Net income	382,801	381,554
	384,076	369,751
<b>Transfer from other reserves</b>		
Research and human resources development reserve (Note 20)	3,333	5,000
Reserves for losses on sale of treasury stock	-	1,263
	3,333	6,263
<b>Appropriations (2009-proposed)</b>		
Legal reserve (Note 20)	5,000	3,000
Business rationalization reserve (Note 20)	90,000	90,000
Financial structure improvement reserve (Note 20)	65,000	65,000
Research and human resources development reserve (Note 20)	90,000	90,000
Other reserves (Note 20)	87,000	102,000
Cash dividends (Note 25)	49,479	24,739
	386,479	374,739
<b>Unappropriated retained earnings to be carried forward to the next year</b>	₩ 930	₩ 1,275

# STATEMENTS OF FINANCIAL POSITION

For the years ended December 31, 2009 and 2008

(Yoursen 2009 is in millions)

FINANCIAL  
STATEMENTS

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
As of January 1, 2008	₩ 255,000	₩ 238,225	₩ 11,940	₩ 156,749	₩1,483,507	₩2,145,421
Dividends	-	-	-	-	(82,372)	(82,372)
Acquisition of treasury stock	-	-	(67,750)	-	-	(67,750)
Disposal of treasury stock	-	(3,422)	12,423	-	-	9,001
Changes in capital surplus in equity method	-	1,964	-	-	-	1,964
Share-based compensation expense	-	-	(38,344)	-	-	(38,344)
Changes in capital adjustments in equity method	-	-	(150)	-	-	(150)
Gain on valuation of available-for-sale securities	-	-	-	215,714	-	215,714
Loss on valuation of available-for-sale securities	-	-	-	(1,173)	-	(1,173)
Exchange differences on translation of foreign operations	-	-	-	(12,037)	-	(12,037)
Gain on valuation of derivatives instruments	-	-	-	(13,274)	-	(13,274)
Loss on valuation of derivatives instruments	-	-	-	(21,387)	-	(21,387)
*Credit equity adjustment arising from equity method investments*	-	-	-	279,704	-	279,704
*Debit equity adjustment arising from equity method investments*	-	-	-	38	-	38
Asset revaluation surplus	-	-	-	238,089	-	238,089
Net income	-	-	-	-	381,554	381,554
As of December 31, 2008	₩ 255,000	₩ 236,767	₩ (81,881)	₩ 842,423	₩1,782,689	₩3,034,998

See accompanying notes

# STATEMENTS OF EQUITY

For the years ended December 31, 2009 and 2008

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
As of January 1, 2009	₩ 255,000	₩ 236,767	₩ (81,881)	₩ 842,423	₩ 1,782,689	₩ 3,034,998
Dividends	-	-	-	-	(24,739)	(24,739)
Acquisition of treasury stock	-	-	(3,297)	-	-	(3,297)
Disposal of treasury stock	-	2,501	-	-	-	2,501
Changes in capital adjustments in equity method	-	-	(1,055)	-	-	(1,055)
Gain on valuation of available-for-sale securities	-	-	-	743	-	743
Loss on valuation of available-for-sale securities	-	-	-	1,171	-	1,171
Exchange differences on translation of foreign operations	-	-	-	1,317	-	1,317
Gain on valuation of derivatives instruments	-	-	-	(770)	-	(770)
Loss on valuation of derivatives instruments	-	-	-	(12,484)	-	(12,484)
*Credit equity adjustment arising from equity method investments	-	-	-	(81,704)	-	(81,704)
Transfer of asset revaluation surplus due to disposal of land	-	-	-	(470)	-	(470)
Net income	-	-	-	-	382,800	382,800
As of December 31, 2009	₩ 255,000	₩ 239,268	₩ (86,233)	₩ 750,226	₩ 2,140,750	₩ 3,299,011

See accompanying notes

## NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

	2009	2008
<b>Cash flows from operating activities</b>		
Net income	₩ 382,801	₩ 381,554
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Provision for severance and retirement benefits	41,769	44,069
Depreciation of property, plant and equipment	27,682	29,782
Bad debt expense	2,338	60,235
Provision for construction warranty	8,540	23,871
Reversal for construction warranty	(2,710)	(1,521)
Provision for construction losses	19,247	11,024
Reversal for construction losses	(9,788)	(28,798)
Amortization of intangible assets	330	348
Loss (gain) on disposal of long-term investment securities, net	(51,501)	682
Loss (gain) on disposal of property, plant and equipment, net	9,711	(6,002)
Loss on foreign currency translation, net	320	30,042
Equity in earnings of equity method investments, net	(21,924)	(431)
Gain on disposal of equity method investments, net	(10,291)	-
Loss (gain) on valuation of derivative instruments, net	(13,329)	323,288
Loss (gain) on valuation of firm commitment, net	51,822	(423,520)
Amortization of foreign currency translation adjustments, net	2,679	-
Others, net	108,705	186,604
Changes in operating assets and liabilities		
Trade accounts and notes receivable	(331,660)	(305,473)
Prepaid construction costs	(64,975)	(71,479)
Other accounts receivable	(82,040)	42,380
Accrued income	(20,861)	(3,262)
Inventories	28,828	(60,610)
Advance payments	(23,287)	(51,179)
Prepaid expenses	(15,129)	5,136
Current portion of deferred income tax assets	-	(168)
Derivative assets	98,511	16,638
Derivative liabilities	(328,113)	(17,853)
Trade accounts and notes payable	555,326	367,634
Accrued expenses	(9,303)	(33,252)
Income taxes payable	(138,655)	186,941
Payment of severance and retirement benefits	(48,698)	(44,198)
Provision for construction warranty	(14,417)	(24,908)
Others, net	398,725	(18,151)
Total adjustments	167,852	237,869
Net cash provided by (used in) operating activities	₩ 550,653	₩ 619,423

(Continued)  
See accompanying notes



# **NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2009 and 2008

	2009	2008
<b>Cash flows from investing activities</b>		
Decrease (increase) in short-term financial instruments, net	₩ 27,344	₩ (43,300)
Proceeds from disposal of short-term investment securities	-	8,354
Proceeds from disposal of long-term investment securities	82,486	48,371
Proceeds from disposal of equity method investments	58,559	4,252
Decrease (increase) in short-term loans receivable, net	(54,828)	(104,514)
Increase in long-term loans receivable, net	(120,509)	(84,083)
Payment of long-term guarantee deposits	(69,489)	(50,841)
Proceeds from guarantee deposits	46,641	30,060
Acquisition of long-term investment securities	(69,106)	(59,623)
Acquisition of equity method investments	(8,943)	(32,218)
Proceeds from disposal of real estate investments	6,453	-
Proceeds from disposal of property, plant and equipment	8,411	18,258
Acquisition of property, plant and equipment	(18,085)	(36,191)
Net cash provided by (used in) investing activities	(111,066)	(301,475)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debentures	299,790	352,552
Proceeds from re-issuance of treasury stock	-	7,474
Acquisition of treasury stock	-	(68,036)
Decrease (increase) in membership guarantee deposits received, net	3,634	(6,247)
Proceeds from short-term borrowings	754,368	2,121,026
Repayment of short-term borrowings	(774,008)	(2,262,326)
Redemption of current portion of debentures	(13,554)	-
Payment of dividends to stockholders	(24,743)	(82,371)
Net cash provided by (used in) financing activities	245,487	62,072
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>685,074</b>	<b>380,020</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>759,669</b>	<b>379,649</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>₩ 1,444,743</b>	<b>₩ 759,669</b>

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

### 1. Corporate information

GS Engineering & Construction Corporation (the "Company") was incorporated on December 19, 1969 under the laws of the Republic of Korea to provide engineering and construction services, on-site building maintenance, as well as residential and industrial construction services within Korea and abroad. The Company merged with Lucky Foreign Construction Co., Ltd., on January 4, 1979, LG Engineering Co., Ltd., on August 1, 1999 and Baekyang Development Co., Ltd., on October 1, 2000. Subsequent to the mergers, the Company expanded its business activities to include overseas engineering construction, golf course development and other related construction services. In August 1981, the Company listed its shares on the Korea Exchange (KRX). The Company was formerly operating under the name of Lucky Development Co., Ltd. and changed its name to LG Engineering & Construction Co., Ltd. on February 24, 1995. The Company changed its name to GS Engineering & Construction Corporation from LG Engineering & Construction Corporation by virtue of a resolution of the common stockholders' meeting held on March 18, 2005. The Company then became an affiliate of the GS group of companies on April 4, 2005, subject to the Limitation on Mutual Investment Rule set forth by the Fair Trade Commission.

As of December 31, 2009, the Company maintains overseas business operations in China, Oman, United Arab Emirates and other countries.

As of December 31, 2009, the capital stock of the Company amounts to ₩255,000 million subsequent to several paid-in capital increase during the prior years including ₩91,954 million of common stock issued (11,789 thousand shares of common stock issued at ₩7,800 per share) on November 19, 1999.

The financial statements of the Company for the year ended December 31, 2009 are scheduled to be approved by the Board of Directors on February 18, 2010.

### 2. Summary of significant accounting policies

#### Basis of financial statement preparation

The Company maintains its official accounting records in Korean won and prepares statutory financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea ("Korean GAAP"). Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. In the event of any differences in interpreting the financial statements or the independent auditors' report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail. The accompanying financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements.

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the Republic of Korea, including Statements of Korea Accounting Standards ("SKAS") 1 to 23, and the summary of significant account policies used for the preparation of the financial statements are as follows:

#### Revenue recognition

Revenue for construction contracts is recognized using the percentage-of-completion method, under which revenue

is recognized as work progresses in the ratio of actual costs incurred to estimated total costs. Revenue, for which the Company constructs and sells residential or commercial properties, is recognized using the percentage-of-completion method starting after the sales contracts are made. The estimation of total construction costs is made by a systematic, reasonable and consistent method and the Company reflects information newly obtained during the course of its construction activities.

#### Cash equivalents

Highly liquid deposits and marketable securities with original maturities of three months or less, and which have no significant risk of loss in value by interest rate fluctuations, are considered as cash equivalents.

#### Financial instruments

Financial instruments, such as time deposits and restricted bank deposits, which are traded by financial institutions and are held for short-term cash management purposes or which will mature within one year, are accounted for as short-term financial instruments. Financial instruments other than cash equivalents and short-term financial instruments are recorded as long-term financial instruments.

#### Allowance for doubtful accounts

The Company provides an allowance for doubtful accounts in consideration of the estimated losses that may arise from non-collection of its receivables. The estimate of losses, if any, is based on a review of the aging and current status of the outstanding receivables.

#### Inventories

Inventories are stated at the lower of cost or net realizable value, with cost being determined using the gross average method for raw materials and stored goods and the specific identification method for other inventories. A perpetual inventory system is used to record inventories, in which inventories are adjusted to physical inventory counts that are performed at the end of the year.

When a decline in the value of an inventory indicates that its cost exceeds net realizable value, a valuation loss will be recognized to write the inventory down to its net realizable value. The loss on valuation is recognized in cost of sales. When the circumstances that previously caused the inventories to be written down cease to exist or there is an increase in net realizable value, the amount of the write-down is reversed to the extent of the original write-down amount so that the new carrying amount is the lower of cost and the revised net realizable value.

Borrowing costs directly attributable to the acquisition, construction or production of inventories that necessarily takes more than a year to get ready for their intended use or sale are capitalized as part of the cost of the respective assets.

Investments in securities within the scope of SKAS 8 Investments in Securities are classified as either trading, held-to-maturity and available-for-sale securities, as appropriate, and are initially measured at cost, including incidental expenses, with cost being determined using the moving average method. The Company determines the classification of its investments after initial recognition, and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Securities that are acquired and held principally for the purpose of selling them in the near term are classified as trad-

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2009 and 2008

ing securities Debt securities which carry fixed or determinable payments and fixed maturity are classified as held-to-maturity if the Company has the positive intention and ability to hold to maturity Securities that are not classified as either trading or held-to-maturity are classified as available-for-sale securities

After initial measurement, available-for-sale securities are measured at fair value with unrealized gains or losses being recognized directly in equity as other comprehensive income Likewise, trading securities are also measured at fair value after initial measurement, but with unrealized gains or losses reported as part of net income Held-to-maturity securities are measured at amortized cost after initial measurement The cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount

The fair value of trading and available-for-sale securities that are traded actively in the open market (marketable securities) is measured at the closing price of those securities at the statement of financial position date Non-marketable equity securities are measured at cost subsequent to initial measurement if their fair values cannot be reliably estimated Non-marketable debt securities are carried at a value using the present value of future cash flows discounted using an appropriate interest rate which reflects the issuer's credit rating announced by a public independent credit rating agency If the application of such measurement method is not feasible estimates of fair values may be made using a reasonable valuation model or quoted market prices of similar debt securities issued by entities conducting business in similar industries

Trading securities are classified as current assets Available-for-sale and held-to-maturity securities are classified as long-term investments, except that securities maturing within one year or that are certain to be disposed of within one year from the statement of financial position date are classified as short-term investments

The Company recognizes an impairment loss on its investments in securities if there is objective evidence that the securities are impaired The impairment loss is charged to the statement of income

**Equity method investments**

Investments in entities over which the Company has control or significant influence are accounted for using the equity method of accounting

Under the equity method of accounting, the Company's initial investment in an investee is recorded at acquisition cost Subsequently, the carrying amount of the investment is adjusted to reflect the Company's share of income or loss of the investee in the statement of income and share of changes in equity that have been recognized directly in the equity of the investee in the related equity account of the Company on the statement of financial position If the Company's share of losses of the investee equals or exceeds its interest in the investee, it suspends recognizing its share of further losses However, if the Company has other long-term interests in the investee, it continues recognizing its share of further losses to the extent of the carrying amount of such long-term interests

At the date of acquisition, the excess of the cost of the investment over the Company's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill which is amortized over its useful life of 5 years using the straight-line method Conversely, negative goodwill represents the excess of the Company's share in the net fair value of the investee's identifiable assets and liabilities over the cost of the investment Negative goodwill is recorded to the extent of the fair value of acquired non-monetary assets and recognized as income using the straight-line method over the remaining weighted-average useful life of those acquired non-monetary assets The

amount of negative goodwill in excess of the fair value of acquired non-monetary assets is recognized as income immediately

The Company's share in the investee's unrealized gains and losses resulting from transactions between the Company and its investee are eliminated to the extent of the interest in the investee

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, except for certain assets that were revalued in accordance with the previous Korean Assets Revaluation Law and land and buildings that were revalued in accordance with the current revised SKAS 5 are stated at fair value less accumulated depreciation

Maintenance and repairs are expensed in the year in which they are incurred. Expenditures which enhance the value or extend the useful life of the related assets are capitalized

Depreciation of property, plant and equipment is provided, using the straight-line method for buildings and structures and the declining-balance method for all other assets, over the estimated useful life of the assets as follows

	Years
Buildings	40
Structures	40
Machinery	4 to 6
Construction equipment	4 to 12
Vehicles	4
Other assets	4

Land and buildings that are revalued in accordance with the revised SKAS 5 are measured at fair value less accumulated depreciation on buildings and impairment losses recognized after the date of revaluation. Valuation is performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to other comprehensive income. However, the increase shall be recognized in the statement of income to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of income

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in the statement of income. However, the decrease shall be debited directly to other comprehensive income to the extent of any credit balance existing in the revaluation surplus with respect to that asset

The Company records an impairment loss on the carrying amount of an item of property, plant and equipment when there is an indication that the asset is impaired. Impairment is measured by comparing the carrying amount of the asset with its recoverable amount. An impairment loss is charged to the statement of income immediately

Borrowing costs directly attributable to the construction of an item of qualifying property, plant and equipment that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

### FINANCIAL STATEMENTS

#### Intangible assets

Intangible assets of the Company consist of rights for lease operations and development costs, which are stated at cost less accumulated amortization. Amortization is recognized as an expense based on the straight-line method over the estimated useful life of 5 years.

#### Capitalization of borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of inventories, property, plant and equipment, intangible assets and investments that necessarily takes more than a year to get ready for their intended use or sale are capitalized as part of the cost of the respective assets.

#### Impairment of assets

When the recoverable amount of an asset is less than its carrying amount due to obsolescence, physical damage or abrupt decline in the market value of the asset, the decline in value, if material, is deducted from the carrying amount and recognized as an asset impairment loss in the current year.

#### Discount on bonds

Discount on bonds is presented as a direct deduction from the nominal value of the bonds and is amortized using the effective-interest-rate method over the life of the bonds.

#### Severance and retirement benefits

In accordance with the Employee Retirement Benefit Security Act ("ERBSA") and the Company's employee benefits policy, employees terminating their employment with at least one year of service are entitled to severance and retirement benefits based on the rates of pay in effect at the time of termination, years of service and certain other factors. The provision is determined based on the amount that would be payable assuming all employees were to terminate their employment as of the reporting date.

The Company's severance and retirement benefits are partly funded through insurance plans with LIG Insurance Co., Ltd. and 5 other financial institutions. Up to March 1999, the Company had previously prepaid a portion of its severance and retirement benefits obligation to the National Pension Service ("NPS"). The insurance deposits and prepayments are presented as a deduction from the provision for severance and retirement benefits. Actual payments of severance and retirement benefits amounted to ₩48,698 million and ₩44,198 million during the years ended December 31, 2009 and 2008, respectively.

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 provision is used only for expenditures for which the provision was originally recognized. If the effect of the time value of money is material, provisions are stated at present value.

A contingent liability is disclosed, but not recognized when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. Deferred income taxes are provided using the liability method for the tax effect of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred income tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse, and are classified as current or non-current, respectively, based on the classification of the related asset or liability in the statement of financial position. In addition, current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

### Foreign currency translation

Transactions involving foreign currencies are recorded at the exchange rates prevailing at the time the transactions are made.

Monetary assets and liabilities denominated in foreign currencies are translated into Korean won at the appropriate exchange rates on the statement of financial position date. The resulting unrealized foreign currency translation gains or losses are credited or charged to current operations.

### Translation of foreign operation financial statements

Financial statements of foreign branches and foreign equity method investees (collectively 'foreign operations') are maintained in the currencies of the countries in which they conduct their operations. In translating the foreign operation financial statements into Korean won, assets and liabilities are translated at the year-end exchange rate at the date of the statement of financial position and income and expenses are translated at the average exchange rate during the year. All resulting exchange differences are recognized as foreign currency translation adjustments in other comprehensive income within equity.

