

DOOSAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
	(Korean won)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	₩ 379,525,940,683	(₩ 266,822,222,917)
Expenses not involving cash payments:		
Severance indemnities	202,000,616,357	139,792,236,108
Share-based payment	8,966,593,498	8,947,065,948
Depreciation	448,645,051,183	430,151,905,049
Amortization	426,880,263,330	477,679,645,326
Commissions	37,200,000,000	-
Bad debt expenses	295,856,173,320	83,095,639,549
Discount on bonds payable	3,359,563,745	1,228,537,225
Foreign currency translation loss	82,280,947,726	109,422,532,501
Loss on disposal of accounts receivable	17,077,886,395	24,976,605,560
Loss on valuation of inventories	-	11,641,794,577
Loss on inventory obsolescence	3,169,259,589	7,687,011,543
Other bad debt expenses	30,305,683,009	15,593,370,874
Loss on impairment of long-term investment securities	-	1,797,985,640
Loss on disposal of investment assets	916,617,141	10,735,988,268
Equity in loss of associates	5,204,299,931	17,948,468,764
Loss on impairment of equity method investment securities	350,000,000	39,466,638
Loss on disposal of equity method investment securities	-	187,153,734
Loss on impairment of property, plant and equipment	1,629,290,836	1,277,392,324
Loss on disposal of property, plant and equipment	4,548,607,056	11,865,891,520
Loss on impairment of intangible assets	44,680,996,923	8,068,137,065
Loss on impairment of other non-current assets	32,616,500,000	-
Loss on redemption of bonds	194,063,783	399,444,948
Loss on redemption of long-term borrowings	1,516,112,762	-
Loss on valuation of derivatives	73,250,067,882	73,828,975,984
Loss on valuation of firm commitments	542,308,951,242	973,198,304,010
Others	147,501,540,485	93,949,048,842
Sub-total	2,410,459,086,193	2,503,512,601,997

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DOOSAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
	(Korean won)	
Income not involving cash receipts:		
Present value discount	₩ -	₩ 40,304,526
Foreign currency translation gain	54,462,034,724	133,200,812,759
Reversal of inventories	14,599,166,610	-
Reversal of allowance for doubtful accounts	3,168,941,419	26,212,873,450
Reversal of loss on impairment of long-term investment securities	48,502,600	8,808,355,754
Gain on disposal of investment assets	5,933,138,148	19,180,516,480
Equity in income of associates	10,021,829,002	17,442,747,619
Gain on disposal of equity method investment securities	-	193,482,921,897
Reversal of loss on impairment of property, plant and equipment	41,294,049	2,990,900,677
Gain on disposal of property, plant and equipment	22,904,013,421	379,963,866,154
Reversal of negative goodwill	13,223,986,895	13,826,754,027
Gain on valuation of derivatives	219,200,174,703	532,039,539,909
Gain on valuation of firm commitments	93,469,890,048	407,057,760,329
Others	47,764,366,827	70,135,354,214
 Sub-total	 (484,837,338,446)	 (1,804,382,707,795)

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DOOSAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
	(Korean won)	
Changes in assets and liabilities related to operating activities:		
Accounts receivable – trade	(₩ 798,350,168,309)	(₩ 348,416,797,688)
Accounts receivable – other	(372,861,666,459)	25,677,243,481
Accrued income	(38,605,865,935)	18,312,003,261
Advanced payments	45,941,800,432	(98,376,790,227)
Prepaid expenses	(12,411,401,117)	1,872,675,744
Current derivative assets	252,630,527,032	(623,072,979,829)
Current firm commitments	39,987,643,055	159,486,663,834
Current deferred income tax assets	22,594,323,870	60,911,561,567
Inventories	(311,133,399,627)	602,692,179,751
Non-current derivative assets	(43,318,647,118)	1,195,242,791
Non-current firm commitments assets.	310,298,658,939	128,310,212,724
Deferred income tax assets	5,390,098,728	(43,164,203,813)
Accounts payable – trade	225,504,187,646	162,958,793,673
Accounts payable – other	(3,093,653,280)	149,883,636,624
Advances received	232,506,197,799	153,611,686,440
Unearned revenue	(7,963,425,508)	(1,759,380,759)
Withholdings	29,394,335,380	(57,432,529,896)
Accrued expenses	112,143,191,438	45,837,022,087
Income tax payable	(47,637,965,388)	(22,771,187,594)
Current derivative liabilities	(195,931,536,466)	(774,421,518,216)
Current firm commitments	(106,846,423,575)	(59,029,111,353)
Current deferred income tax liabilities	951,016,592	(28,766,772,675)
Reserve for returned goods	45,562,670,969	(15,700,668,302)
Other current liabilities	9,502,231,244	(3,682,208,471)
Payment of severance indemnities	(147,997,081,921)	(200,173,758,193)
Contribution to National Pension Fund	346,190,600	946,680,300
Severance insurance deposits	(29,509,172,556)	5,418,698,868
Non-current derivative liabilities	(72,395,507,305)	(7,025,078,840)
Non-current firm commitments liabilities	34,038,441,234	(306,577,724)
Non-current deferred income tax liabilities	(54,588,023,789)	(48,521,092,826)
Dividend receipts	1,542,596,000	4,742,131,000
Other changes in assets and liabilities related to operating activities	(79,909,464,781)	(110,526,852,774)
Sub-total	(954,219,292,176)	(921,291,077,035)
Net Cash Provided by (Used in) Operating Activities	1,350,928,396,254	(488,983,405,750)