### Derivative financial instruments

Derivative financial instruments are presented as assets or liabilities valued principally at the fair value of the rights or obligations associated with the derivative contracts. The unrealized gain or loss from a derivative transaction with the purpose of hedging the exposure to changes in the fair value of a recognized asset or liability or unrecognized firm commitment is recognized in net income. For a derivative instrument with the purpose of hedging the exposure to the variability of cash flows of a recognized asset or liability or a forecasted transaction, the hedge-effective portion of the derivative instrument's gain or loss is deferred as other comprehensive income in equity. The ineffective portion of the gain or loss is charged or credited to net income. Derivative instruments that do not meet the criteria for hedge accounting, or contracts for which the Company has not elected hedge accounting are measured at fair value with unrealized gains or losses reported in net income.

The Company capitalizes costs incurred in connection with securing a construction order as pre-contract costs when such costs can be identified and measured reliably, and that the Company is reasonably certain that the contract will be awarded. The prepaid construction costs are expensed as part of construction costs upon the commencement of the related construction contract.

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

### Provision for construction losses

From the commencement of the construction contract, the Company records the estimated construction losses expected to be incurred as a provision for construction losses and reflects such estimated losses in current construction costs immediately.

### Provision for construction warranty

The Company records a provision for the estimated warranty costs relating to construction defects during the warranty period. Estimated warranty costs are charged to current operations at the time of completion of projects and are included in the statement of financial position as provision for construction warranty. The provision for construction warranty made will be offset against the actual amount of rectification expense incurred on the defects in subsequent period. The actual rectification expense incurred in excess of the provision made is accounted for as an expense in the current period.

### Per share amounts

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the year. Diluted earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the year plus the weighted-average number of common shares that would have been outstanding assuming the conversion of all dilutive potential common shares.

## 3. Impact of adoption of Korea International Financial Reporting Standards ("K-IFRS")

### Preparation plan and status for adoption of K-IFRS

The Company is required to adopt K-IFRS in preparation of its financial statements for the financial period beginning January 1, 2011. Accordingly, the Company has established a task force team ("TFT") in August 2008, commissioned an external advisory service provider and has completed the identification and analysis of the major differences between K-IFRS and the current Korean GAAP. In addition, the Company has established a plan for the reconfiguration of its accounting information system based on K-IFRS.

Details of key areas identified and their related differences between Korean GAAP and K-IFRS that are expected to give rise to significant impact on the Company's financial statements are as follows:



	Current Accounting Standards	K-IFRS
Primary financial statements	-Non-consolidated financial statements	-Consolidated financial statements
Presentation of financial statements	-Statement of financial position, statements of income, statements of appropriations of retained earnings, statements of changes in equity, statements of cash flows and notes	-Statements of financial position, statements of comprehensive income, statements of cash flows, statements of changes in equity and notes
Scope of consolidated subsidiaries	-In accordance with Law on external audit for joint stock company, a subsidiary is excluded from being consolidated if the subsidiary's total assets are less than ₩10 billion at the end of the preceding year	-Consolidate all the subsidiaries to which the Company exercises control regardless of their size
Revenue recognition of housing construction and sales operations	-Revenue recognition by percentage-of-completion method	-Revenue recognition by delivery basis
Retirement benefits liability	-Employees with at least one year of service are entitled to retirement benefits. The provision for retirement benefits is measured based on the assumption that all employees will leave as of the reporting date	-Present value of forecasted retirement benefits liability to be calculated by actuarial technique and discounted in accordance with concept of projected unit credit method (defined benefit obligation)
Accumulated paid absences and bonuses	-Recognized as expense when obligation of cash payment is determined	-Recognized as expense when employees' services are rendered

#### 4. Restricted deposits

Restricted deposits as of December 31, 2009 and 2008 consist of the following (Korean won in millions)

	Counterparty	2009	2008	Description
Short-term financial instruments	Shinhan Bank and others	₩ 22,390	₩ 49,461	Collateral
Long-term financial instruments	Shinhan Bank and others	26	298	Bank overdraft facilities
		₩ 22,416	₩ 49,759	

#### INVENTORIES

Inventories as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009	2008
Uncompleted apartments and commercial industrial buildings	₩ 245,259	₩ 318,930
Land held for development	80,209	80,333
Raw materials and supplies	96,577	50,211
Materials-in-transit	47	2,815
Other	6,894	4,929
	₩ 428,986	₩ 457,218

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

## 6. Long-term investments securities

Details of long-term investments securities as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009		2008	
Available-for-sale equity securities	₩	580,280	₩	532,690
Available-for-sale debt securities		20,247		7,417
	₩	600,527	₩	540,107

Available-for-sale equity securities as of December 31, 2009 and 2008 consist of the following (Korean won in millions)

	2009										Impairment loss	
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Book value	Unrealized holding gain (loss)					Up to 2008	2009
< Non-marketable securities >												
The Korea Economic Daily	646	0.00%	₩ 14	(*)	₩ 14	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	-
Pusan Travel & Development Co., Ltd	80,000	2.67%	400	(#)	-	-	(400)	-	-	-	-	-
Seoul Highway Co., Ltd. (**) (***)	24,840,000	27.00%	124,200	(*)	400,719	276,519	-	-	-	-	-	-
Uijeongbu LRT Inc. (**)	5,449,275	42.00%	27,246	(*)	27,246	-	-	-	-	-	-	-
Kangnam Inter Circular Road Co., Ltd. (**)	414,000	2.84%	2,070	(*)	2,070	-	-	-	-	-	-	-
Y-S highway Co., Ltd	51,000	10.00%	255	(*)	255	-	-	-	-	-	-	-
Manwolsan Tunnel Co., Ltd. (**)	1,005,000	15.00%	5,025	(*)	5,025	-	-	-	-	-	-	-
GS Retail Co., Ltd	270,106	1.75%	15,420	(*)	11,362	(19)	(4,039)	-	-	-	-	-
Public Development Co., Ltd	394,655	17.09%	3,947	(*)	3,947	-	-	-	-	-	-	-
Potato Co., Ltd	60,000	10.00%	300	(*)	300	-	-	-	-	-	-	-
International Convention Center Jeju	100,000	0.30%	500	(*)	500	-	-	-	-	-	-	-
Junju Drain Co., Ltd. (**)	207,060	7.90%	1,035	(*)	1,035	-	-	-	-	-	-	-
Nonsan Drain Co., Ltd. (**)	91,868	11.90%	459	(*)	459	-	-	-	-	-	-	-
Masan Drain Co., Ltd. (**)	107,010	8.14%	535	(*)	535	-	-	-	-	-	-	-
Youngduk&Bio Co., Ltd. (**)	41,270	5.00%	206	(*)	206	-	-	-	-	-	-	-
M-Ciety Development Co., Ltd	448,800	4.40%	2,244	(*)	2,244	-	-	-	-	-	-	-
M-Ciety Co., Ltd	2,640	4.40%	13	(*)	13	-	-	-	-	-	-	-
Corona Development Co., Ltd	653,600	7.60%	3,268	(*)	3,268	-	-	-	-	-	-	-
Metro Corona Co., Ltd	5,952	9.92%	30	(*)	30	-	-	-	-	-	-	-
Lippo Incheon Development Co., Ltd. (**)	1,809,760	12.60%	9,049	(*)	9,049	-	-	-	-	-	-	-
Jei Youngdong Highway Co., Ltd	809,600	16.00%	4,048	(*)	4,048	-	-	-	-	-	-	-
Eumseong Sewage Pipe Co., Ltd. (*)	67,210	6.48%	336	(*)	336	-	-	-	-	-	-	-
Kangreung Sewage Pipe Co., Ltd. ( )	50,682	3.30%	253	(*)	253	-	-	-	-	-	-	-
Gaya Railway Co., Ltd. (**)	305,490	12.10%	1,527	(*)	1,527	-	-	-	-	-	-	-
Ulsan green Co., Ltd. (*)	701,368	39.47%	3,507	(*)	3,507	-	-	-	-	-	-	-
MILESEUM Co., Ltd	64,172	1.25%	321	(*)	321	-	-	-	-	-	-	-
Dream Hub Project Financial Investment Co., Ltd. (**)	4,000,000	2.00%	20,000	(*)	20,000	-	-	-	-	-	-	-
Alpha Dome City Co., Ltd	2,360,000	4.00%	11,800	(*)	11,800	-	-	-	-	-	-	-

2009								
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Book value	Unrealized holding gain (loss)	Impairment loss	
							Up to 2008	2009
Alpha Dome City Asset Management Co., Ltd	4,000	4.00%	20	(*)	20	-	-	-
Seoul Northern Highway Co., Ltd	45,056	14.08%	225	(*)	225	-	-	-
Seoul-Munsan Highway Co., Ltd	159,632	45.50%	798	(*)	798	-	-	-
Daejeon Sewage Pipe Co., Ltd (**)	108,456	4.00%	830	(*)	830	-	-	-
Bichaenoon Development Co., Ltd	657,800	11.50%	3,289	(*)	3,289	-	-	-
Bichaenoon Co., Ltd	11,500	11.50%	58	(*)	58	-	-	-
Alpharos PFV Co., Ltd	1,341,200	9.58%	6,706	(*)	6,706	-	-	-
Alpharos Mixed-use Development Co., Ltd	9,580	9.58%	48	(*)	48	-	-	-
Mugung Hwa Trust Co., Ltd	190,000	8.97%	950	(*)	950	-	-	-
Clean Gimpo Co., Ltd (*)	365,597	21.42%	1,828	(*)	1,828	-	-	-
Oksan Ochang Highway Corporation	5,000	50.00%	25	(*)	25	-	-	-
Eun Pyung New Road Corp	54,400	54.40%	272	(*)	272	-	-	-
FN New Housing CR-REIT 2	879,874	19.47%	28,195	(*)	28,195	-	-	-
Gyeonggi Highway Co., Ltd	1,130	11.30%	6	(*)	6	-	-	-
Green Energy Development Co., Ltd	81,000	27.00%	405	(*)	405	-	-	-
Engineering Construction Financial Cooperative	1,449	0.30%	180	(*)	180	-	-	-
Korea Electric Engineers Association	200	0.16%	20	(*)	20	-	-	-
Electric Construction Financial Cooperative	600	0.02%	98	(*)	98	-	-	-
Construction Guarantee	12,801	0.34%	12,092	(*)	12,092	-	-	-
Information & Communication Financial Cooperative	440	0.06%	61	(*)	61	-	-	-
Korea Housing Guarantee Co., Ltd	1,038,490	0.16%	21,532	(#)	-	-	(21,532)	-
Type stock fund			13,000	(*)	14,090	1,090	-	-
Treasury Stock Fund			1,500	(*)	7,335	-	-	-
Less treasury stock			-	(*)	(7,320)	-	-	-
Subtotal			1,500	(*)	15	12	-	-
Others			2,444	(#)	-	-	(2,444)	-
			₩ 332,590		₩ 580,280	₩ 277,602	₩ (28,415)	₩

(\*) The fair value of these non marketable securities could not be measured reliably and therefore these securities were recorded at cost

( ) These available for-sale securities are pledged as collateral for borrowings or rights for commercial operations of tunnel or roads as of December 31, 2009 and 2008

(#) The Company has recorded full impairment loss on these available-for-sale securities due to significant decline in net asset value of the investments

(\*) Seoul Highway Co., Ltd are in the process of being sold by KB Co., Ltd which is a corporate transaction advisory firm. The Company used the proposed sale consideration as fair value as of December 31, 2009

# NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

Although the Company's ownership of Seoul Highway Co., Ltd., Uijeongbu LRT Inc., Ulsan Green Co., Ltd., Seoul-Munsan Highway Co., Ltd., Clean Gimpo Co., Ltd., Oksan Ochang Highway Corporation, Eun Pyung New Road Corp. and Green Energy Development Co., Ltd. exceeds 20%, the Company classified these securities as available-for-sale securities as the Company is not able to exercise significant influence on the investees.

	2008							
	Number of shares	Ownership (%)	Acquisition cost	Fair value	Book value	Unrealized holding gain (loss)	Impairment loss	
							Up to 2008	2008
< Non-marketable securities >								
Pusan Travel & Development Co., Ltd.	80,000	2.67%	₩ 400	(#)	₩ -	₩ -	₩ (400)	₩ -
Seoul Highway Co., Ltd. (**)	24,840,000	27.00%	124,200	400,719	400,719	276,519	-	-
Uijeongbu LRT Inc. (**)	4,874,800	47.54%	24,374	(*)	24,374	-	-	-
Kangnam Inter Circular Road Co., Ltd. (**)	414,000	8.63%	2,070	(*)	2,070	-	-	-
Manwolsan Tunnel Co., Ltd. (**)	1,005,000	15.00%	5,025	(*)	5,025	-	-	-
GS Retail Co., Ltd.	270,106	1.75%	15,420	(*)	11,362	(19)	(4,039)	-
LG CNS Co., Ltd.	2,603,800	2.99%	1,043	(*)	1,051	8	-	-
Public Development Co., Ltd.	394,655	17.09%	3,946	( )	3,946	-	-	-
Potato Co., Ltd.	60,000	10.00%	300	(*)	300	-	-	-
International Convention Center Jeju	100,000	0.30%	500	(*)	500	-	-	-
Junju Drain Co., Ltd. (**)	207,060	7.90%	1,035	(*)	1,035	-	-	-
Nonsan Drain Co., Ltd. (**)	91,868	11.90%	459	(*)	459	-	-	-
Masan Drain Co., Ltd. (**)	53,562	8.14%	268	(*)	268	-	-	-
Youngduk & Bio Co., Ltd. (**)	41,270	5.00%	206	(*)	206	-	-	-
M-Ciety Development Co., Ltd.	448,800	4.40%	2,244	(*)	2,244	-	-	-
Corona Development Co., Ltd.	653,600	7.60%	3,268	(*)	3,268	-	-	-
Lippo Incheon Development Co., Ltd. (**)	1,809,760	12.60%	9,049	(*)	9,049	-	-	-
Jei Youngdong Highway Co., Ltd.	585,600	16.00%	2,928	(*)	2,928	-	-	-
Gaya Railway Co., Ltd. (**)	305,490	23.00%	1,527	(*)	1,527	-	-	-
Mileseum Co., Ltd.	64,172	1.25%	321	(*)	321	-	-	-
Dream Hub Project Financial Investment Co., Ltd. (**)	4,000,000	2.00%	20,000	( )	20,000	-	-	-
Alpha Dome City Co., Ltd.	2,360,000	4.00%	11,800	( )	11,800	-	-	-
Seoul Northern Highway Co., Ltd.	45,056	14.08%	₩ 225	( )	₩ 225	-	-	-
Seoul-Munsan Highway Co., Ltd.	59,530	45.50%	298	( )	298	-	-	-
Bichaenoori Development Co., Ltd.	105,000	10.50%	525	(*)	525	-	-	-
Eunpyoung Newtown centered commercial area PF	1,341,200	9.58%	6,706	( )	6,706	-	-	-
Korea Construction Financial Cooperative	12,801	0.34%	12,092	(*)	12,092	-	-	-
Korea Housing Guarantee Co., Ltd.	1,038,490	0.16%	21,532	(#)	-	-	(21,532)	-
Other companies	-	-	1,651	( )	1,651	-	-	-
Type stock fund	-	-	10,000	8,498	8,498	(1,502)	-	-
Treasury Stock Fund	-	-	1,500	(*)	4,266	-	-	-
Less: treasury stock	-	-	-	( )	(4,023)	-	-	-
Subtotal	-	-	1,500	( )	243	252	-	-
Others	-	-	2,444	(#)	-	-	(2,444)	-
			₩ 287,356		₩ 532,690	₩ 275,258	₩ (28,415)	₩ -

Available-for-sales debt securities as of December 31, 2009 and 2008 are as follows (Korean won in millions)

Maturity	2009			2008		
	Acquisition cost	Recoverable value	Book value	Acquisition cost	Recoverable value	Book value
Later than 1 year but no later than 5 years (Government bonds)	₩ 12,460	₩ 12,460	₩ 12,460	₩ 2,217	₩ 2,217	₩ 2,217
Later than 5 year but no later than 10 years (Government bonds)	2,587	2,587	2,587	-	-	-
No maturity (Others)	5,200	5,200	5,200	5,200	5,200	5,200
	₩ 20,247	₩ 20,247	₩ 20,247	₩ 7,417	₩ 7,417	₩ 7,417

Interest income earned from long-term investment securities amounted to ₩245 million and ₩79 million for the years ended December 31, 2009 and 2008, respectively

78

79

06

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

### FINANCIAL STATEMENTS

#### 7 Equity method investments

Investments in equity securities accounted for using the equity method as of December 31, 2009 and 2008 are as follows (Korean won in millions)

			2009		
	Number of shares	Ownership (%)	Proportionate acquisition cost	Net asset value	Book value
Parnas Hotel Co., Ltd (**)	6,654,675	67.56%	₩ 85,862	₩ 502,334	₩ 473,451
EzVile Inc	1,560,000	78.00%	9,385	11,883	12,130
XI Service Co., Ltd	96,000	100.00%	480	588	588
Estech Estimate Corp	20,000	100.00%	100	137	137
Sacheon Resort Co., Ltd	290,000	29.00%	1,450	51	52
GLS Service Co., Ltd	60,000	100.00%	300	305	305
GS E&C Nanjing	1	100.00%	8,880	20,152	20,152
GS-HP Corp	1	30.00%	2,196	1,864	1,864
GS E&C Italy S R L	300,000	100.00%	430	(172)	-
LG Properties (S'pore) Pte. Ltd	25,944,630	30.00%	18,466	(*)	-
GS E&C Thai Co., Ltd	19,600	49.00%	50	1,734	1,734
GS E&C Poland SP ZO O	100	100.00%	17	2,000	2,000
GS E&C India Private Ltd	19,376,228	100.00%	4,243	1,510	1,510
GS Construction (Arabia), Ltd	15,680	98.00%	3,195	912	917
GS Cu Chi Development One-member LLC	1	100.00%	12,402	12,799	12,304
GS Nha Be Development One-member LLC	1	100.00%	38,836	36,519	36,519
GS Saigon Development One-member LLC	1	100.00%	40,762	21,919	20,243
GS PP Development Co., Ltd	490	49.00%	2	(44,067)	-
GS Cambodia Development Co., Ltd	1,000	100.00%	987	(7,806)	-
GS Global bio Co., Ltd	5,000	100.00%	1,319	(1,343)	-
GS O&M Co., Ltd	100,000	100.00%	500	795	795
GCS Plus Co., Ltd	60,000	100.00%	300	2,263	2,263
Major Development Co., Ltd	600,000	40.00%	6,000	(21,080)	-
BSM Co., Ltd	20,000	100.00%	100	134	134
Metro PFV Co., Ltd	469,000	46.90%	12,194	10,961	16,877
Sanglak Food Co., Ltd	37,500	96.15%	394	616	672
			₩ 248,850	₩ 555,008	₩ 604,647

(\*) This investee has been suspended from being accounted for using the equity method. The Company has not been able to obtain the net asset value of the investee as of December 31, 2009 due to unavailability of its financial statements.

( ) As of July 1, 2009, Hanmoo Development Co., Ltd. changed its name to Parnas Hotel Co., Ltd.

## 2008

	Number of shares	Ownership (%)	Proportionate acquisition cost	Net asset value	Book value
Parnas Hotel Co , Ltd	6,654,675	67.56%	₩ 85,862	₩ 561,228	₩ 531,048
EzVile Inc	1,560,000	78.00%	9,385	10,125	10,618
XI Service Co , Ltd	96,000	100.00%	480	541	541
Estech Estimate Corp	20,000	100.00%	100	122	122
Sacheon Resort Co , Ltd	290,000	29.00%	1,450	482	485
GLS Service Co , Ltd	60,000	100.00%	300	298	298
LG Holdings (HK), Ltd	51,000,000	25.00%	54,824	51,979	50,969
GS E&C Nanjing	1	100.00%	5,330	16,717	16,717
GS-HP Corp	1	30.00%	2,196	1,732	1,732
GS E&C Italy S R L	300,000	100.00%	430	395	395
LG Properties (S'pore) Pte Ltd	25,944,630	30.00%	18,466	(')	-
GS E&C Thai Co , Ltd	19,600	49.00%	50	838	838
GS E&C Poland SP ZO O	100	100.00%	17	36,753	36,753
GS E&C India Private Ltd	19,376,228	100.00%	4,243	2,274	2,274
GS Construction (Arabia), Ltd	8,160	51.00%	1,893	255	262
GS Cu Chi Development One- member LLC	1	100.00%	12,402	14,410	14,411
GS Nha Be Development One- member LLC	1	100.00%	31,590	34,929	34,929
GS Saigon Development One- member LLC	1	100.00%	40,762	32,785	32,785
GS PP Development Co , Ltd	490	49.00%	2	(4,365)	-
GS Cambodia Development Co , Ltd	1,000	100.00%	987	(223)	-
GS Global Bio Co , Ltd	5,000	100.00%	1,319	1,010	1,010
GS O&M Co , Ltd	100,000	100.00%	500	218	218
GCS Plus Co , Ltd	60,000	100.00%	300	1,457	1,457
Major Development Co , Ltd	600,000	40.00%	6,000	(13,194)	-
BSM Co , Ltd	20,000	100.00%	100	116	116
Metro PFV Co , Ltd	469,000	46.9%	12,194	2,088	9,975
			₩ 291,182	₩ 752,970	₩ 747,953

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

The summary of financial position of the investees as of December 31, 2009, and the results of their operations for the year then ended, is presented as follows (Korean won in millions)

	2009(1)			
	Assets	Liabilities	Sales	Net income (loss)
Parnas Hotel Co., Ltd	₩ 1,150,714	₩ 407,129	₩ 191,528	₩ 18,651
EzVille Inc	24,599	9,364	61,454	4,069
XI Service Co., Ltd	2,069	1,481	12,455	49
Estech Estimate Corp	910	773	4,849	15
Sacheon Resort Co., Ltd	33,548	33,373	-	(1,361)
GLS Service Co., Ltd	668	363	1,538	12
GS E&C Nanjing	32,002	11,850	56,135	8,270
GS-HP Corp	11,425	5,212	4,641	1,283
GS E&C Italy S R L	284	456	6	(715)
GS E&C Thai Co., Ltd	9,399	5,860	34,079	2,651
GS E&C Poland SP ZO O	3,906	1,906	3	3,514
GS E&C India Private Ltd	3,074	1,564	9,105	(701)
GS Construction (Arabia), Ltd	15,708	14,778	13,724	532
GS Cu Chi Development One-member LLC	45,855	33,056	-	(14)
GS Nha Be Development One-member LLC	55,873	19,354	-	(501)
GS Saigon Development One-member LLC	248,771	226,852	-	(7,803)
GS PP Development Co., Ltd	146,029	235,961	-	(8,616)
GS Cambodia Development Co., Ltd	49,710	57,516	-	(2,485)
GS Global Bio Co., Ltd	89	1,432	-	(2,455)
GS O&M Co., Ltd	2,612	1,817	16,784	586
GCS Plus Co., Ltd	7,008	4,745	39,239	789
Major Development Co., Ltd	407,886	460,586	99,349	(13,594)
BSM Co., Ltd	645	511	8,691	19
Metro PFV Co., Ltd	24,241	869	191,300	18,920
Sanglak Food Co., Ltd	4,970	4,329	31,131	308

(1) LG Properties (Singapore) Pte. Ltd. has been suspended from being accounted for using the equity method. The Company has not been able to disclose the financial information of this investee in the above table for the year ended December 31, 2009 due to unavailability of their financial statements.



2008 (*)				
	Assets	Liabilities	Sales	Net income (loss)
Parnas Hotel Co., Ltd	₩ 1,171,390	₩ 340,656	₩ 199,745	₩ 22,056
EzVile Inc	39,521	26,540	55,771	3,154
XI Service Co., Ltd	1,928	1,387	10,011	39
Estech Estimate Corp	690	568	5,029	17
Sacheon Resort Co., Ltd	31,732	30,069	-	(983)
GLS Service Co., Ltd	519	221	1,478	1
LG Holdings (HK), Ltd	254,986	8	-	24
GS E&C Nanjing	25,772	9,055	49,913	6,664
GS-HP Corp	11,392	5,619	3,388	5,357
GS E&C Italy S R L	8,823	8,428	3,370	61
GS E&C Thai Co., Ltd	13,031	11,320	55,616	(885)
GS E&C Poland SP ZO O	53,196	16,443	10,076	3,231
GS E&C India Private Ltd	3,719	1,445	6,296	(749)
GS Construction (Arabia), Ltd	2,082	1,582	80	(1,516)
GS Cu Chi Development One-member LLC	50,015	35,605	-	(142)
GS Nha Be Development One-member LLC	47,297	12,368	-	(360)
GS Saigon Development One-member LLC	187,609	154,824	-	(6,496)
GS PP Development Co., Ltd	236,650	245,558	-	(4,728)
GS Cambodia Development Co., Ltd	63,099	63,322	-	(1,298)
GS Global Bio Co., Ltd	2,125	1,115	-	(217)
GS O&M Co., Ltd	1,717	1,499	1,220	(282)
GCS Plus Co., Ltd	6,284	4,827	41,508	701
Major Development Co., Ltd	418,717	451,702	36,483	(14,777)
BSM Co., Ltd	822	707	7,468	16
Metro PFV Co., Ltd	157,747	153,294	-	(526)

Details of adjusted net asset value of the investee to account for the differences in accounting policies compared to those of the Company are as follows (Korean won in millions)

2008				
	Net asset value before adjustment	Adjustment	Net asset value after adjustment	Proportionate ownership
LG Holdings (HK), Ltd	₩ 254,978	₩ (47,060)	₩ 207,918	₩ 51,979

FINANCIAL  
STATEMENTS

December 31, 2009 and 2008

The changes in carrying amount of goodwill and (negative goodwill) for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009			
	Jan 1, 2009	Additions	Amortization	Dec 31, 2009
Parnas Hotel Co., Ltd	₩ (9,780)	₩ -	₩ 575	₩ (9,205)
EzVille Inc	493	-	(247)	246
Sacheon Resort Co., Ltd	3	-	(1)	2
Metro PFV Co., Ltd	7,887	-	(1,972)	5,915
GS Construction (Arabia) Co., Ltd	7	-	(2)	5
Sanglak Food Co., Ltd	-	70	(14)	56
	₩ (1,390)	₩ 70	₩ (1,661)	₩ (2,981)

	2008			
	Jan 1, 2008	Additions	Amortization	Dec 31, 2008
Parnas Hotel Co., Ltd	₩ (10,355)	₩ -	₩ 575	₩ (9,780)
EzVille Inc	740	-	(247)	493
Sacheon Resort Co., Ltd	7	-	(4)	3
Metro PFV Co., Ltd	-	9,859	(1,972)	7,887
GS Construction (Arabia) Co., Ltd	-	8	(1)	7
	₩ (9,608)	₩ 9,867	₩ (1,649)	₩ (1,390)

The elimination of unrealized gains or (losses) arising from inter-company transactions for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009			
	Jan 1, 2009	Additions	Realization	Dec 31, 2009
Parnas Hotel Co., Ltd	₩ 20,400	₩ -	₩ (721)	₩ 19,679
GS Cu Chi Development One-member LLC	-	495	-	495
GS Saigon Development One-Member LLC	-	1,677	-	1,677
	₩ 20,400	₩ 2,172	₩ (721)	₩ 21,851

	2008			
	Jan 1, 2008	Additions	Realization	Dec 31, 2008
Parnas Hotel Co., Ltd	₩ 21,121	₩ -	₩ (721)	₩ 20,400
LG Holdings (HK) Ltd	1,036	-	(26)	1,010
	₩ 22,157	₩ -	₩ (747)	₩ 21,410

The details of changes in carrying amount of equity method investments for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	Jan 1, 2009	Acquisition (disposal / dividends)	Equity in earnings of investee	Share of changes in		Dec 31, 2009
				Retained earnings	Other comprehen- sive income	
Parnas Hotel Co , Ltd	₩ 531,048	₩ (1,331)	₩ 11,123	₩ -	₩ (67,389)	₩ 473,451
EzVile Inc	10,618	-	1,512	-	-	12,130
XI Service Co , Ltd	540	-	48	-	-	588
Estech Estimate Corp	122	-	15	-	-	137
Sacheon Resort Co , Ltd	485	-	(433)	-	-	52
GLS Service Co , Ltd	298	-	7	-	-	305
LG Holdings (HK), Ltd	50,969	(28,818)	-	-	(22,151)	-
GS E&C Nanjing	16,718	(3,366)	8,240	-	(1,440)	20,152
GS-HP Corp	1,732	-	392	-	(260)	1,864
GS E&C Italy S R L	395	-	(395)	-	-	-
GS E&C Thai Co , Ltd	838	-	1,011	-	(115)	1,734
GS E&C Poland SP ZO O	36,753	(34,557)	3,210	-	(3,406)	2,000
GS E&C India Private Ltd	2,273	-	(700)	-	(63)	1,510
GS Construction (Arabia) Ltd	262	(50)	804	-	(99)	917
GS Cu Chi Development One-member LLC	14,411	-	(319)	-	(1,788)	12,304
GS Nha Be Development One-member LLC	34,929	7,246	(699)	-	(4,957)	36,519
GS Saigon Development One-Member LLC	32,786	-	(9,428)	-	(3,115)	20,243
GS Global Bio Co , Ltd	1,010	-	(1,010)	-	-	-
GS O&M Co , Ltd	218	-	577	-	-	795
GCS Plus Co , Ltd	1,457	-	806	-	-	2,263
BSM Co , Ltd	116	-	18	-	-	134
Metro PFV Co , Ltd	9,976	-	6,901	-	-	16,877
Sanglak Food Co , Ltd	-	394	244	-	34	672
	₩ 747,954	₩ (60,482)	₩ 21,924	₩ -	₩ (104,749)	₩ 604,647

# NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

	2008						Dec 31, 2008
	Jan 1, 2008	Acquisition (disposal / dividends)	Equity in earnings of investee	Share of changes in			
				Retained earnings	Other comprehen- sive income		
Parnas Hotel Co , Ltd	₩ 211,479	₩ (1,331)	₩ 16,283	₩ -	₩ 304,617	₩ 531,048	
EzVille Inc	8,438	-	2,180	-	-	10,618	
XI Service Co , Ltd	501	-	39	-	-	540	
Estech Estimate Corp	105	-	17	-	-	122	
Sacheon Resort Co , Ltd	392	-	93	-	-	485	
GLS Service Co , Ltd	296	-	2	-	-	298	
LG Holdings (HK), Ltd	36,155	-	(3,497)	-	18,310	50,968	
GS E&C Nanjing	8,994	(2,921)	6,664	-	3,981	16,718	
GS-HP Corp	-	-	1,607	-	125	1,732	
GS E&C Italy S R L	224	-	60	-	111	395	
GS E&C Thai Co , Ltd	790	-	(162)	-	210	838	
GS E&C Mexico, S A DEC V	27,807	-	5,205	-	3,741	36,753	
GS E&C India Private Ltd	845	1,889	(761)	-	300	2,273	
GS Construction(Arabia) Ltd	-	1,019	(939)	-	182	262	
GS Cu Chi Development One-member LLC	9,281	3,121	(533)	-	2,542	14,411	
GS Nha Be Development One-member LLC	18,700	12,890	(2,003)	-	5,342	34,929	
GS Saigon Development One-member LLC	37,124	3,638	(15,291)	-	7,315	32,786	
GS PP Development Co , Ltd	2	-	(2)	-	-	-	
GCS Plus Co , Ltd	300	-	1,157	-	-	1,457	
Major Development Co , Ltd	6,000	-	(6,000)	-	-	-	
BSM Co , Ltd	-	100	16	-	-	116	
Metro PFV Co , Ltd	-	12,194	(2,218)	-	-	9,976	
GS Cambodia development Co , Ltd	-	987	(987)	-	-	-	
GS Global Bio Co , Ltd	-	1,319	(217)	-	(92)	1,010	
GS O&M Co , Ltd	-	500	(282)	-	-	218	
	₩ 367,433	₩ 33,405	₩ 431	₩ -	₩ 346,684	₩ 747,953	

( ) The Company applied the equity method by using unaudited financial statements because it could not obtain audited or reviewed financial statements of investees as of December 31, 2009 and 2008. The Company applied certain procedures on the unaudited or unreviewed financial statements of the investees signed by the investees' management to access the reliability of such financial statements.

The details of changes in share of other comprehensive income adjustments of the investees for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009			2008		
	Jan 1, 2009	Net changes	Dec 31, 2009	Jan 1, 2008	Net changes	Dec 31, 2008
Parnas Hotel Co., Ltd	₩ 465,319	₩ (67,389)	₩ 397,930	₩ 160,703	₩ 304,616	₩ 465,319
LG Holdings (HK), Ltd	22,151	(22,151)	-	3,841	18,310	22,151
GS E&C Nanjing	4,525	(1,440)	3,085	545	3,980	4,525
GS-HP Corp	125	(260)	(135)	-	125	125
GS E&C Italy S R L	58	-	58	(53)	111	58
LG Properties (S'PORE) Pte Ltd	295	-	295	295	-	295
GS E&C Poland SP ZO O	7,809	(3,406)	4,403	4,068	3,741	7,809
GS E&C Thai Co., Ltd	241	(115)	126	30	211	241
GS E&C India Private Ltd	480	(63)	417	179	301	480
GS Construction (Arabia) Ltd	182	(99)	83	-	182	182
GS Cu Chi Development One-member LLC	2,542	(1,788)	754	-	2,542	2,542
GS Nha Be Development One-member LLC	5,342	(4,957)	385	-	5,342	5,342
GS Saigon Development One-member LLC	7,315	(3,115)	4,200	-	7,315	7,315
GS Global Bio Co., Ltd	(92)	-	(92)	-	(92)	(92)
Sanglak Food Co., Ltd	-	34	34	-	-	-
	516,292	(104,749)	411,543	169,608	346,684	516,292
Deferred income tax effect	(113,584)	23,044	(90,540)	(46,642)	(66,942)	(113,584)
	₩ 402,708	₩ (81,705)	₩ 321,003	₩ 122,966	₩ 279,742	₩ 402,708

The details of share of changes in capital surplus from equity method or capital adjustments from equity method of the investees for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009			2008		
	Jan 1, 2009	Net changes	Dec 31, 2009	Jan 1, 2008	Net changes (*)	Dec 31, 2008
Parnas Hotel Co., Ltd	₩ 35,702	₩ -	₩ 35,702	₩ 35,702	₩ -	₩ 35,702
GS Construction Arabia Co. Ltd	-	(1,353)	(1,353)	-	-	-
EzVill Inc	(2,724)	-	(2,724)	(2,724)	-	(2,724)
	32,978	(1,353)	31,625	32,978	-	32,978
Deferred income tax effect	₩ (7,255)	₩ 297	₩ (6,958)	₩ (9,069)	₩ 1,814	₩ (7,255)
	25,723	(1,056)	24,667	23,909	1,814	25,723

(\*) The Company adjusted deferred income tax due to the change in income tax rates

# NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

## FINANCIAL STATEMENTS

As of December 31, 2009 and 2008, the respective accumulated losses of the investees from which the application of the equity method of accounting has been suspended as their losses exceeded the Company's interest in the investees are as follows (Korean won in millions)

	2009	2008
GS PP Development Co., Ltd	₩ 44,067	₩ 4,368
Major Development Co., Ltd	21,080	3,335
GS Cambodia development Co., Ltd	7,806	223
GS E&C Italy S R L	172	-
GS Global Bio Co., Ltd	1,343	-
LG Properties(S'pore) Pte Ltd	(*)	(*)
	₩ 74,468	₩ 7,926

(\*) LG Properties (S'pore) Pte Ltd was not accounted for using the equity method. The financial information of this investee is not disclosed in the above table for the years ended December 31, 2009 and 2008, due to unavailability of its financial statements

## 8. Government posted value of land owned

The book value of the Company-owned land and the value of land officially announced by the Korean government for tax and land policy purposes as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	Book value		Publicly announced value	
	2009	2008	2009	2008
Land	₩ 694,569	₩ 688,878	₩ 473,766	₩ 476,441

## 9. Property, plant and equipment

Changes in the net book value of property, plant and equipment for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	Jan 1, 2009	Additions	Disposals	Transfers from construction in-progress	Transfers (*)	Depreciation	Overseas business translation adjustment	Dec 31, 2009
Land	₩ 688,878	₩ -	₩ (14,498)	₩ -	₩ 20,189	₩ -	₩ -	₩ 694,569
Golf course	171,486	-	-	4,209	72	-	-	175,767
Standing timber	29,265	18	-	-	-	-	-	29,283
Buildings	406,668	4,595	(3,304)	2,955	17,085	(11,914)	1	416,086
Structures	89,893	483	-	11	-	(2,588)	-	87,799
Machinery	1,236	14	-	-	-	(891)	(3)	356
Construction equipment	160	-	-	-	-	(102)	(1)	57
Vehicles	2,182	323	(99)	-	-	(1,265)	(64)	1,077
Others	21,385	4,159	(223)	-	(147)	(10,922)	(35)	14,217
Construction-in-progress	1,167	8,493	-	7,125	-	-	-	2,485
<b>Total</b>	<b>₩1,412,320</b>	<b>₩ 18,085</b>	<b>₩ (18,124)</b>	<b>₩ -</b>	<b>₩ 37,199</b>	<b>₩ (27,682)</b>	<b>₩ (102)</b>	<b>₩1,421,696</b>

(\*) Amount transferred from uncompleted apartments and commercial industrial buildings advance payments and land held for development is included

Land and part of buildings have been provided as collateral to Hana Bank Co., Ltd. to the extent of ₩36,124 million as of December 31, 2009 in connection with leasehold guarantee deposits received

	2008								Dec 31, 2008
	Jan 1, 2008	Additions	Revaluation	Loss on revaluation	Disposals	transfers	Depreciation	Overseas business translation adjustment	
Land	₩ 383,448	₩ 245	₩ 305,242	₩ (25,573)	₩ (12,123)	₩37,639 (1)	₩ -	₩ -	₩ 688,878
Golf course	171,486	-	-	-	-	-	-	-	171,486
Standing timber	29,000	-	-	-	-	265	-	-	29,265
Buildings	381,354	253	-	-	(158)	36,452 (2)	(11,233)	-	406,668
Structures	92,477	1	-	-	-	-	(2,585)	-	89,893
Machinery	2,364	783	-	-	-	-	(1,908)	(3)	1,236
Construction equipment	249	56	-	-	-	-	(142)	(3)	160
Vehicles	2,713	1,346	-	-	(89)	-	(2,054)	266	2,182
Others	17,262	13,060	-	-	(80)	2,924	(11,860)	79	21,385
Construction-in- progress	9,068	20,446	-	-	-	(28,347)	-	-	1,167
<b>Total</b>	<b>₩1,089,421</b>	<b>₩ 36,190</b>	<b>₩ 305,242</b>	<b>₩ (25,573)</b>	<b>₩ 12,450</b>	<b>₩ 48,933</b>	<b>₩ (29,782)</b>	<b>₩ 339</b>	<b>₩1,412,320</b>

(1) Amount transferred from receivables on construction contracts, advance payments and land held for development is included

(2) Amount transferred from receivables on construction contracts and advance payments is included

The Company adopted the revised SKAS 5 *Amendments - Property, Plant and Equipment* in the prior year and revalued its land at fair value. The Company engaged an accredited independent valuer to determine the fair value of its land. Fair value is determined by reference to market-based evidence. This means that valuation performed by the valuer is based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the valuation was December 31, 2008.