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DOOSAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
	(Korean won)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities:		
Withdrawal of short-term financial instruments	₩ 3,983,513,375,747	₩ 3,271,687,073,636
Disposal of short-term investment securities	6,007,061,643	111,896,031,546
Collection of short-term loans	139,606,286,286	417,442,826,153
Withdrawal of long-term financial instruments	156,750,000	3,691,399,508
Disposal of long-term investment securities	61,384,536,910	109,184,003,681
Disposal of equity method investment securities	-	359,048,532,550
Collection of long-term loans	681,756,851	2,959,890,112
Decrease in guarantee deposits	48,911,715,746	36,654,788,172
Disposal of property, plant and equipment	79,744,700,135	161,744,605,333
Disposal of intangible assets	104,345,442,945	26,900,053,824
Disposal of business segment	52,136,819,465	570,589,529,026
Others	18,900,039,053	38,460,928,015
Sub-total	4,495,388,484,781	5,110,259,661,556
Cash outflows for investing activities:		
Acquisition of short-term financial instruments	4,206,638,210,164	3,298,660,010,814
Acquisition of short-term investment securities	25,188,617,770	118,249,791,208
Extension of short-term loans	415,535,629,243	517,689,380,988
Acquisition of long-term financial instruments	16,014,670,346	1,008,000,000
Acquisition of long-term investment securities	71,002,497,380	244,685,156,152
Acquisition of equity method investment securities	16,615,019,736	571,818,603,165
Extension of long-term loans	10,535,827,092	91,892,545,918
Increase in guarantee deposits	39,428,411,951	45,414,837,041
Acquisition of property, plant and equipment	730,124,698,525	731,736,201,086
Acquisition of intangible assets	175,100,034,048	270,936,625,262
Others	20,161,344,850	10,725,394,863
Sub-total	(5,726,344,961,105)	(5,902,816,546,497)
Net Cash Used in Investing Activities	(1,230,956,476,324)	(792,556,884,941)

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DOOSAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
	(Korean won)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities:		
Increase in capital stock subscribed	₩ 229,246,715,765	₩ 131,471,026,092
Increase in current ABS liabilities	363,493,087,937	-
Proceeds from short-term borrowings	8,157,258,221,228	4,983,269,569,734
Issuance of bonds	2,190,321,679,827	3,651,649,482,108
Proceeds from long-term borrowings	4,426,980,678,741	645,999,498,988
Disposal of treasury stocks	32,640,190,600	283,337,862,553
Exercise of stock options	6,344,309,000	1,161,330,000
Others	1,313,797,865	1,320,498,356
	<u>15,407,598,680,963</u>	<u>9,698,209,267,831</u>
Sub-total		
Cash outflows for financing activities :		
Repayment of current ABS liabilities	415,544,528,539	64,203,448,505
Repayment of short-term borrowings	7,974,080,232,762	5,180,838,649,281
Repayment of current long-term borrowings	1,281,482,690,410	625,330,302,980
Retirement of bonds	2,475,063,069,643	848,060,147,055
Repayment of long-term borrowings	3,278,520,966,330	1,242,947,209,842
Acquisition of treasury stock	6,632,069,420	3,187,017,673
Payment of dividends	147,201,198,690	128,711,987,424
Others	3,238,986,922	1,271,033,714
	<u>(15,581,763,742,716)</u>	<u>(8,094,549,796,474)</u>
Sub-total		
Net Cash Provided by (Used in) Financing Activities	<u>(174,165,061,753)</u>	<u>1,603,659,471,357</u>
EFFECT OF CHANGES IN CONSOLIDATED ENTITIES	578,367,110,167	158,086,624,002
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(14,390,140,480)</u>	<u>57,566,252,859</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	509,783,827,864	537,772,057,527
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>2,258,946,984,813</u>	<u>1,721,174,927,286</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 30)	<u>₩2,768,730,812,677</u>	<u>₩2,258,946,984,813</u>

See accompanying notes to consolidated financial statements.