As the revaluation had resulted in a revaluation surplus amounting to ₩305,242 million, the Company recognized ₩238,089 million, after deducting income tax effect amounting to ₩67,153 million, in other comprehensive income after deducting, and reflected loss on revaluation amounting to ₩25,573 million in the prior year's statement of income. As of December 31, 2009, the amount of revaluation surplus recognized in accumulated other comprehensive income is ₩237,619 million due to disposal of some land during the current year.

If land was measured using the cost model, the carrying amounts would be as follows (Korean won in millions)

	2009	2008
Cost	₩ 415,502	₩ 409,209
Accumulated depreciation and impairment	-	-
<b>Net carrying amount</b>	<b>₩ 415,502</b>	<b>₩ 409,209</b>

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

The movements in the accumulated other comprehensive income are as follows (Korean won in millions)

	2009	2008
As of January 1,	₩ 238,089	₩ -
Revaluation surplus during the year	-	305,242
Related deferred income tax effect	-	(67,153)
Changes of accumulated other comprehensive income arising from disposal	(603)	-
Related deferred income tax effect of disposal	133	-
As of December 31,	₩ 237,619	₩ 238,089

## 10. Capitalized financing costs

The Company capitalized certain financing costs of ₩10,728 million and ₩16,721 million for the years ended December 31, 2009 and 2008, respectively, as part of the cost of the related property, plant and equipment and inventories. Such capitalized financing costs have the following effects on the Company's financial statements as of December 31, 2009 and 2008, and for the years then ended (Korean won in millions)

	2009	2008
<Statements of financial position>		
Increase in inventories	₩ 10,490	₩ 16,710
Increase in property, plant and equipment	238	11
<Statements of income>		
Decrease in interest expense	10,728	16,721
Increase in net income	₩ 8,132	₩ 13,042

## 11. Intangible assets

Details of intangible assets as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	Cost	Accumulated amortization	Net book value
Rights for lease operations	₩ 6,550	₩ (3,712)	₩ 2,838
Development costs	30	(30)	-
	₩ 6,580	₩ (3,742)	₩ 2,838



2008				
	Cost		Accumulated amortization	Net book value
Rights for lease operations	₩ 6,550	₩	(3,384)	₩ 3,166
Development costs	190		(188)	2
	₩ 6,740	₩	(3,572)	₩ 3,168

Changes in the net book value of intangible assets for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

2009				
	Jan 1, 2009		Amortization	Dec 31, 2009
Rights for lease operations	₩ 3,166	₩	(328)	₩ 2,838
Development costs	2		(2)	-
	₩ 3,168	₩	(330)	₩ 2,838

2008				
	Jan 1, 2008		Amortization	Dec 31, 2008
Rights for lease operations	₩ 3,493	₩	(327)	₩ 3,166
Development costs	23		(21)	2
	₩ 3,516	₩	(348)	₩ 3,168

Details of intangible assets as of December 31, 2009 are as follows (Korean won in millions)

	Book value	Remaining estimated useful life	Remarks
Rights for lease operations	₩ 2,838	9 years	Dormitory, Kyunghee University

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

### 12. Short-term & long-term borrowings

Short-term borrowings as of December 31, 2009 and 2008 consist of the following (Korean won in millions)

Financial institution	Description	Annual interest rate (%) as of Dec 31, 2009	2009	2008
Shinhan Bank	Commercial paper	7.08	₩ -	₩ 30,000
Woori Bank	General loans	7.38	-	100,000
Kookmin Bank	Usance	2.08~2.41	9,250	-
Hana Bank	Usance	2.24~3.80	5,705	-
ANZ	Usance	2.28~2.68	641	-
SK Securities Co., Ltd	Commercial paper	7.35	-	80,000
HMC Investment Co., Ltd	Commercial paper	8.23	-	20,000
Hi Securities Co., Ltd	Commercial paper	8.23	-	30,000
	General loans			
Korea Eximbank	(Foreign currency)	LIBOR 3M	59,501	-
Korea Eximbank	General loans	5.25	₩ 125,143	₩ -
			200,240	260,000

Long-term borrowings of the Company as of December 31, 2009 and 2008 are as follows (Korean won in millions)

Financial institution	Description	Annual interest rate (%) as of Dec 31, 2009	2009 (*)	2008	Repayment term
Korea Housing Guarantee Co., Ltd	Long-term borrowings in Korean won	1.0	₩ 11,940	₩ 11,940	Deferred for 10 years and repayment by 12 yearly equal installments

(\*) The 12 yearly installments repayment will begin in 2012

The details of debentures issued as of December 31, 2009 and 2008 are as follows (Korean won in millions)

Series	Issuance date	Maturity date	Annual interest rate in 2009 (%)	2009	2008
118 <sup>th</sup> - non-guaranteed Debentures	July, 2007	July, 2010	5.6	₩ 50,000	₩ 50,000
119 <sup>th</sup> - non-guaranteed debentures (Issued in foreign currency)	January, 2008	January, 2011	LIBOR+1.1	350,280	389,825
08-1 <sup>st</sup> privately issued Debentures	December, 2008	December, 2011	8.22	61,700	61,700
120 <sup>th</sup> - non-guaranteed Debentures	February, 2009	February, 2010	8.5	100,000	-
121 <sup>st</sup> - non-guaranteed Debentures	April, 2009	April, 2011	7.6	100,000	-
122 <sup>nd</sup> - non-guaranteed Debentures	October, 2009	October, 2012	5.7	100,000	-
Less present value discount				(1,714)	(1,722)
Less current portion				(149,905)	-
Long-term bonds				₩ 610,361	₩ 499,803

The entire principal amount of the above debentures will be redeemed at their respective maturity dates. 118<sup>th</sup> - non-guaranteed debentures, 08-1<sup>st</sup> privately issued debentures, 120<sup>th</sup> - non-guaranteed debentures, 121<sup>st</sup> - non-guaranteed debentures and 122<sup>nd</sup> - non-guaranteed debentures' interests are due at the end of each quarter and 119<sup>th</sup> - non-guaranteed debentures' interest is due every 6 months. Amortization of discount is calculated over the term of the bonds using the effective interest rate method as part of interest expense.

The repayment schedules of long-term borrowings and debentures are as follows (Korean won in millions)

Year	Long-term borrowings	Debentures	Total
2010	₩ -	₩ 150,000	₩ 150,000
2011	-	511,980	511,980
2012	1,327	100,000	101,327
2013	1,327	-	1,327
2014 and thereafter	9,286	-	9,286
	₩ 11,940	₩ 761,980	₩ 773,920

# NOTES TO NON-FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

## 13. Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies excluding those of overseas operations as of December 31, 2009 and 2008 are as follows

Account	2009		2008	
	Foreign currency	Korean won equivalent (in millions)	Foreign currency	Korean won equivalent (in millions)
<b>Assets</b>				
Cash and cash equivalents	EUR 4,343,707 THB 11,000 USD 316,878,962 JPY 697,359,718 SGD 13,478,407	₩ 7,273 - 369,988 8,806 11,204	EUR 17,377,073 THB 11,000 USD 303,891,169 JPY 2,052,482,450 SGD -	₩ 30,866 - 382,143 28,609 -
Trade accounts receivable	EUR 5,195,793 SAR 1,207,710 JPY - USD 98,878,687	₩ 8,699 376 - 115,451	EUR 369,290 SAR 1,207,710 JPY 173,625,250 USD 55,036,861	656 405 2,420 69,209
Short-term loans receivable	USD 182,073,367	212,589	USD 27,615,367	34,726
Other accounts receivable	USD 3,286,761 EUR - CNY 844,320 THB 670,702	3,838 - 144 23	USD 3,878,666 EUR 229,408 CNY - THB 25,913	4,877 407 - 1
Long-term loans receivable	USD 8,562,788	9,998	USD 169,592,478	213,263
<b>Total</b>		<b>748,389</b>		<b>₩ 767,582</b>
<b>Liabilities</b>				
Trade accounts and notes payable	AED 30,805 EUR 3,753,700 GBP 22,700 JPY 38,997,720 USD 38,561,427 CHF 78,240 BHD - THB 4,506,310	10 6,285 43 492 45,024 88 - 158	AED - EUR 15,969,356 GBP 234,566 JPY 2,741,669,523 USD 46,996,141 CHF - BHD 24,978 THB 33,207,676	₩ - 28,365 426 38,216 59,098 - 83 1,199
Other accounts payable	EUR 41,385 JPY 38,000 USD 399,275 GBP - SGD - THB -	69 1 466 - - -	EUR 11,111 JPY 1,043,762 USD 2,070,155 GBP 520 SGD 32,748 THB 740,976	20 15 2,603 1 29 27
Withholdings	EGP - EUR 32,188 IRR -	- 54 -	EGP 267,671 EUR 64,575 IRR 7,971,658,417	61 115 1,036

Account	2009				2008			
	Foreign currency		Korean won equivalent (in millions)		Foreign currency		Korean won equivalent (in millions)	
Withholdings	USD	7,691,548	₩	8,981	USD	11,216,196	₩	14,104
	JPY	215,050,000		2,716	JPY	176,000,000		2,453
	EUR	525,240		879	EUR	-		-
Short-term borrowings	USD	56,717,259		66,223	USD	-		-
	JPY	633,068,165		7,995	JPY	-		-
Debentures	USD	300,000,000		350,280	USD	310,000,000		389,825
<b>Total</b>			₩	<b>489,764</b>			₩	<b>537,676</b>

#### 14. Other provisions

The details of changes in other provisions for liabilities for the year ended December 31, 2009 are as follows (Korean won in millions)

	2009					
	As of January 1		Increase (decrease)	As of December 31		
Payment guarantee	₩	98,557	₩	27,593	₩	126,150
Litigation and others		1,985		(1,309)		676
<b>Total</b>	₩	100,542	₩	26,284	₩	126,826

#### 15. Overseas operations financial position as of December 31, 2009

Summary of the Company's overseas operations financial position as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	2008			
Current assets	₩	192,860	₩	168,388
Non-current assets		4,957		4,783
Current liabilities		186,914		249,928
Non-current liabilities		410		441

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

### 16 Related party disclosures

The related parties of the Company and nature of their relationship with the Company are as follows

Company name	Parent company	Relationship with the Company
Parnas Hotel Co , Ltd	The Company	Subsidiary
EzVille Inc	The Company	Subsidiary
XI Service Co , Ltd	The Company	Subsidiary
Estech Estimate Corp	The Company	Subsidiary
GLS Service Co , Ltd	The Company	Subsidiary
GS E&C Nanjing	The Company	Subsidiary
GS E&C Italy S R L	The Company	Subsidiary
GS E&C Poland SP ZO O	The Company	Subsidiary
GS E&C India Private Ltd	The Company	Subsidiary
GS Construction Arabia Co , Ltd	The Company	Subsidiary
GS Cu Chi Development One-member LLC	The Company	Subsidiary
GS Nha Be Development One-member LLC	The Company	Subsidiary
GS Saigon Development One-Member LLC	The Company	Subsidiary
GS Cambodia Development Co , Ltd	The Company	Subsidiary
GS Global Bio Co , Ltd	The Company	Subsidiary
GS O&M Co , Ltd	The Company	Subsidiary
GCS Plus Co , Ltd	The Company	Subsidiary
BSM Co , Ltd	The Company	Subsidiary
Sanglak Food Co , Ltd	The Company	Subsidiary

Compensation for key management personnel for the years ended December 31, 2009 and 2008 is as follows (Korean won in millions)

	2009		2008	
Salaries	₩	19,821	₩	37,489
Severance and retirement benefits		21,055		4,492
	₩	40,876	₩	41,981

Key management personnel include standing directors and outside directors who have the authority and responsibilities for planning, operation and control of the business of the Company

Significant transactions with related parties for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	Relationship	Transactions	2009	2008
GS Co., Ltd	Affiliate	Sales and other income	₩ 11	₩ 5
		Cost of sales and purchases	3,589	963
		Other expenses	18,299	11,338
GS Home Shopping Co., Ltd	Affiliate	Sales and other income	76	-
		Cost of sales and purchases	20	-
		Other expenses	8	-
GS Sports Co., Ltd	Affiliate	Cost of sales and purchases	4	-
		Other expenses	7,538	8,927
Daejeon Sewage Pipe Co., Ltd	Affiliate	Sales and other income	13,104	-
Sanglak Food Co., Ltd	Subsidiary	Sales and other income	970	-
		Cost of sales and purchases	41	-
Estech Estimate Corp	Subsidiary	Sales and other income	239	239
		Cost of sales and purchases	3,719	4,621
		Other expenses	1,295	398
XI Service Co., Ltd	Subsidiary	Sales and other income	8	-
		Cost of sales and purchases	11,978	9,693
		Other expenses	476	53
Junju Sewage Pipe Co., Ltd	Affiliate	Sales and other income	15,639	-
		Cost of sales and purchases	215	-
GS Retail Co., Ltd	Affiliate	Sales and other income	22,072	8,769
		Cost of sales and purchases	744	935
		Other expenses	2,502	1,016
GS Caltex Co., Ltd	Affiliate	Sales and other income	718,006	421,911
		Cost of sales and purchases	1,070	691
		Other expenses	4,062	170
GS O&M Co., Ltd	Subsidiary	Sales and other income	203	33
		Cost of sales and purchases	15,613	1,273
GS Neotek Co., Ltd	Affiliate	Sales and other income	58	13
		Cost of sales and purchases	6,437	3,139
		Outsourcing costs	147,867	145,162
		Other expenses	1,095	1,392
GS EPS Co., Ltd	Affiliate	Sales and other income	1	10,667
GS POWER Co., Ltd	Affiliate	Sales and other income	2,549	1,429
		Cost of sales and purchases	190	-
Parnas Hotel Co., Ltd	Subsidiary	Sales and other income	8	-
		Cost of sales and purchases	297	-
		Other expenses	195	-

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

### Related party disclosures (cont'd)

	Relationship	Transactions	2009	2008
GS Cambodia Development Co., Ltd	Subsidiary	Sales and other income	₩ 173	₩ -
GS Construction Arabia Co., Ltd	Subsidiary	Sales and other income	893	-
		Cost of sales and purchases	851	-
GS Cu Chi Development One-member LLC	Subsidiary	Sales and other income	3,359	4,654
GS E&C India Private Ltd	Subsidiary	Sales and other income	580	590
		Cost of sales and purchases	3,865	1,187
		Outsourcing costs	4,743	5,984
		Other expenses	-	1
GS E&C Italy S R L	Subsidiary	Sales and other income	1	4
		Cost of sales and purchases	-	1,914
		Other expenses	-	1,131
GS E&C Nanjing	Subsidiary	Sales and other income	440	434
GS E&C Poland SP ZO O	Subsidiary	Sales and other income	739	6,008
		Cost of sales and purchases	-	524
		Other expenses	46	489
GS E&C Thai Co., Ltd	Equity method investee	Sales and other income	194	-
		Cost of sales and purchases	5,579	-
GS Global Bio Co., Ltd	Subsidiary	Sales and other income	46	-
GS Nha Be Development One-Member LLC	Subsidiary	Sales and other income	362	1 559
GS PP Development Co., Ltd	Equity method investee	Sales and other income	5,053	14,129
GS Saigon Development One-member LLC	Subsidiary	Sales and other income	22,820	27 156
GS-HP Corp	Equity method investee	Sales and other income	168	-
Uijeongbu LRT Inc	Affiliate	Sales and other income	44,151	25 922
		Cost of sales and purchases	-	9,556
Major Development Co., Ltd	Equity method investee	Sales and other income	610	18 268
Sacheon Resort Co., Ltd	Equity method investee	Sales and other income	736	6,147
Seoul-Munsan Highway Co., Ltd	Affiliate	Sales and other income	-	4 660
Gaya Railway Co., Ltd	Affiliate	Sales and other income	18,070	4 261
Lidong Chemical Co., Ltd	Affiliate	Sales and other income	-	2 294
Seoul Highway Co., Ltd	Affiliate	Sales and other income	-	2,041
		Cost of sales and purchases	-	57



	Relationship	Transactions	2009	2008
Samyang International Co., Ltd	Affiliate	Sales and other income	₩ 53	₩ 70
		Cost of sales and purchases	14,668	10,027
		Other expenses	2	2
Ulsan Green Co., Ltd	Affiliate	Sales and other income	-	26
EzVille Inc	Subsidiary	Sales and other income	1	-
		Cost of sales and purchases	25,750	27,964
		Outsourcing costs	17,020	13,604
		Other expenses	1,440	1,474
GCS Plus Co., Ltd	Subsidiary	Sales and other income	-	1
		Cost of sales and purchases	38,229	-
		Other expenses	-	40,536
Cosmo Industry Co., Ltd	Affiliate	Cost of sales and purchases	25,689	20,203
BSM Co., Ltd	Subsidiary	Other expenses	8,621	7,468
GLS Service Co., Ltd	Subsidiary	Cost of sales and purchases	-	1,465
		Other expenses	-	85
LG Properties (S'pore) Pte. Ltd	Equity method investee	Sales and other income	687	-
Mileseum Co., Ltd	Affiliate	Sales and other income	16,420	-
Youngduk&Bio Co., Ltd	Affiliate	Sales and other income	2,370	-
Kangnam Inter Circular Road Co., Ltd	Affiliate	Sales and other income	10,656	-
Others		Sales and other income	30,330	1,332
		Cost of sales and purchases	492	311
		Other expenses	346	611
Total		Sales and other income	₩ 931,856	₩ 562,622
		Cost of sales and purchases	₩ 159,040	₩ 94,523
		Outsourcing costs	₩ 169,630	₩ 164,750
		Other expenses	₩ 45,925	₩ 75,091

Outstanding balances of accounts and notes receivable with related parties as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	Relationship	Accounts	2009	2008
GS Co., Ltd	Affiliate	Long-term guarantee deposits	₩ 10,720	₩ 4,943
GS Home Shopping Co., Ltd	Affiliate	Other receivables	18	-
EzVille Inc	Subsidiary	Long-term guarantee deposits	2	-
GS Sports Co., Ltd	Affiliate	Other receivables	772	-
Mileseum Co., Ltd	Affiliate	Trade accounts and notes receivable	734	-
Sanglak Food Co., Ltd	Subsidiary	Other receivables	203	-
GS Retail Co., Ltd	Affiliate	Trade accounts and notes receivable	4,400	1,407
		Other receivables	215	273
GS Caltex Co., Ltd	Affiliate	Trade accounts and notes receivable	41,412	36,088
		Other receivables	5	5

# NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

	Relationship	Accounts	2009	2008
GS O&M Co., Ltd	Subsidiary	Other receivables	₩ 1,010	₩ 1,009
GS Neotek Co., Ltd	Affiliate	Other receivables	1,371	-
GS Power Co., Ltd	Affiliate	Trade accounts and notes receivable	1,588	3,431
Parnas Hotel Co., Ltd	Subsidiary	Long-term guarantee deposits	62	-
GS Construction Arabia Co., Ltd	Subsidiary	Other receivables	2,504	-
GS Cu Chi Development One-member LLC	Subsidiary	Other receivables	160	63
GS E&C India Private Ltd	Subsidiary	Other receivables	2,775	1,866
GS E&C Italy S r l	Subsidiary	Other receivables	3	-
GS E&C Nanjing	Subsidiary	Other receivables	221	-
GS E&C Poland SP ZO O	Subsidiary	Other receivables	170	600
GS E&C Thai Co., Ltd	Equity method investee	Other receivables	3,658	8,371
GS Global Bio Co., Ltd	Subsidiary	Other receivables	1,428	1,099
GS Nha Be Development One-member LLC	Subsidiary	Other receivables	4,683	12,666
GS PP Development Co., Ltd	Equity method investee	Other receivables	194,139	200,261
GS Saigon Development One-member LLC	Subsidiary	Other receivables	7,150	7,170
GS-HP Corp	Equity method investee	Other receivables	2,294	2,471
LG Properties (S'PORE) Pte Ltd	Equity method investee	Other receivables	19,662	20,139
Uijeongbu LRT Inc	Affiliate	Other receivables	-	239
Sacheon Resort Co., Ltd	Equity method investee	Trade accounts and notes receivable	5,817	6,197
Major Development Co., Ltd	Equity method investee	Trade accounts and notes receivable	60,212	12,022
		Other receivables	6,361	6,658
SeungSan Co., Ltd	Affiliate	Trade accounts and notes receivable	552	552
Seungsan Leisure Co., Ltd	Affiliate	Long-term guarantee deposits	-	600
Others		Trade accounts and notes receivable	2,311	11,866
		Long-term guarantee deposits	-	64
		Other receivables	567	719
<b>Total</b>		Trade accounts and notes receivable	₩ 117,206	₩ 71,563
		Long-term guarantee deposits	₩ 10,784	₩ 5,607
		Other receivables	₩ 249,369	₩ 263,609
Provision for bad debts		Trade accounts and notes receivable	₩ 1,112	₩ 716
		Other receivables	₩ 68,104	₩ 2,834
Bad debt expense (reversal of bad debt)		Trade accounts and notes receivable	₩ 396	₩ (157)
		Other receivables	₩ 65,270	₩ 710

Outstanding balances of accounts and notes payable with related parties as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	Relationship	Accounts	2009	2008
GS Co , Ltd	Affiliate	Membership guarantee deposits received	₩ 2,454	₩ 2,454
		Other payables	168	4,654
Major Development Co , Ltd	Equity method investee	Other payables	3	-
GS Home Shopping Co , Ltd	Affiliate	Membership guarantee deposits received	1,511	1 511
Sanglak Food Co , Ltd	Subsidiary	Trade accounts and notes payable	35	-
Estech Estimate Corp	Subsidiary	Other payables	1,149	-
Xi Service Co , Ltd	Subsidiary	Trade accounts and notes payable	2	-
		Advances from construction contracts	12	-
		Leasehold guarantee deposits received	60	-
		Other payables	35	-
GS Retail Co , Ltd	Affiliate	Trade accounts and notes payable	1,132	1,394
		Advances from construction contracts	-	72
		Leasehold guarantee deposits received	76,400	76,400
		Membership guarantee deposits received	3,325	3 325
		Other payables	214	-
GS Caltex Co , Ltd	Affiliate	Trade accounts and notes payable	84	85
		Advances from construction contracts	4,483	64,392
		Membership guarantee deposits received	6,675	6,675
		Other payables	77	3
GS O&M Co , Ltd	Subsidiary	Trade accounts and notes payable	1,790	1,021
GS Neotek Co , Ltd	Affiliate	Trade accounts and notes payable	18,773	54 593
		Membership guarantee deposits received	1,616	1,316
		Other payables	24,277	607
GS EPS Co , Ltd	Affiliate	Membership guarantee deposits received	300	-
Parnas Hotel Co , Ltd	Subsidiary	Trade accounts and notes payable	247	-
		Membership guarantee deposits received	400	-
		Other payables	6	-
GS E&C India Private Ltd	Subsidiary	Trade accounts and notes payable	85	367
		Other payables	-	21
EzVille Inc	Subsidiary	Trade accounts and notes payable	18,604	24,678
		Membership guarantee deposits received	31	31
		Other payables	-	44
Cosmo Industry Co , Ltd	Affiliate	Trade accounts and notes payable	7,516	9 146

100

101

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

## Related party disclosures (cont'd)

	Relationship	Accounts	2009	2008
Cosmo Chemical Co., Ltd	Affiliate	Membership guarantee deposits received	₩ 66	₩ 66
		Other payables	1,494	1,500
BSM Co., Ltd	Subsidiary	Trade accounts and notes payable	360	571
GS Saigon Development One-Member Limited	Subsidiary	Advances from construction contracts	12,854	5,704
GS Cu Chi Development One-Member LLC	Subsidiary	Advances from construction contracts	1,337	1,716
GCS Plus Co., Ltd	Subsidiary	Other payables	4,968	2,469
Samyang International Co., Ltd	Affiliate	Trade accounts and notes payable	9,280	5,458
		Membership guarantee deposits received	147	147
		Other payables	2	-
Others		Trade accounts and notes payable	87	-
		Advances from construction contracts	-	2
		Leasehold guarantee deposits received	48	-
		Membership guarantee deposits received	510	1,449
		Other payables	53	891
<b>Total</b>		Trade accounts and notes payable	₩ 57,995	₩ 97,313
		Advances from construction contracts	₩ 18,686	₩ 71,886
		Leasehold guarantee deposits received	₩ 76,508	₩ 76,400
		Membership guarantee deposits received	₩ 17,035	₩ 16,974
		Other payables	₩ 32,446	₩ 10,189

Details of guarantees provided by the Company on behalf of related parties as of December 31, 2009 are as follows  
(Korean won in millions)

Related party	Financial institutions	Description	Amount
GS E&C Italy S R L	Servizi Assicurativi del Commercio Estero	Contract performance	USD 224,000,000
GS Construction Arabia Co., Ltd	Saudi Arabian Oil Company	Contract performance	USD 228,000,000
	The Saudi British Bank	Credit guarantee	SAR 42,800,000
	Woori Bank Bahrain branch	Credit guarantee	USD 15,600,000
GS E&C Poland SP ZO O	LG Electronics Wroclaw SP Zo o	Contract performance	EUR 1,950,000
	LG Electronics Wroclaw SP Zo o	Contract performance	EUR 269,791 75
	LG Electronics Wroclaw SP Zo o	Contract performance	EUR 399,335 75
	LG CHEM Poland SP Zo o	Contract performance	PLN 2,258,000
	LG Display Poland Sp Zo o	Contract performance	PLN 42,895,678
	Heesung Electronics Poland SP Z O O	Contract performance	EUR 4,290,000
	Nordea Bank Ploska S A	Credit guarantee	PLN 1,067,000
	Nordea Bank Ploska S A	Credit guarantee	PLN 1,026,000
GS Saigon Development One-Member LLC	Australia and New Zealand Banking Group Limited Ho Chi Minh Br	Overdraft facility	USD 90,000,000
	HSBC	Overdraft facility	USD 30,000,000
GS Cu Chi Development One-Member LLC	Korea Development Bank	Overdraft facility	USD 29,000,000

Related party	Financial institutions	Description	Amount
GS Cambodia Development Co., Ltd	Australia and New Zealand Banking Group and Bank of Nova Scotia Asia Limited	Overdraft facility	USD 50,000,000
Seoul Highway Co., Ltd	Industrial Bank of Korea and 13 other companies	Offering pledge	₩ 400,719
Uijeongbu LRT Inc	KB Co., Ltd and 7 other companies	Payment guarantee	₩ 257,014
		Offering pledge	₩ 27,246
		Payment guarantee	₩ 21,391
Gaya Railway Co., Ltd	Kookmin pension and 5 other Companies	Offering pledge	₩ 1,527
Major Development Co., Ltd	Dreamcity primary private company and 2 other companies	Payment guarantee	₩ 163,506
Sacheon Resort Co., Ltd	DongYang Financial Complex Co., Ltd	Payment guarantee	₩ 19,328
Ulsan green Co., Ltd	Woori Bank and 5 other companies	Offering pledge	₩ 3,507
		Payment guarantee	₩ 11,250

The Company has provided promissory notes and checks to various financial institutions as security in connection with construction performance and other related performance guarantees for its related parties

As of December 31, 2009, there are no guarantees and collateral provided to the Company by any subsidiaries or related parties

In addition to the guarantees mentioned above, the Company has guaranteed the repayment of its employees' bank loans that were used to purchase the Company's shares

16

17

18

## 17. Capital stock

There is no change in capital stock of the Company during the years ended December 31, 2009 and 2008. Details of capital stock of the Company as of December 31, 2009 and 2008 are as follows

Number of shares authorized	200,000,000 shares
Par value per share	₩5,000
Number of common shares issued	51,000,000 shares in 2009 and 2008

## 18. Treasury stock

As of December 31, 2009, the Company holds 1,521,151 shares of common stock with carrying amount of ₩83,053 million, which was repurchased by the Company to stabilize its stock price. The repurchased shares are recognized as capital adjustments

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

### 19. Capital surplus and capital adjustments

Details of capital surplus and capital adjustments of the Company as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009		2008	
Capital surplus				
Paid-in capital in excess of par value	₩	109,735	₩	109,735
Other capital surplus				
Asset revaluation surplus (*1)		75,192		75,192
Gain on merger (*2)		15,002		15,002
Gain on disposal of treasury stock		11,492		8,991
Capital surplus from equity method (*3)		27,847		27,847
	₩	239,268	₩	236,767
Capital adjustments				
Treasury stock	₩	(83,053)	₩	(79,756)
Other capital adjustments				
Capital adjustment from equity method (*3)		(3,180)		(2,125)
	₩	(86,233)	₩	(81,881)

(\*1) In accordance with the prior Korean Assets Revaluation Act, the Company revalued certain of its property and equipment as of July 1, 1998 resulting in a gain on revaluation of ₩34,287 million and ₩33,833 million being transferred to revaluation surplus net of revaluation tax. The total balance of revaluation surplus amounting ₩75,192 million as of December 31, 2009 and 2008 includes revaluation surplus carried forward from revaluation carried out prior to 1998.

(\*2) The Company merged with LG Engineering Co., Ltd. on August 1, 1999 and recognized this gain on merger as other capital surplus in accordance with KFRS Article 90 - Merger and Acquisition.

(\*3) The Company recognized positive and negative investment difference between the additional costs of investments in subsidiaries and fair value of identifiable net assets acquired as capital surplus from equity method valuation and capital adjustment from equity method valuation respectively.

### 20. Retained earnings

Retained earnings of the Company as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009		2008	
Appropriated				
Legal reserve	₩	63,339	₩	60,339
Financial structure improvement reserve		282,849		217,849
Business rationalization reserve		494,653		404,653
Research and human resources development reserve		393,333		308,333
Other reserves		522,500		421,762
		1,756,674		1,412,936
Unappropriated		384,076		369,751
	₩	2,140,750	₩	1,782,687

### Legal reserve

In accordance with the Korean Commercial Code, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of paid-in capital. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to capital.

### Financial structure improvement reserve

The Korean Financial Control Regulation for listed companies requires that an amount equal to at least 10% of net income, plus a 50% of net gain, if any, on extraordinary disposal of property, plant and equipment (after related income taxes), be appropriated as reserve for improvement of financial position until the ratio of equity to total assets equals 30%. Effective from December 2008, such reserve is no longer required by the revised TILL.

### Business rationalization reserve

Prior to December 2004, in accordance with the Korean Tax Incentives Limitation Law ("TILL"), the amounts of tax credits or exemptions taken under this law were appropriated as a reserve for business rationalization. Such reserve could not be utilized for cash dividends but could be used to offset an accumulated deficit, if any, or be transferred to paid-in capital. Effective from December 2004, such reserve is no longer required by the revised TILL.

### Research and human resources development reserve

Pursuant to the TILL, the reserve for research and human development are provided in order to obtain tax benefits with respect to the year for which the appropriations are proposed. These reserves may be utilized for cash dividends after the expiration of specified grace period.

## 21. Accumulated other comprehensive income

Details of accumulated other comprehensive income, net of taxes, of the Company as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009	2008
Gain on valuation of available-for-sale securities	₩ 216,545	₩ 215,801
Loss on valuation of available-for-sale securities	(15)	(1,186)
Credit equity adjustment arising from equity method investments	321,003	402,708
Foreign currency translation adjustments	(3,187)	(4,504)
Gain on valuation of derivative instruments	27,326	28,096
Loss on valuation of derivative instruments	(49,065)	(36,581)
Asset revaluation surplus	237,619	238,089
	₩ 750,226	₩ 842,423

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

## 22 Construction contracts

Details of cumulative construction revenue, cost and profit of constructions in-progress as of December 31, 2009 are as follows (Korean won in millions)

		2009		
Activity	Work type	Cumulative construction revenue	Cumulative construction cost	Cumulative construction profit
Construction operations	Architectural operations	₩ 6,439,049	₩ (5,623,760)	₩ 815,289
	Civil operations	3,367,888	(2,973,729)	394,159
	Housing operations	6,780,370	(5,827,522)	952,848
	Plants operations	7,181,014	(6,435,988)	745,026
	Environment operations and power operations	1,132,849	(1,059,185)	73,664
Housing construction and sales operations		837,424	(631,068)	206,356
		₩ 25,738,594	₩(22,551,252)	₩ 3,187,342

Construction losses arising from construction in-progress that are probable to be incurred at the completion of construction as of December 31, 2009 amounting to ₩15,822 million were recorded as provision for construction losses

		2008		
Activity	Work type	Cumulative construction revenue	Cumulative construction cost	Cumulative construction profit
Construction operations	Architectural operations	₩ 6,028,421	₩ (5,236,866)	₩ 791,555
	Civil operations	2,608,594	(2,277,972)	330,622
	Housing operations	5,202,861	(4,559,472)	643,389
	Plants operations	6,660,779	(6,005,845)	654,934
	Environment operations Power operations	585,442	(541,327)	44,115
Housing construction and sales operations		324,833	(280,948)	43,885
		580,562	(409,528)	171,034
		₩ 21,991,492	₩(19,311,958)	₩ 2,679,534



Changes in balances of major construction contracts backlog for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

2009				
Project name	Jan 1, 2009	Contract change order	Realized revenue	Dec 31, 2009
Kyongbang K-Project	₩ 67,859	₩ 60,562	₩ (128,313)	₩ 108
Il san Xi complex 2	463,826	-	(222,541)	241,285
Uijeongbu LRT construction	101,985	4,129	(44,151)	61,963
Poil Joogong Apartment reconstructions	200,922	12,698	(186,782)	26,838
Green Diesel Project (*)	1,297,667	(76,693)	(336,536)	884,438
IFC	215,386	-	(30,918)	184,468
Yerevan CCPP (*)	247,070	(18,761)	(161,582)	66,727
Salalah Methanol Project (*)	414,493	(34,951)	(271,414)	108,128
Sohar Aromatics Project (*)	387,751	1,861	(322,344)	67,268
Ruwais 4th NGL Train Project	-	1,403,605	(16,214)	1,387,391
Ruwais Refinery Expansion Project (Package 2) (*)	-	3,594,797	(6,371)	3,588,426
Others	15,686,979	1,124,204	(5,334,040)	11,477,143
	₩ 19,083,938	₩ 6,071,451	₩ (7,061,206)	₩ 18,094,183

2008				
Project name	Jan 1, 2008	Contract change order	Realized revenue	Dec 31, 2008
Kyongbang K-Project	₩ 183,412	₩ -	₩ (115,553)	₩ 67,859
The South-east Seoul Distribution Center	123,805	13,675	(122,375)	15,105
Banpo Xi	388,360	135,480	(395,103)	128,737
Uijeongbu LRT construction	150,227	-	(48,242)	101,985
Incheon 2nd complex construction	66,059	1,455	(51,491)	16,023
Poil Joogong Apartment reconstructions	382,079	(1,348)	(179,810)	200,921
LCD P8 Environmental facilities construction	46,822	18,826	(61,331)	4,317
ERC Refinery Project ( )	1,855,044	625,486	(74,129)	2,406,401
Salalah Methanol Project (*)	601,785	134,287	(321,579)	414,493
Sohar Aromatics Project (*)	730,177	124,974	(467,400)	387,751
Others	9,999,261	10,039,252	(4,698,167)	15,340,346
	₩ 14,527,031	₩ 11,092,087	₩ (6,535,180)	₩ 19,083,938

( ) Changes in value of contract are due to adjustments arising from changes in foreign currency exchange rates

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

Balances of receivables from construction contracts and advance receipts from construction contracts for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

Project name	2009						
	Cumulative revenue realized	Cumulative billed amount	Cumulative collected amount	Accounts and notes receivable			Other advance receipts (*)
				Billed	Non-billed	Total (*)	
Kyongbang K-Project	₩ 359,654	₩ 316,735	₩ 316,735	₩	₩ 42,919	₩ 42,919	₩ -
Il san Xi complex 2	307,765	435,783	314,925		-		7,160
Uijeongbu LRT construction	97,167	64,266	64,266		32,901	32,901	-
Poil Joogong							
Apartment reconstructions	428,093	438,738	306,791	121,302	-	121,302	-
Green Diesel Project	466,533	537,812	571,345	28,935		28,935	133,747
IFC SEOUL	42,959	36,971	29,851	7,121	5,988	13,108	-
Yerevan CCPP	225,559	259,560	259,369				33,810
Salalah Methanol Project	665,889	750,321	745,580	-	-	-	79,691
Sohar Aromatics Project	1,191,681	1,256,021	1,249,864				58,183
Ruwais 4th NGL Train Project	16,214	-	-	-	-	-	148,277
Ruwais Refinery							
Expansion Project (Package 2)	6,371	-	-	-	-	-	529,047
Others	21,089,160	21,721,526	20,414,624	2,078,576		2,078,577	704,132
<b>Total</b>	<b>₩ 24,897,045</b>	<b>₩ 25,817,733</b>	<b>₩ 24,273,350</b>	<b>₩ 2,235,934</b>	<b>₩ 81,808</b>	<b>₩ 2,317,742</b>	<b>₩ 1,694,047</b>

Project name	2008						
	Cumulative revenue realized	Cumulative billed amount	Cumulative collected amount	Accounts and notes receivable			Other advance receipts (*)
				Billed	Non-billed	Total (*)	
Kyongbang K-Project	₩ 231,341	₩ 201,939	₩ 75,439	₩ 126,500	₩ 29,402	₩ 155,902	₩
The South-east Seoul Distribution Center	257,217	244,810	244,810	-	12,407	12,407	
Banpo Xi	801,243	915,520	574,194	227,049		227,049	
Uijeongbu LRT construction	53,015	25,922	25,922		27,093	27,093	-
Incheon 2nd complex constructor	62,702	64,698	53,014	9,688		9,688	
Poil Joogong apartment reconstructions	241,311	203,990	203,990		37,321	37,321	
LCD P8 Environmental facilities construction	90,390	92,199	91,745	-			1,355
ERC Refinery Project	77,040	132,477	122,719				45,679
Salalah Methanol Project	394,475	524,997	471,020	-			76,545
Sohar Aromatics Project	869,337	1,137,705	1,117,323		-		247,986
Others	18,332,859	18,385,678	17,294,811	1,714,642		1,714,642	676,594
<b>Total</b>	<b>₩ 21,410,930</b>	<b>₩ 21,929,935</b>	<b>₩ 20,274,987</b>	<b>₩ 2,077,879</b>	<b>₩ 106,223</b>	<b>₩ 2,184,102</b>	<b>₩ 1,048,159</b>

(\*) The amount of receivables and advance receipts are included in trade accounts receivable and trade accounts payable as of December 31, 2009 and 2008, respectively

Total billed amount of construction contracts for the years ended December 31, 2009 and 2008 is ₩8,430,737 million and ₩7,914,864 million, respectively, and the total collected amount of construction contracts for the years ended December 31, 2009 and 2008 is ₩8,297,097 million and ₩6,765,211 million, respectively

Details of jointly-managed construction contracts as of December 31, 2009 and 2008 are as follows (Korean won in millions)

2009					
Project name	Period of construction	Customer	Share of contract size (amount)	Share of contract size (%)	Lead contractor
IFC Seoul construction	2008 01 17 ~	AIG Global Investment Group	₩ 227,427	40 00%	(*)
	2012 02 07				
Uijeongbu LRT civil investment	2006 12 01 ~	Uijeongbu LRT Co., Ltd	159,129	52 55%	(*)
business construction	2011 08 27				
Buhang Multipurpose Dam	2006 09 30 ~	Korea Water Resources Corporation	149,431	60 00%	(*)
	2012 01 12				
Shinwolsung Atomic Power Plant main	2003 07 01 ~	Korea Hydro & Nuclear Power Co., Ltd	131,397	13 50%	(@)
Facility No 1 and 2	2013 01 31				
Incheon Production Base 2nd	2004 07 27 ~	Korea Gas Corporation	127,323	40 00%	(*)
Expansion	2010 07 31				
Incheon Grand Bridge	2005 06 16 ~	KODA Development Co., Ltd	125,704	10 00%	(#)
	2010 01 31				
Mokpo National Road	2004 11 01 ~	Public Procurement Service	119,796	42 00%	(*)
	2012 12 18				
Jungrang Advanced Sewage	2009 02 13 ~	Seoul Metropolitan Infrastructure	114,135	50 00%	(*)
Treatment Plant	2014 01 18				
Incheon Free Economic Zone	2007 12 27 ~	Korea Land Corporation	113,689	90 00%	(*)
Young Jong Sky City 3rd Stage	2011 06 26				
Busan-Ulsan Electric Railway	2005 12 26 ~	Korea Rail Network Authority	112,921	40 00%	(^)
	2010 09 30				
Incheon Free Economic Zone	2007 12 27 ~	Korea Land Corporation	111,968	90 00%	(*)
Young Jong Sky City 2nd Stage	2011 06 26				
Honam High Speed Rail Section 5-3	2009 12 17 ~	Korea Rail Network Authority	96,661	60 00%	(*)
	2014 01 23				
Seongmun National Industrial Complex	2008 06 16 ~	Korea Land Corporation	95,364	90 00%	(*)
Section No 1	2011 10 15				
Taebaek Ine (Jecheon-Ssangyong)	2004 11 25 ~	Korea Rail Network Authority	92,945	35 00%	(*)
1" multiple line railway construction	2012 10 31				
Section 3 of Samcheok Tonghae	2009 03 31 ~	Korea Expressway Corporation	92,275	90 00%	(*)
Expressway	2016 03 31				
Gangnam Circular highway 6 1 Stage	2002 11 28 ~	Gangnam Circular Highway Co., Ltd	91,794	11 50%	(**)
	2013 09 30				
Kyungchun Double Track Railway	1999 12 28 ~	Public Procurement Service	82,844	30 00%	(*)
Section7	2010 01 31				

# NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

## FINANCIAL STATEMENTS

2008					
Project name	Period of construction	Customer	Share of contract size (amount)	Share of contract size (%)	Lead contractor
The South-east Seoul Distribution Center	2008 01 17 ~ 2012 02 07	SH Corporation	₩ 272,322	56.00%	(*)
IFC SEOUL construction	2006 12 01 ~ 2011 08 27	AIG Global Investment Group	227,427	40.00%	(*)
The City Seven Xi	2006 09 30 ~ 2012 01 12	Dosisaram Co., Ltd	210,272	50.00%	(*)
Daegwallyeong Alpensia	2003 07 01 ~ 2013 01 31	Kang won do Development Corporation	190,092	62.00%	(*)
Uijeongbu LRT civil investment business construction	2004 07 27 ~ 2010 07 31	Uijeongbu LRT Co., Ltd	155,000	52.55%	(*)
Buhang Multipurpose Dam	2005 06 16 ~ 2010 01 31	Korea Water Resources Corporation	141,563	60.00%	(*)
Shinwolsung Atomic Power Plant main Facility No. 1 and 2	2004 11 01 ~ 2012 12 18	Korea Hydro & Nuclear Power Co., Ltd	126,672	13.50%	(@)
Incheon Production Base 2nd Expansion	2009 02 13 ~ 2014 01 18	Korea Gas Corporation	125,977	40.00%	(*)
Mokpo National Road	2007 12 27 ~ 2011 06 26	Public Procurement Service	111,406	42.00%	(*)
Incheon Grand Bridge	2005 12 26 ~ 2010 09 30	KODA Development Co., Ltd	109,545	10.00%	(#)
Busan-Ulsan Electric Railway	2007 12 27 ~ 2011 06 26	Korea Rail Network Authority	108,930	40.00%	(^)
Incheon Free Economic Zone Young Jong Sky City 3rd Stage	2009 12 17 ~ 2014 01 23	Korea Land Corporation	108,468	90.00%	(*)
Incheon Free Economic Zone Young Jong Sky City 2nd Stage	2008 06 16 ~ 2011 10 15	Korea Land Corporation	107,243	90.00%	( )
Song do 4th Stage 1st complex apartment construction	2004 11 25 ~ 2012 10 31	Incheon Urban Development Corporation	95,767	63.00%	( )
Gangnam Circular Highway 6-1 Stage	2009 03 31 ~ 2016 03 31	Gangnam Circular Highway Co., Ltd	91,794	11.50%	(*)
Taebaek line (Jecheon - Ssangyong) 1st multiple line railway construction	2002 11 28 ~ 2013 09 30	Korea Rail Network Authority	85,208	35.00%	(*)
Siltron Third Plant B dong construction	1999 12 28 ~ 2010 01 31	LG Siltron Co., Ltd	80,989	70.00%	( )

The legends represent the following representative (project owner) companies

( ) GS Engineering & Construction Co., Ltd

(#) Samsung C & T Corporation

(@) Daewoo Engineering & Construction Co., Ltd

(^) Hyundai Engineering & Construction Co., Ltd

( ) Doosan Engineering & Construction Co., Ltd

Details of housing construction and sales contracts as of December 31, 2009 and 2008 are as follows (Korean won in millions)

2009						
Project name	Contract amount	Cumulative revenue realized	Cumulative collected amount	Trade receivables	Advance receipts	
Heights Xi	₩ 307,328	₩ 295,198	₩ 303,952	₩ 34	₩ 8,788	
Susaek Xi	273,214	205,638	229,930	920	25,212	
Chungla Xi	523,644	336,588	337,964	6,949	8,325	

2008						
Project name	Contract amount	Cumulative revenue realized	Cumulative collected amount	Trade receivables	Advance receipts	
Heights Xi	₩ 307,982	₩ 299,089	₩ 290,927	₩ 8,162	₩ -	
Susaek Xi	230,918	121,188	89,154	32,034	-	
Chungla Xi	524,382	160,285	190,467	-	30,182	

The accounts receivable arising from construction contracts include certain amounts billed to project owners where payments are retained until all the conditions specified under the contracts are met and any construction related issues during course of construction, if any, are resolved. Retention sums on construction contracts as of December 31, 2009 and 2008 amounted to ₩32,901 million and ₩18,777 million, respectively.

## 23 income taxes

For the year ended December 31, 2009, the Company is subject to corporate income taxes, including resident sur-tax, at the aggregate rates of 12.1% (11% from 2012 and thereafter) on taxable income of up to ₩200,000 thousand and 24.2% (22% from 2012 and thereafter) on taxable income in excess of ₩200,000 thousand.

The major components of provision for income taxes for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	2008	
Current income taxes (*)	₩ 157,414	₩ 190,076
Deferred income taxes arising from tax effect of temporary differences	(57,983)	162,713
Tax effect of temporary differences recognized directly to equity	25,969	(185,455)
	125,400	167,334
Current income taxes recognized directly to equity	-	(248)
Provision for income taxes	₩ 125,400	₩ 167,086

(\*) The amount of current income taxes includes additional income taxes paid and tax refunds.

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

A reconciliation of provision for income taxes applicable to income before income taxes at the Korea statutory tax rate to provision for income taxes at the effective income tax rate of the Company is as follows (Korean won in millions)

	2009	2008
Income before income taxes	₩ 508,200	₩ 548,640
Tax at the statutory income tax rate	₩ 122,960	₩ 150,845
Adjustments		
Income not subject to tax (2009 ₩576 million, 2008 ₩39,598 million)	(139)	(10,889)
Expenses not deductible for tax purposes (2009 ₩46,026 million, 2008 ₩24,011 million)	11,138	6,603
Tax credit(*)	(16,289)	(3,055)
Others (difference in tax rate, etc.)	7,730	23,582
Provision for income taxes	₩ 125,400	₩ 167,086
Effective tax rate	24.68%	30.45%

(\*) Foreign tax credit and others

Deferred income taxes reflect the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax reporting purposes

Significant changes in tax loss carryforwards, cumulative temporary differences and deferred income tax assets and liabilities for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009					
	As of Jan. 1, 2009	Changes in tax filing	Net Changes	As of Dec 31, 2009	Deferred income taxes	
Deductible temporary differences						
Buildings	₩ 14,529	₩ 859	₩ (2,434)	₩ 12,954	₩ 2,850	
Provision for construction losses	6,363	-	11,280	17,643	3,881	
Allowance for doubtful accounts	206,363	-	70,177	276,539	64,412	
Bonus stock	414	-	(414)	-	-	
Loss on foreign currency translation	131,395	-	6,891	138,286	31,378	
Government grants	587	-	(102)	484	117	
Equity method investments	96,211	-	(5,124)	91,088	20,039	
Land	183	-	-	183	40	
Derivative instruments	438,986	-	(106,229)	332,757	80,527	
Severance and retirement benefits	104,342	(992)	2,636	105,985	23,317	
Available-for-sale securities	24,376	-	-	24,376	5,363	
Investments	1,247	-	-	1,247	274	
Provision for construction warranty	70,568	-	(8,619)	61,950	13,629	
Provision for other liabilities	100,542	-	26,375	126,918	27,922	
Gain on valuation of property, plant and equipment	25,573	-	(24)	25,549	5,621	
	₩ 1,221,679	₩ (133)	₩ (5,587)	₩ 1,215,959	₩ 279,370	
Taxable temporary differences						
Accumulated depreciation	₩ (1,274)	₩ -	₩ -	₩ (1,274)	₩ (280)	
Appropriated retained earnings for technological development	(8,333)	-	(1,667)	(10,000)	(2,200)	
Accrued income	(10,046)	-	(13,517)	(23,563)	(5,702)	
Gain on foreign currency translation	(107,581)	-	66,397	(41,184)	(9,358)	
Available-for-sale securities	(4,371)	-	-	(4,371)	(962)	
Inventories	(46,997)	-	(241)	(47,239)	(11,432)	
Deposits for severance and retirement benefits	(95,049)	-	(10,936)	(105,985)	(23,317)	
Derivative instruments	(539,219)	-	103,071	(436,147)	(105,547)	
	₩ (812,870)	₩ -	₩ 143,107	₩ (669,763)	₩ (158,798)	
Deferred income taxes recognized						
Deferred income tax assets, net	₩ 88,587	₩ (29)		₩ 120,572		
Deferred income tax liabilities recognized directly to equity, net	₩ (246,708)	₩ -		₩ (220,739)		
Deferred income tax liabilities recognized in statement of financial position, net	₩ (158,121)	₩ (29)		₩ (100,167)		

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

	2008					
	As of Jan 1, 2008	Changes in tax filing	Net Changes	As of Dec 31, 2008	Deferred income taxes	
Deductible temporary differences						
Buildings	₩ 14,999	₩ -	₩ (470)	₩ 14,529	₩ 3,196	
Provision for construction losses	24,137	-	(17,774)	6,363	1,400	
Allowance for doubtful accounts	64,264	-	142,099	206,363	47,938	
Bonus stock	414	-	-	414	91	
Loss on foreign currency translation	-	-	131,395	131,395	29,659	
Government grants	104	-	483	587	142	
Equity method investments	92,390	-	3,821	96,211	21,166	
Land	183	-	-	183	40	
Executive incentives	14,295	-	(14,295)	-	-	
Derivative instruments	-	-	438,986	438,986	106,235	
Severance and retirement benefits	101,600	-	2,742	104,342	22,955	
Available-for-sale securities	24,376	-	-	24,376	5,363	
Investments	1,247	-	-	1,247	274	
Provision for construction warranty	72,985	-	(2,417)	70,568	15,525	
Provision for other liabilities	1,414	-	99,128	100,542	22,119	
Gain on valuation of property, plant and equipment	-	-	25,573	25,573	5,626	
	₩ 412,408	₩ -	₩ 809,271	₩ 1,221,679	₩ 281,729	
Taxable temporary differences						
Accumulated depreciation	₩ (1,274)	₩ -	₩ -	₩ (1,274)	₩ (280)	
Appropriated retained earnings for technological development	(13,333)	-	5,000	(8,333)	(1,833)	
Accrued income	(9,011)	611	(1,646)	(10,046)	(2,431)	
Gain on foreign currency translation	-	-	(107,581)	(107,581)	(24,861)	
Available-for-sale securities	(4,371)	-	-	(4,371)	(962)	
Appropriated retained earnings for loss on sale of treasury stock	(1,263)	-	1,263	-	-	
Inventories	(39,209)	-	(7,788)	(46,997)	(11,373)	
Deposits for severance and retirement benefits	(101,134)	-	6,085	(95,049)	(20,911)	
Derivative instruments	(3,988)	-	(535,231)	(539,219)	(130,491)	
	₩ (173,583)	₩ 611	₩ (639,898)	₩ (812,870)	₩ (193,142)	
Deferred income taxes recognized						
Deferred income tax assets, net	₩ 65,678	₩ 168		₩ 88,587		
Deferred income tax liabilities recognized directly to equity, net	₩ (61,254)	₩ -		₩ (246,708)		
Deferred income tax assets (liabilities) recognized in statement of financial position, net	₩ 4,424	₩ 168		₩ (158,121)		

The Company did not recognize the deferred income tax effect for temporary differences of ₩28,528 million arising from land revaluation surplus as the Company has no firm commitment to dispose of the land



The Company recognized fully the deferred income tax assets for all the deductible temporary differences as the aggregate amount of the total of taxable temporary differences and the expected future taxable income before reflecting tax adjustment items exceed the total of all the deductible temporary differences

Details of gross deferred income tax assets and liabilities as of December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009					
	Temporary differences		Reversal of temporary differences		Deferred income taxes	
	2009	2010	2011 and thereafter	Current	Non-current	
Deductible temporary differences						
Allowance for doubtful accounts	₩ 276,539	₩ 162,439	₩ 114,101	₩ 39,310	₩ 25,102	
Derivative instruments	332,757	332,757	-	80,527	-	
Government grants	484	484	-	117	-	
Loss on foreign currency translation	138,286	43,418	94,868	10,507	20,871	
Provision for construction warranty	61,950	-	61,950	-	13,629	
Provision for other liabilities	126,918	-	126,918	-	27,922	
Provision for construction loss	17,643	-	17,643	-	3,881	
Severance and retirement benefits	105,985	-	105,985	-	23,317	
Equity method investments	91,088	-	91,088	-	20,039	
Available-for-sale securities	24,376	-	24,376	-	5,363	
Investments	1,247	-	1,247	-	274	
Impairment on property, plant and equipment	12,954	-	12,954	-	2,850	
Loss on valuation of property, plant and equipment	25,549	-	25,549	-	5,621	
Non deductible purchasing tax amount of land	183	-	183	-	40	
	₩ 1,215,959	₩ 539,098	₩ 676,862	₩ 130,461	₩ 148,909	
Taxable temporary differences						
Accrued interest on securities	(23,563)	(23,563)	-	(5,702)	-	
Derivative instruments	(436,147)	(436,147)	-	(105,547)	-	
Inventories	(47,239)	(47,239)	-	(11,432)	-	
Gain on foreign currency translation	(41,184)	(13,500)	(27,684)	(3,267)	(6,091)	
Available-for-sale securities	(4,371)	-	(4,371)	-	(962)	
Appropriated retained earnings for technological development	(10,000)	-	(10,000)	-	(2,200)	
Depreciation	(1,274)	-	(1,274)	-	(280)	
Deposits for severance and retirement benefits	(105,985)	-	(105,985)	-	(23,317)	
Deferred income taxes recognized directly to equity	(1,003,363)	-	(1,003,363)	-	(220,739)	
	₩ (1,673,126)	₩ (520,449)	₩ (1,152,677)	₩ (125,948)	₩ (253,589)	
Net	₩ (457,167)	₩ 18,649	₩ (475,816)	₩ 4,513	₩ (104,680)	
Applicable tax rate		24.20%	22.00%			

# NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

FINANCIAL  
STATEMENTS

	2008				
	Temporary differences		Reversal of temporary differences		Deferred income taxes
	2008	2009	2010 and thereafter	Current	Non-current
Deductible temporary differences					
Allowance for doubtful accounts	₩ 206,363	₩ 115,362	₩ 91,001	₩ 27,918	₩ 20,020
Derivative instruments	438,986	438,986	-	106,235	-
Government grants	586	586	-	142	-
Loss on foreign currency translation	34,179	34,179	-	8,271	-
Bonus Stock	414	-	414	-	91
Loss on foreign currency translation (designated)	97,216	-	97,216	-	21,388
Provision for construction warranty	70,568	-	70,568	-	15,525
Provision for other liabilities	100,542	-	100,542	-	22,119
Provision for construction loss	6,363	-	6,363	-	1,400
Severance and retirement benefits	104,342	-	104,342	-	22,955
Equity method investments	96,211	-	96,211	-	21,166
Available-for-sale securities	24,376	-	24,376	-	5,363
Investments	1,247	-	1,247	-	274
Impairment on property, plant and equipment	14,528	-	14,528	-	3,196
Loss on valuation of property, plant and equipment	25,573	-	25,573	-	5,626
Non deductible purchasing tax amount of land	183	-	183	-	40
	₩ 1,221,677	₩ 589,113	₩ 632,564	₩ 142,566	₩ 139,163
Taxable temporary differences					
Accrued interest on securities	₩ (1,184)	₩ (1,184)	₩ -	₩ (287)	₩ -
Loans	(8,862)	(8,862)	-	(2,145)	-
Derivative instruments	(539,218)	(539,218)	-	(130,491)	-
Inventories	(46,997)	(46,997)	-	(11,373)	-
Gain on foreign currency translation	(54,235)	(54,235)	-	(13,125)	-
Available-for-sale securities	(4,371)	-	(4,371)	-	(962)
Appropriated retained earnings for technological development	(8,333)	-	(8,333)	-	(1,833)
Gain on foreign currency translation (designated)	(53,346)	-	(53,346)	-	(11,736)
Depreciation	(1,274)	-	(1,274)	-	(280)
Deposits for severance indemnities and retirement benefits	(95,050)	-	(95,050)	-	(20,911)
Deferred income taxes recognized directly to equity	(1,121,398)	-	(1,121,398)	-	(246,708)
	(1,934,268)	₩ (650,496)	₩ (1,283,772)	₩ (157,420)	₩ (282,430)
Net	₩ (712,591)	₩ (61,383)	₩ (651,208)	₩ (14,854)	₩ (143,267)
Applicable tax rate		24.2%	22.0%		

The tax effects relating to the components of other comprehensive income and other equity items recognized directly in equity for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009			
	Pretax amount		Tax effect	
< Recognized in deferred income taxes >				
Loss on valuation of available-for-sales securities	₩	19	₩	4
Debit equity adjustment arising from equity method investments		4,077		897
Gain on valuation of available-for-sales securities		(277,621)		(61,077)
Credit equity adjustment arising from equity method investments		(411,543)		(90,539)
Gain on disposal of treasury stock		(5,823)		(1,281)
Capital surplus		(35,702)		(7,854)
Loss on valuation of derivative instruments		62,904		13,839
Gain on valuation of derivative instruments		(35,034)		(7,707)
Asset revaluation surplus		(304,640)		(67,021)
	₩	(1,003,363)	₩	(220,739)

	2008			
	Pretax amount		Tax effect	
< Recognized in current income taxes >				
Gain on disposal of treasury stock	₩	902	₩	248
< Recognized in deferred income taxes >				
Loss on valuation of available-for-sales securities	₩	1,521	₩	335
Debit equity adjustment arising from equity method investments		2,724		599
Gain on valuation of available-for-sales securities		(276,668)		(60,867)
Credit equity adjustment arising from equity method investments		(516,292)		(113,584)
Gain on disposal of treasury stock		(2,617)		(576)
Capital surplus		(35,701)		(7,855)
Loss on valuation of derivative instruments		46,899		10,318
Gain on valuation of derivative instruments		(36,022)		(7,925)
Asset revaluation surplus		(305,242)		(67,153)
	₩	(1,121,398)	₩	(246,708)

The Company's per share amounts for the years ended December 31, 2009 and 2008 are computed as follows

Basic earnings per share	2009		2008	
	₩		₩	
Net income	₩	382,800,689,798	₩	381,553,875,670
Weighted-average number of shares of common stock outstanding ( )		49,478,849 shares		49,623,865 shares
Basic earnings per share	₩	7,737	₩	7,689

(\*) Weighted average number of shares of common stock outstanding

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

	2009		
	Number of shares outstanding	Days	Accumulated number of shares outstanding
Number of issued shares	51,000,000	365	18,615,000,000
Purchased shares of treasury stock	(605,241)	365	(220,912,965)
Treasury stock trust agreement	(834,040)	56	(46,706,240)
Treasury stock	(834,040)	309	(257,718,360)
Treasury stock fund	(81,870)	365	(29,882,550)
			18,059,779,885
			- 365
Weighted-average number of shares outstanding			49,478,849

	2008		
	Number of shares outstanding	Days	Accumulated number of shares outstanding
Number of issued shares	51,000,000	366	18,666,000,000
Purchased shares of treasury stock	(161,646)	366	(59,162,436)
Additional purchase of treasury stock	(80,000)	314	(25,120,000)
Additional purchase of treasury stock	(80,000)	311	(24,880,000)
Additional purchase of treasury stock	(30,000)	310	(9,300,000)
Additional purchase of treasury stock	(9,739)	309	(3,009,351)
Additional purchase of treasury stock	(30,000)	308	(9,240,000)
Additional purchase of treasury stock	(20,261)	307	(6,220,127)
Shares granted to executives under share-based compensation	56,405	295	16,639,475
Additional purchase of treasury stock	(100,000)	195	(19,500,000)
Additional purchase of treasury stock	(50,000)	192	(9,600,000)
Additional purchase of treasury stock	(50,000)	191	(9,550,000)
Additional purchase of treasury stock	(50,000)	190	(9,500,000)
Shares on treasury stock fund	(915,910)	366	(335,223,060)
			18,162,334,501
			- 366
Weighted-average number of shares outstanding			49,623,865

## Dividends

The 2008 dividends were approved by the stockholders at the ordinary stockholders' meeting held on March 20, 2009 and the 2009 dividends will be proposed for the stockholders' approval at the annual ordinary stockholders' meeting to be held on March 19, 2010.

Details of dividends declared for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Dividend per share (A)	₩ 1,000 (20%)	₩ 500 (10%)
Number of shares (B) (*)	49,478,849 shares	49,478,849 shares
Dividends (A x B)	₩ 49,478,849,000	₩ 24,739,424,500

(\*) Treasury stocks (including treasury stock fund) as of December 31, 2009 and 2008 are deducted

The dividend payout ratio for the years ended December 31, 2009 and 2008 are as follows

	2009	2008
Dividends (A)	₩ 49,478,849,000	₩ 24,739,424,500
Net income (B)	382,800,689,798	381,553,875,670
Dividend payout ratio (A/B)	12.93%	6.48%

The dividend yield ratio for the years ended December 31, 2009 and 2008 are as follows

	2009	2008
Dividend per share (A)	₩ 1,000	₩ 500
Market value per share at statement of financial position date (B)	108,500	58,000
Dividend yield ratio (A/B)	0.92%	0.86%

## 26 Supplementary cash flow information

Significant transactions not involving cash flows for the years ended December 31, 2009 and 2008 are as follows  
(Korean won in millions)

	2009	2008
Transfer of long-term investments securities to current portion	₩ -	₩ 4,134
Transfer of debentures and long-term borrowings to current portion	50,000	1,327
Transfer of construction in-progress to other property, plant and equipment	7,174	28,347
Transfer of land held for development to land	49,086	95,606
Transfer of short-term loans and receivables from construction contracts to land held for development	43,178	-
Transfer of long-term loans to current portion	206,246	52,428
Transfer of receivables from construction contracts to real estate investments	92,071	116,176
Transfer of advance payments to land and loans	24	172,228
Repayment of borrowings with land (included in real estate investments)	49,086	-
Reclassification of equity method investments	35,023	-

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

### 27. Insured assets

Details of insured inventories and property, plant and equipment as of December 31, 2009 are as follows (Korean won in millions)

Description	Insured assets	Insurance company	Insurance amount
Fire insurance and others	Buildings and others	LIG Insurance Co., Ltd	₩ 832,238

In addition, vehicles of the Company are insured with automobile third party liability insurance and comprehensive insurance by LIG Insurance Co., Ltd. and other insurance companies

### 28. Commitments and contingencies

(1) As of December 31, 2009, Korea Construction Financial Corporation, other construction companies and others have provided guarantees amounting to ₩12,386,325 million on behalf of the Company, for its construction performance, housing construction and sales performance and construction warranty. Also, as of December 31, 2009, the Company has provided guarantees amounting to ₩6,538,999 million for other construction companies

(2) As of December 31, 2009, the Company has provided guarantees for construction performance amounting to ₩726,176 million. Also, the Export-Import Bank of Korea and others have guaranteed the performance of the Company's overseas construction projects. As of December 31, 2009, the outstanding guarantees amounted to ₩3,672,638

(3) In relation to housing loans and temporary relocation cost for future tenants during the construction period, the Company has provided guarantees amounting to ₩3,069,341 million to financial institutions as of December 31, 2009. In addition, in relation to reconstruction, the Company has provided reconstruction project cooperative with loans amounting to ₩385,845 million and payment guarantees amounting to ₩387,206 million as of December 31, 2009

(4) As of December 31, 2009, the Company has provided payment guarantees amounting to ₩285,483 million for a company incorporated in accordance with the Private Investment Law for social overhead capital and the Company's investment securities amounting to ₩454,632 million in book value are pledged as collateral

(5) As of December 31, 2009, the company has provided payment guarantees amounting to ₩3,091,348 million to financial institutions for project owners

(6) In relation to the securitized borrowings, the Company has provided payment guarantees amounting to ₩109,800 million to Hana The Dream First Ltd. and other parties

(7) As of December 31, 2009, the Company has pledged 23 blank notes and checks amounting to ₩705,299 million in face value and certain assets amounting to ₩61,700 million in book value to several banks and financial institutions as collateral for construction contract guarantees

(8) The Company has been named as a defendant and a plaintiff in a number of legal claims in the normal course of business. As of December 31, 2009, the aggregate amount of these claims as a plaintiff and as a defendant amounted to ₩25,725 million (8 cases) and ₩74,427 million (64 cases), respectively. As of December 31, 2009, the ultimate outcome of these legal claims cannot be presently determined. In addition, the Company has made a provision for liability for claims that has met the criteria for provisioning where the Company has lost its first and second trials in the court that were ruled in favor of the defendants.

(9) Trade accounts receivable sold to financial institutions under factoring arrangements with recourse guarantee, which are still outstanding as of December 31, 2009, amounted to ₩210,368 million, and the Company is liable to the non-recoverability of these factored receivables after the reporting date.

## 29. Derivative financial instruments

### Purpose, nature of risks and the Company's strategy

#### (1) Currency forward

The contract is entered into to hedge foreign exchange risk of the Company's construction revenue. The Company is exposed to foreign currency risk of construction accounts receivable and construction accounts payable denominated in foreign currency. The Company hedges the risk through currency forward contracts.

#### (2) Currency swap

The contract is entered into to hedge foreign exchange risk and interest rate risk of debentures with floating interest rate denominated in foreign currency. The Company is exposed to floating interest rate risk and foreign exchange risk of its debentures denominated in foreign currency. The Company hedges these risks through currency swap contracts.

#### (3) Foreign exchange risk insurance

The contract is entered into to hedge foreign exchange risk of the Company's construction revenue. The Company is exposed to foreign currency risk of construction accounts receivable denominated in foreign currency and the risk consequently causes fluctuations in cost ratio estimated for bidding. The Company hedges the risk through foreign exchange risk insurance.

### Early termination and settlement

#### (1) Currency forward and currency swap

Early termination is allowed for currency forward and currency swap without early termination fees through early settlement with the counterparties using the interest rate or currency rate at the date of early settlement through net or gross settlement.

#### (2) Foreign exchange risk insurance

Early termination is allowed without early termination fees only if the causes of termination agree with the terms of contract with the counterparty settlement.

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

### Measurement method and relevant accounting treatment

#### (1) Measurement method

Currency forwards, currency swaps, and foreign exchange risk insurance hedge instruments are measured using relevant interest rates and currency rates based on the Company's in-house derivative valuation system and process. Fair-value hedge and cash-flow hedge accounting are applied to currency forwards and foreign exchange risk insurance contracts.

#### (2) Relevant accounting treatment

The Company recognized ₩52,329 million and ₩25,015 million as gain and loss on derivatives transactions in statement of income, respectively, for the year ended December 31, 2009. The Company also recognized ₩72,044 million and ₩58,715 million as gain and loss on valuation of derivatives, respectively, for the year ended December 31, 2009 in the statement of income. The Company recognized ₩46,128 million and ₩97,950 million as gain and loss on valuation of firm commitments as of December 31, 2009, respectively.

The outstanding currency forward contracts as of December 31, 2009, are summarized as follows (Korean won in millions, foreign currencies in thousands).

Long position		Short position		Number of contracts	Forward rate
Currency unit	Amount	Currency unit	Amount		
EUR	137	SGD	285	1	2.0754
EUR	483,614	USD	697,490	37	1.3680~1.5010
GBP	1,133	USD	1,867	2	1.6363~1.6539
JPY	111,854	KRW	1,443	2	12.79~13.12
JPY	2,252,601	SGD	35,456	2	63.40~63.70
JPY	24,966,169	USD	271,655	36	86.94~104.36
KRW	12,454	JPY	1,044,083	2	11.21~13.06
KRW	48,579	SGD	56,900	4	834.50~865.24
KRW	2,298,596	USD	1,944,231	56	924.00~1,276.10
USD	8,085	EUR	5,603	35	1.3900~1.5020
USD	21,407	JPY	2,100,488	4	89.57~100.60
USD	263,161	KRW	316,677	14	1,158.80~1,338.02
VND	682,410,405	USD	36,841	28	17,972~19,894

The outstanding currency swap contracts as of December 31, 2009, are summarized as follows (foreign currencies in thousands).

Date of contract	Maturity date	Contract unit	Notional Amount	Contracted exchange rate	Receiving interest rate	Payment interest rate
January 31, 2008	January 31, 2011	USD	300,000	942.90	USD 6M LIBOR +1.10%	5.426%



The outstanding foreign exchange risk insurance contracts with Korea Export Insurance Corporation as of December 31, 2009 are as follows (U S dollars in thousands, except for exchange rate)

Counter party	Contract amount	Contracted exchange rate (KRW/foreign currency 1unit)	Date of contract	Maturity date
Korea Export Insurance Corporation	USD 2,325	922 90-922 65	2006-12-15	2010-03-31
Korea Export Insurance Corporation	USD 265,096	913 50-907 80	2007-08-14	2011-10-31
Korea Export Insurance Corporation	USD 170,800	917 30-917 60	2007-10-31	2011-07-31
Korea Export Insurance Corporation	USD 131,977	929 20-923 20	2007-08-31	2011-07-31
Korea Export Insurance Corporation	JPY 448,317	8 4620-8 5220	2007-08-06	2010-04-30
<b>Total</b>	<b>USD 570,198</b> <b>JPY 448,317</b>			

Details of valuation of derivative instruments as of December 31, 2009 and 2008 are as follows (Korean won in millions)

		2009							
		Fair value		Current year valuation gain and loss			Accumulated other comprehensive income (*)		
Hedge instrument		Derivative assets	Derivative liabilities	Gain	Loss	Total	Gain	Loss	Total
Derivatives	Currency forward	₩ 45,768	₩ 67,718	₩ 35,967	₩ 31,348	₩ 4,619	₩ 35,034	₩ 53,132	₩ (18,098)
	Foreign exchange risk insurance	-	144,208	36,077	105	35,972	-	9,772	(9,772)
	Currency swap	61,283	-	-	27,262	(27,262)	-	-	-
	Total	₩ 107,051	₩ 211,926	₩ 72,044	₩ 58,715	₩ 13,329	₩ 35,034	₩ 62,904	₩ (27,870)
	Currency forward	₩ 155,610	₩ 40,213	₩ 41,226	₩ 52,839	₩ (11,613)	₩ -	₩ -	₩ -
Firm commitment	Foreign exchange risk insurance	144,208	-	4,902	45,111	(40,209)	-	-	-
	Total	₩ 299,818	₩ 40,213	₩ 46,128	₩ 97,950	₩ (51,822)	₩ -	₩ -	₩ -

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

		2008							
		Fair value		Current gain and loss			Accumulated other comprehensive income (*)		
	Hedge instrument	Derivative assets	Derivative liabilities	Gain	Loss	Total	Gain	Loss	Total
Derivatives	Currency forward	₩ 51,928	₩ 172,563	₩ 10,937	₩ 143,898	₩(132,961)	₩ 36,021	₩ 27,900	₩ 8,121
	Foreign exchange risk insurance		292,755	-	290,446	(290,446)	-	-	
	Currency option	-	-	140	1,598	(1,458)			
	Currency swap	82,578	-	101,577		101,577		18,999	(18,999)
	<b>Total</b>	<b>₩ 134,506</b>	<b>₩ 465,318</b>	<b>₩ 112,654</b>	<b>₩ 435,942</b>	<b>₩(323,288)</b>	<b>₩ 36,021</b>	<b>₩ 46,899</b>	<b>₩ (10,878)</b>
Firm commitment	Currency forward	₩ 136,748	₩ 3,201	₩ 136,117	₩ 3,044	₩ 133,073	₩ -	₩ -	₩ -
	Foreign exchange risk insurance	294,468	1,685	290,446	-	290,446	-	-	
	<b>Total</b>	<b>₩ 431,216</b>	<b>₩ 4,886</b>	<b>₩ 426,563</b>	<b>₩ 3,044</b>	<b>₩ 423,519</b>	<b>₩ -</b>	<b>₩ -</b>	<b>₩ -</b>

( ) Before deducting deferred income taxes

**30. Employee welfare benefits and contributions to society**

The Company lends housing-loans up to ₩40 million per employee subject to the individual employees' service periods as welfare benefits for the employees. The Company records those benefits as long-term loans and the amounts granted to employees as of December 31, 2009 and 2008 amounted to ₩11 million and ₩76 million, respectively.

Contributions to society made by the Company for the years ended December 31, 2009 and 2008 amounted to ₩5,230 million and ₩4,259 million, respectively.

**31. Environmental consideration**

The Company is committed to the strict observance of the law and maintenance of a cleaner environment. This is achieved by managing the environmental team and their programs at each site, which are dedicated to systematic and effective prohibition of pollution in the air, water and soil.

In an effort to eliminate various kinds of pollutants, the Company draws up certain goals to improve the environment. This includes continuously measuring and evaluating the effects of fuel usage by each process of its construction activities and the level of pollutant emission, noises and vibrations. For water management purposes, discharge of contaminated water within the public area or from wheel washers is kept under control below the industry standard. Other wastes are sorted out by common wastes, recyclable, inflammable, etc. before being processed by outsourced.

waste management companies

Expenditures relating to environmental matters during the years ended December 31, 2009 and 2008 amounted to ₩14,357 million and ₩12,774 million, respectively

### 32. Human resource development

Expenditures incurred for the development of specialization in human resources during the years ended December 31, 2009 and 2008 amounted to ₩1,838 million and ₩4,926 million, respectively

### 33 Segment information

The Company has six major reportable business segments - architectural work division, civil work division, housing work division, plant work division, environment work division and power work division - with each segment representing a strategic business unit that offers different services

Division	Main products and services	Major customers
Architecture division	Office building, factory and others	LG Philips LCD Co., Ltd., AIG Global investment and others
Civil division	Road, railway and others	Korea Water Corporation, Korea rail network authority and others
Housing division	Apartment, high-rise residential building and others	Korea Real Estate Investment Trust Co., Ltd., DSD Samho Co., Ltd. and others
Plant division	Oil refinery equipment and others	Aromatics Oman LLC, Takreer and others
Power division & environment sustainability division	Power plant, district heating and others	Yerevan Thermal Power, Seoul Metropolitan City and others
Others	Rental and others	Unspecified

The following table presents the financial information of the Company by business segments for the years ended December 31, 2009 and 2008 (Korean won in millions)

Division	Sales	Operating income (loss)	Property, plant and equipment, and intangible assets	Depreciation and amortization
Architecture division	₩ 1,172,129	₩ 45,591	₩ 272,710	₩ 3,881
Civil division	827,005	12,781	18,492	1,269
Housing division	2,511,114	154,451	309,567	3,655
Plant division	2,325,628	261,959	45,723	6,266
Power division & environment sustainability division	491,332	(31,787)	7,988	1,245
Others	49,717	(11,368)	770,054	11,696
	₩ 7,376,925	₩ 567,925	₩ 1,424,534	₩ 28,012

# NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

## FINANCIAL STATEMENTS

2008				
Division	Sales	Operating income (loss)	Property, plant and equipment, and intangible assets	Depreciation and amortization
Architecture division	₩ 1,264,942	₩ 42,944	₩ 275,954	₩ 4,227
Civil division	651,711	12,781	18,559	1,285
Housing division	2,423,396	154,451	287,758	3,424
Plant division	2,082,618	261,959	48,510	5,285
Power division & environment sustainability division	390,409	20,941	8,500	690
Others	52,772	(14,753)	776,207	15,219
	₩ 6,865,848	₩ 478,323	₩ 1,415,488	₩ 30,130

The following table presents the sales of the Company by geographical segments for the years ended December 31, 2009 and 2008 (Korean won in millions)

	2009	2008
Domestic sales	₩ 5,658,846	₩ 5,303,202
Central Asia	1,275,336	1,269,817
China	2,516	17,620
Others	440,227	275,209
	₩ 7,376,925	₩ 6,865,848

## 34 Value added information

In accordance with SKAS 21 Preparation and Presentation of Financial Statements, the "value added" items as defined by the standard, which are required to be disclosed by the Company for the years ended December 31, 2009 and 2008, are as follows (Korean won in millions)

	Construction costs		Selling and administrative expenses		Total	
	2009	2008	2009	2008	2009	2008
Labor costs	₩ 284,191	₩ 294,118	₩ 138,721	₩ 127,005	₩ 422,912	₩ 421,123
Severance and retirement benefits	28,287	30,790	13,482	13,279	41,769	44,069
Employee benefits	59,923	56,350	24,309	24,494	84,232	80,844
Rental expense	39,715	31,701	16,825	12,710	56,540	44,411
Depreciation	20,634	23,601	7,048	6,181	27,682	29,782
Amortization	29	-	301	348	330	348
Taxes and dues	35,773	48,274	10,837	7,863	46,610	56,137
	₩ 468,552	₩ 484,834	₩ 211,523	₩ 191,880	₩ 680,075	₩ 676,714

### 35 Operating results of the last period (unaudited)

Summary of operating results (unaudited) for the three months ended December 31, 2009 and 2008 are as follows (Korean won in millions, except per share amounts)

	Unaudited Three months ended December 31,	
	2009	2008
Sales	₩ 1,543,783	₩ 2,052,781
Cost of sales	1,330,258	1,797,414
Gross profit	213,525	255,367
Operating income	93,044	121,030
Net income (loss)	104,271	(21,186)
Earnings (loss) per share	₩ 2,107	₩ (428)

### 36. Comprehensive income

The details of comprehensive income for the years ended December 31, 2009 and 2008 are as follows (Korean won in millions)

	2009		2008	
	₩		₩	
Net income	₩	382,801	₩	381,554
Other comprehensive income (loss)				
Gain on valuation of available-for-sale securities		744		215,714
(Income tax effect 2009 ₩209, 2008 ₩(60,834))				
Loss on valuation of available-for-sale securities		1,172		(1,173)
(Income tax effect 2009 ₩(330), 2008 ₩(329))				
Credit equity adjustment arising from equity method investments		(81,704)		279,704
(Income tax effect 2009 ₩23,045, 2008 ₩(66,928))				
Debit equity Capital adjustment arising from equity method investments		-		38
(Income tax effect 2009 -, 2008 ₩(764))				
Gain (loss) on translation of foreign currency		1,317		(12,037)
Gain on valuation of derivative instruments		(770)		(13,274)
(Income tax effect 2009 ₩218, 2008 ₩(4,731))				
Loss on valuation of derivative instruments		(12,484)		(21,387)
(Income tax effect 2009 ₩3,521, 2008 ₩(10,318))				
Asset revaluation surplus		(470)		238,089
(Income tax effect 2009 ₩132, 2008 ₩(67,153))				
		(92,195)		685,674
Comprehensive income	₩	290,606	₩	1,067,228

## INTERNAL CONTROL OVER FINANCIAL REPORTING REVIEW REPORT

FINANCIAL  
STATEMENTS



ERNST & YOUNG HAN YOUNG

Taeyoung Bldg. 10 2 Yeouido dong  
Yeongdeungpo gu Seoul 150-777 Korea

Tel +82 2 3787 6600 Fax +82 2 783 5890  
www.ey.com/kr

The Chief Executive Officer  
GS Engineering & Construction Corporation

We have reviewed the accompanying management's report on the operations of the internal control over financial reporting ("ICFR") of GS Engineering & Construction Corporation (the "Company") as of December 31, 2009. The Company's management is responsible for the design and operations of its ICFR, including the reporting of its operations. Our responsibility is to review management's ICFR report and issue a report based on our review. Management's report on the operations of the ICFR of the Company states that "Based on the assessment of the operations of the ICFR, the Company's ICFR has been effectively designed and has operated as of December 31, 2009, in all material respects, in accordance with the ICFR standard."

We conducted our review in accordance with the ICFR review standards established by the Korean Institute of Certified Public Accountants. These standards require that we plan and perform our review to obtain less assurance than an audit as to management's report on the operations of the ICFR. A review includes the procedures of obtaining an understanding of the ICFR, inquiring as to management's report on the operations of the ICFR and performing a review of related documentation within limited scope, if necessary.

A company's ICFR consists of an establishment of related policies and organization to ensure that it is designed to provide reasonable assurance on the reliability of financial reporting and the preparation of financial statements for external financial reporting purposes in accordance with accounting principles generally accepted in the Republic of Korea. However, because of its inherent limitations, the ICFR may not prevent or detect material misstatements of the financial statements. Also, projections of any assessment of the ICFR on future periods are subject to the risk that ICFR may become inadequate due to the changes in conditions, or that the degree of compliance with the policies or procedures may be significantly reduced.

Based on our review of management's report on the operations of the ICFR, nothing has come to our attention that causes us to believe that management's report referred to above is not presented fairly, in all material respects, in accordance with the ICFR standards.

We conducted our review of the ICFR in place as of December 31, 2009, and we did not review the ICFR subsequent to December 31, 2009. This report has been prepared for Korean regulatory purposes pursuant to the Act on External Audit for Stock Companies, and may not be appropriate for other purposes or for other users.

February 18, 2010

This report is annexed in relation to the audit of the financial statements as of December 31, 2009 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 THE INTERNAL  
CONTROL OVER FINANCIAL REPORTING



ERNST & YOUNG HAN YOUNG

Taeyoung Bldg 10 2 Yeouido dong  
Yeongdeungpo gu Seoul 150 777 Korea

Tel +82 2 3787 6600 Fax +82 2 783 5890  
www.ey.com/kr

The Board of Directors and internal auditor  
(Audit Committee) of GS Engineering & Construction

I, as the internal control over financial reporting officer ("ICFR Officer") of GS Engineering & Construction Corporation ("the Company"), assessed the status of the design and operations of the Company's internal control over financial reporting ("ICFR") for the year ended December 31, 2009

The Company's management including the ICFR Officer is responsible for the design and operations of its ICFR. I, as the ICFR Officer, assessed whether the ICFR has been effectively designed and has operated to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external financial reporting purposes. I, as the ICFR Officer, applied the ICFR standards for the assessment of design and operations of the ICFR.

Based on the assessment of the operations of the ICFR, the Company's ICFR has been effectively designed and has operated as of December 31, 2009, in all material respects, in accordance with the ICFR standard (name of other standard, if used)

February 18, 2010

Myung-Soo Huh  
Chief Executive Officer or President

Jae-Seung Doe  
Internal Control over Financial Reporting Officer

128

129

## GLOBAL NETWORK

### SUBSIDIARIES

**India**  
**GS Engineering & Construction India Private Limited**  
C-1/B 1ST FLOOR GREEN PARK EXTN ,  
NEW DELHI 110016 Tel 91-124-453-7165  
Fax 91 124 453 7001

**Italy**  
**GS Engineering & Construction Italy S r l**  
Via Dell'Unione Europea 6 20097 San  
Donato Milanese (MI), Italy  
Tel 39-02 51814201 Fax 39-02-55601749

**Saudi Arabia**  
**GS Construction Arabia Co., Ltd**  
Al Khobar King Abdulaziz Road Office Al-  
Raja Building PO BOX 2920 CODE 31952  
Tel 9665-5571-9061

**China**  
**GS E&C Nanjing Co., Ltd**  
No 86 1 Xingang Road Nanjing Economic &  
Technical Development Zone, Nanjing China  
Tel 86-25 8695-9990  
Fax 86-25-8695 9993

**Poland**  
**GS Engineering & Construction Poland Sp. Z o o**  
UL LG 1 BISKUPICE PODGORNE, 55-040  
KOBIERZYCE Tel 48 71-734 0830  
Fax 48 71 734 0839

**Thailand**  
**GS E&C Thai Co., Ltd**  
246 Times Square Building 12th Floor,  
Room 12-04 A, Sukhumvit 12 14  
Road, Kwaeng Klongtoey, Khet Klongtoey  
Bangkok 10110 Tel 662-653-0875

**Vietnam**  
**GS Cu Chi Development One-Member LLC**  
301 Nguyen Van Huong Street Thao Dien  
Ward District 2 HCMC  
Tel 84 08-3519-2031  
Fax 84-08 3519-2030

**GS NHA BE DEVELOPMENT One-Member LLC**  
301 Nguyen Van Huong Street Thao Dien  
Ward, District 2, HCMC  
Tel 84 08 3519 2031  
Fax 84-08 3519-2030

**GS SAIGON DEVELOPMENT One-Member LLC**  
301 Nguyen Van Huong Street Thao Dien  
Ward District 2 HCMC  
Tel 84-08-3519-2031  
Fax 84-08 3519-2030

**Cambodia**  
**GS Cambodia Development Co., Ltd**  
132, Street Sothea, Sothea Sangkat  
Tonle Bassac, Khan Chamkarmon, Phnom  
Penh Cambodia Tel 855-23 987 310

**GS Global Bio Co., Ltd**  
132 Street Sothea, Sothea Sangkat  
Tonle Bassac, Khan Chamkarmon, Phnom  
Penh Cambodia Tel 855-23 987-310

### BRANCHES

**UAE**  
**GS E&C Corp. United Arab Emirates Dubai Branch**  
Unit no 1100 11th Union House B/D, Port  
Saeed Dera P O BOX 42451 Dubai  
U A E Tel (001)971 4 295-7115  
Fax (001)971 4-295-7116

**GS E&C Corp. United Arab Emirates Abu Dhabi Branch**  
#202 2nd FL., Manazel Bldg Khalifa Park  
Salam St  
P O Box 39873 Abu Dhabi, U A E  
Tel (001)971-2-449 4011  
Fax (001)971-2-449-1553

**QATAR**  
**GS E&C Corp. Qatar Branch**  
Office 24 Al Emadi Business Center C-Ring  
Road Doha Qatar P O BOX 22139  
Tel (001)974-455 3614  
Fax (001)974 455-0297

**OMAN**  
**GS E&C Corp. Oman Branch**  
Street No 70 BLDG No 1007 BLOCK No  
6 Azaiba, Muscat Sultanate of Oman  
Tel (001) 968-2461-3603

**SAUDI ARABIA**  
**GS E & C Corp. Saudi Arabia (Al-Khobar) Branch**  
8th Floor Al Subeae Towers Al-Khobar  
31952 KSA Tel (001)966-3-887-3543  
Fax (001) 966-3-887 5267

**GS E&C Corp. Saudi Arabia (Riyadh) Branch**  
Al-Akaria Center (Bldg #3) Olaya ST  
Riyadh Tel (001)966 1 473-0622  
Fax (001) 966-1-419 0425

**KUWAIT**  
**GS E&C Corp. Kuwait Branch**  
Rasha Tower 704 Bldg no 8 Street no 2  
Area no 11, Madaan Hawalli, Kuwait  
Tel (001)965-2562 9124  
Fax (001) 965-562 9129

**IRAN**  
**GS E&C Corp. Iran Branch**  
2nd Fl No 1471 Vali e Asr St Parvin Ave,  
Tehran, Iran  
Tel (001)98-21 2202-9583  
Fax (001)98 21 2202 9581

**INDIA**  
**GS E&C Corp. India Office**  
2nd Floor, Masterpiece Bldg DLF Golf  
Course Road Sector 54, Gurgaon 122 002,  
Haryana India  
Tel (001)91-124-453 7000  
Fax (001)91-124 453-7001

**CAMBODIA**  
**GS E&C Corp. Cambodia Branch**  
IFC SITE Cambodia ( #132 IFC Building St  
Sothea, Sangkat Tonle Basac Khan  
Chamkarmon Phnom Penh)  
Tel (001)855 23-216 016  
FAX (001) 855 23-216-113

**THAILAND**  
**GS E&C Corp. Thailand Branch**  
246 Times Square BLDG 12th Fl, Room #  
12-04 A, Sukhumvit 12-14 Road Kheat  
Klongtoey Bangkok 10110, Thailand  
Tel (001) 662 37-658 560  
Fax (001) 662 653-0877

**CHINA**  
**GS E&C Corp. Beijing Branch**  
B105 TWIN TOWERS B 12 Jianguomen  
Avenue, Chaoyang District, Beijing, China  
(Post Code 100022)  
Tel (001)86-10-5879-3601  
Fax (001)86-25 8695 9993

**Vietnam**  
**GS E&C Corp. Hochiminh Branch**  
8th Fl., Central Park Building 208 Nguyen  
Trai Dist 1 HCMC Vietnam  
Tel (001)84-8-925 6790-5  
Fax (001)84 8 925 6798

**GS E&C Corp. Hanoi Branch**  
191 Ba Trieu Quan Hai Ba Trung Ha Noi  
Vietnam Tel (001)84-4 934-5100  
Fax (001)84-4 934 5104

**SINGAPORE**  
**GS E&C Corp. Singapore Branch**  
#22 05 Suntec Tower 3 8 Temasek  
Boulevard Singapore 038988  
Tel (001) 65 6595 5251  
Fax (001)65 6595 5269

**HOUSTON**  
**GS E&C Corp. Houston Branch**  
1177 West Loop South Building 1177 West  
Loop Street Suite 1410 Houston TX 77027  
Tel (001)1 713-622-4111  
Fax (001)1 713 622-4112

**RUSSIA**  
**GS E&C Corp. Moscow Branch**  
Office 1, Str Vavilova Str 83 Moscow,  
117335 Russia  
Tel (001)7-495 626 5877





**FILE COPY**

**CERTIFICATE OF REGISTRATION  
OF AN OVERSEA COMPANY**

(Registration of a UK establishment)

Company No. FC030125

UK Establishment No. BR015119

The Registrar of Companies hereby certifies that

**GS E&C CORPORATION**

has this day been registered under the Companies Act 2006 as having  
established a UK Establishment in the United Kingdom.

Given at Companies House on **29th March 2011.**



*Companies House*  
— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES