

DOOSAN CORPORATION
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. GENERAL

Doosan Corporation (the "Company") was incorporated in 1933 under the name of Sohwa-Kirin Beer, Ltd. to manufacture and sell beer. After changing its name several times, the Company changed its name to Doosan Corporation on September 1, 1998.

On September 1, 1998, the Company merged with Doosan Trading Co., Ltd., Doosan Machinery Co., Ltd., Doosan Baekwha Co., Ltd., Doosan Electronics Co., Ltd., Doosan Donga Co., Ltd. and others. On December 31, 2001, the Company merged with Doosan Techpack Co., Ltd. and I.K. Enterprise Co., Ltd. and then merged with Daehan Liquor Co., Ltd. on December 1, 2002. The Company is now primarily engaged in manufacturing electronics, and has manufacturing facilities in Jeungpyong and Gimcheon. The Company spun off the Publishing business segment to establish Doosan Dong-A Co., Ltd. on October 1, 2008 and spun off the Techpack business segment to establish Techpack Solution Co., Ltd. on December 1, 2008. On December 19, 2008, the Company sold off shares of Techpack Solution Co., Ltd. to MBK private fund. On March 2, 2009, the Company transferred Alcoholic Beverages business segment to Lotte Liquor BG Co., Ltd. On January 1, 2009, the Company has become a business-running holding company. On July 1, 2010, the Company merged with Doosan Mottrol Holdings Co., Ltd. and Doosan Mottrol Co., Ltd. On December 31, 2010, the Company transferred Apparel business segment to Polo Ralph Lauren Korea.

Since June 1973, the Company's shares have been listed in the Korea Exchange (formerly Korea Stock Exchange). After several capital increases, the Company's capital stock as of December 31, 2010 is ₩ 154,062 million including ₩ 28,849 million of preferred stock.

The Company's shares as of December 31, 2010 are owned as follows:

	Number of shares	Ownership percentage (%)
Related parties	9,081,691	36.26%
Treasury stock	6,701,890	26.76%
National Pension	643,364	2.57%
Others	8,615,666	34.40%
Total	25,042,611	100.00%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Adoption of Statements of Korea Accounting Standards ("SKAS")

In 2009, Korea Accounting Institute ("KAI") and the Financial Supervisory Service issued or revised various Korea accounting standards, none of which were newly adopted by the Company for the year ended December 31, 2010.

(2) Cash and Cash Equivalents

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

(3) Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts to cover estimated losses on receivables (account receivable - trade, loans, account receivable - other and other), based on collection experience and analysis of the collectability of individual outstanding receivables.

(4) Inventories

Inventories are stated at cost which is determined by using the average method except for goods in transit (specific identification method) and the merchandise of Glonet business unit (the moving average). The Company maintains perpetual inventory, which is adjusted to physical inventory count performed at year end. When the market value of inventories (net realizable value for finished goods or merchandise and current replacement cost for raw materials) is less than the carrying value, the carrying value is stated at the lower of cost or market. The Company applies the lower of cost or market method by each group of inventories and loss on inventory valuation is presented as a deduction from inventories and charged to cost of sales. As a result of such inventory valuation, the Company did not recognize any loss on inventory valuation for the years ended December 31, 2010 and 2009, respectively. However, when the circumstances that previously caused inventories to be written down below cost no longer exist and the new market value of inventories subsequently recovers, the valuation loss is reversed to the extent of the original valuation loss and the reversal is deducted from cost of sales. Reversal of loss on inventory valuation is ₩7,633 million and ₩105 million for the years ended December 31, 2010 and 2009, respectively.

(5) Securities (Excluding Equity Method Investment Securities)

Debt and equity securities are initially stated at the market value of consideration given for acquisition (market value of securities acquired if market value of consideration given is not available) plus incidental costs attributable to the acquisition of the securities and are classified into trading, available-for-sale and held-to-maturity securities depending on the purpose and nature of acquisition. The Company presents trading securities as short-term investments, and available-for-sale securities and held-to-maturity securities as short-term investments or long-term investment securities depending on their nature in the statements of financial position.

- Trading securities

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

- Held-to-maturity securities

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

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

- Available-for-sale securities

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

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

When there is objective evidence that the available-for-sale securities are impaired and the recoverable amount is lower than the cost (amortized cost for debt securities) of the available-for-sale securities, an impairment loss is recognized as loss on impairment of available-for-sale securities in non-operating expense and the related unrealized gain or loss remaining in stockholders' equity is adjusted to the impairment loss. If the value of impaired securities subsequently recovers and the recovery can be objectively related to an event occurring after the impairment loss was recognized, the reversal of impairment loss can be recognized up to the previously recorded impairment loss as a reversal of loss on impairment of available-for-sale securities in non-operating income. However, if the fair value increases after the impairment loss is recognized but does not relate to the recovery of impairment loss as described above, the increase in fair value is recorded in stockholders' equity. The Company recorded recovery of loss on impairment of long-term investment securities totaling nil and ₩10 million for the years ended December 31, 2010 and 2009, respectively.

(6) Equity Method Investment Securities

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

- Accounting for changes in the equity of the investee

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

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

- Treatment of investment difference

Difference between the acquisition cost and the Company's proportionate equity in the fair value of net assets of the investee upon acquisition ("Investment difference") are considered (negative) goodwill and accounted for in accordance with the accounting standards for business combination. The goodwill portion is amortized over useful lives (20 years) on a straight-line method while the negative goodwill portion is amortized over the weighted average useful lives of depreciable non-monetary assets of the investee. The amortization is included in "equity income (loss) of associates".

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

- Difference between the fair value and book value of net assets of the investee

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

- Elimination of unrealized gain or loss from intercompany transactions

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

- Impairment loss on equity method investment securities

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

- Translation of financial statements of overseas investees

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

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost (acquisition cost or manufacturing cost plus expenditures directly related to preparing the assets ready for use). Assets acquired from investment in-kind, by donation or free of charge in other ways are stated at fair value. However, certain assets, for which the revaluation method in accordance with the Korean Assets Revaluation Act or revaluation model in accordance with the amendment to SKAS No. 5 is selected, are recorded at revalued amounts.

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

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

When the expected future cash flow from use or disposal of the property, plant and equipment is lower than the carrying amount due to obsolescence, physical damage or other causes, the carrying amount is adjusted to the recoverable amount (the higher of net sales price or value in use) and the difference is recognized as an impairment loss. The Company recorded loss on impairment of property, plant and equipment totaling ₩20 million and ₩1,082 million for the years ended December 31, 2010 and 2009, respectively.

When the recoverable amount subsequently exceeds the carrying amount of the impaired asset, the excess is recorded as a reversal of impairment loss to the extent that the reversed asset does not exceed the carrying amount before previous impairment as adjusted by depreciation. The Company recorded recovery of loss on impairment of property, plant and equipment totaling ₩41 million and ₩2,242 million for the years ended December 31, 2010 and 2009, respectively.

Depreciation is computed by the straight-line method based on the useful lives of the related units of property, plant and equipment as summarized below and the accumulated depreciation and impairment are directly deducted from the related assets.

	Useful lives (years)
Buildings	3 - 40
Structures	2 - 40
Machinery	2 - 10
Others	2 - 8

An asset whose use is discontinued and held for future use is depreciated and the depreciation expense is recorded as a non-operating expense. Depreciation amounted to ₩32 million and ₩40 million for the years ended December 31, 2010 and 2009, respectively.

(8) Intangible Assets

Intangible assets are initially recognized at acquisition cost (purchase cost plus expenditures directly related to preparing the asset ready for use) and subsequently presented at amortized cost. Development cost is amortized over 5 years using the straight-line method when it can be used or sold and intangible assets other than development cost are amortized using the straight-line method over the useful lives summarized below. Amortization related to the manufacture of assets is included in the manufacturing cost whereas other amortization is included in selling and administrative expense.

	Useful lives (years)
Goodwill	5 - 20
Industrial rights	5 - 20
Other intangible assets	5 - 20

When the recoverable amount (the higher of net sales price or value in use) of intangible assets is significantly lower than the carrying amount due to obsolescence and other, the difference is recognized as an impairment loss. When the recoverable amount subsequently exceeds the carrying amount of the impaired asset, the excess is recorded as a reversal of impairment loss to the extent that the reversed asset does not exceed the carrying amount before previous impairment as adjusted by amortization. The Company recorded loss on impairment of intangible assets totaling nil and ₩49 million for the years ended December 31, 2010 and 2009, respectively.

(9) Government Subsidy and Others

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

(10) Present Value Discount for Assets and Liabilities

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

(11) Bonds and Discounts on Bonds

Discounts on bonds are amortized over the redemption period of the bonds using the effective interest rate method, which are recognized as interest expense.

(12) Accrued Severance Indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive lump-sum severance payments upon termination of their employment, based on their current rates of salary and length of service. The accrual for severance indemnities is computed as if all employees were to terminate at the end of the reporting period and amounted to ₩65,014 million and ₩44,971 million as of December 31, 2010 and 2009, respectively.

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

Actual payments for severance indemnities amounted to ₩9,348 million and ₩30,165 million for the years ended December 31, 2010 and 2009, respectively.

(13) Provisions

The Company recognizes a provision for a liability with uncertain timing or amount when (i) there is a present obligation of the Company arising from past events, (ii) it is highly likely that an outflow of resources will be required to settle the obligation, and (iii) the amount for the settlement of the obligation can be reliably measured. If there is a significant difference between the nominal value and present value of such provision, the provision is stated at the present value of the expenditures expected to be required to settle the obligation.

Where the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset when, and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The expense generated by the provision is presented net of the amount of expected reimbursement.

(14) Translation of Assets and Liabilities Denominated in Foreign Currency

Transactions denominated in foreign currencies are recorded in Korean won translated at the exchange rate prevailing on the transaction date and the resulting gain (loss) from foreign currency transactions is included in non-operating income (expense). Monetary assets and liabilities denominated in foreign currency are translated into Korean won at the Base Rates announced by Seoul Money Brokerage Services, Ltd. at the end of the reporting period, which were ₩1,138.90 and ₩1,167.60 to USD 1.00 at December 31, 2010 and 2009, respectively, and the resulting gain (loss) from foreign currency translation is included in non-operating income (expense).

(15) Derivative Instruments

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

(16) Revenue Recognition

Revenue generated from sale of goods is recognized upon delivery; however, revenue is recognized when the terms of the sales have been fully met if there are sales terms related with post-delivery.

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset. Dividend is recognized when the stockholders' right to receive payment is established. Royalties is recognized on an accrual basis in accordance with the economic substance of the relevant agreement.

(17) Income Tax

The Company recognizes deferred income tax assets or liabilities for the temporary differences between the carrying amount of an asset and liability for the financial reporting purposes and the amounts used for income tax purposes. A deferred tax liability is generally recognized for all taxable temporary differences with some exceptions and a deferred tax asset is recognized to the extent when it is probable that taxable income will be available against which the deductible temporary difference can be utilized in the future. Deferred income tax asset (liability) is classified as current or non-current asset (liability) depending on the classification of related asset (liability) in the statements of financial position. Deferred income tax asset (liability), which does not relate to specific asset (liability) account in the statements of financial position such as deferred income tax asset recognized for tax loss carryforwards, is classified as current or non-current asset (liability) depending on the expected reversal period. Deferred income tax assets and liabilities in the same tax jurisdiction and in the same current or non-current classification are presented on a net basis. Current and deferred income tax expense are included in income tax expense in the statements of income and additional income tax or tax refunds for the prior periods are included in income tax expense for the current period when recognized. However, income tax resulting from transactions or events, which was directly recognized in stockholders' equity in current or prior periods, or business combinations, is directly adjusted to equity account or goodwill (or negative goodwill).

3. RESTRICTED DEPOSITS

Details of restricted deposits as of December 31, 2010 and 2009 are as follows (In millions of Korean won):

Account	Institution	2010	2009	Remarks
Cash and Cash equivalents	Hana Bank	₩ -	₩ 30,000	Pledged as collateral for borrowings
	Korea Development Bank	15,349	-	Pledged as collateral for borrowings
Long-term financial instruments	Woori Bank and others	17	17	Guarantee deposits for checking account
Deposits provided	Shinhan Bank	15	15	Pledged as collateral for borrowings
Total		<u>₩ 15,381</u>	<u>₩ 30,032</u>	

4. TRANSFERS OF RECEIVABLES

Trade receivables sold at discount with recourse by the Company were ₩273,389 million and ₩203,851 million for the years ended December 31, 2010 and 2009, respectively. Loss on disposal of trade receivables totaling ₩1,104 million and ₩5,316 million for the years ended December 31, 2010 and 2009, respectively, was recorded in non-operating expense.

5. INVENTORIES

Inventory valuation details as of December 31, 2010 and 2009 are summarized as follows (In millions of Korean Won):

Account	2010			2009		
	Acquisition cost	Lower of cost or market value	Valuation allowance	Acquisition cost	Lower of cost or market value	Valuation allowance
Merchandise	₩ 11,569	₩ 11,050	(₩ 519)	₩ 56,247	₩ 45,831	(₩ 10,416)
Finished goods	31,810	29,613	(2,198)	19,000	16,887	(2,113)
Work in process	16,726	16,600	(125)	6,614	6,601	(13)
Raw materials	42,434	41,189	(1,245)	20,362	20,250	(112)
Materials in transit	17,167	17,167	-	8,818	8,818	-
Other	5,109	3,074	(2,035)	3,327	2,226	(1,101)
Total	<u>₩ 124,815</u>	<u>₩ 118,693</u>	<u>(₩ 6,122)</u>	<u>₩ 114,368</u>	<u>₩ 100,613</u>	<u>(₩ 13,755)</u>

6. SECURITIES (Excluding Equity Method Investment Securities)

Details of available-for-sale securities as of December 31, 2010 and 2009 are as follows (In millions of Korean won):

(1) Summary of available-for-sale securities

(2010)

Details	Acquisition cost	Book value	Accumulated unrealized gain (loss)(Note)	Accumulated impairment losses
(Equity securities)				
Marketable equity securities	₩ 29	₩ 717	₩ 688	₩ -
Non-marketable equity securities	<u>5,398</u>	<u>1,638</u>	<u>-</u>	<u>3,761</u>
Sub total	<u>5,427</u>	<u>2,355</u>	<u>688</u>	<u>3,761</u>
(Debt securities)				
Government and public bonds	7	7	-	-
Other	4	4	-	-
Asset-backed debt securities	<u>31,012</u>	<u>10,299</u>	<u>-</u>	<u>20,713</u>
Sub total	<u>31,023</u>	<u>10,310</u>	<u>-</u>	<u>20,713</u>
Less:				
Current portion of securities	<u>(31,012)</u>	<u>(10,299)</u>	<u>-</u>	<u>(20,713)</u>
Total	<u>₩ 5,438</u>	<u>₩ 2,366</u>	<u>₩ 688</u>	<u>₩ 3,761</u>

(2009)

Details	Acquisition cost	Book value	Accumulated unrealized gain (loss)(Note)	Accumulated impairment losses
(Equity securities)				
Marketable equity securities	₩ 29	₩ 902	₩ 873	₩ -
Non-marketable equity securities	<u>8,429</u>	<u>1,094</u>	<u>-</u>	<u>7,335</u>
Sub total	<u>8,458</u>	<u>1,996</u>	<u>873</u>	<u>7,335</u>
(Debt securities)				
Asset-backed debt securities	<u>50,012</u>	<u>29,299</u>	<u>-</u>	<u>20,713</u>
Total	<u>₩ 58,470</u>	<u>₩ 31,295</u>	<u>₩ 873</u>	<u>₩ 28,048</u>

(Note) The amounts are before adjustments for tax effects.

(2) Summary of marketable securities

(2010)

Details	Shares	Acquisition cost	Fair value (Note)	Book value	Accumulated unrealized gain (loss)	Accumulated impairment loss (reversal recognized)
Pharma						
Foods						
International	2,305	₩ 29	₩ 717	₩ 717	₩ 688	₩ -

(2009)

Details	Shares	Acquisition cost	Fair value (Note)	Book value	Accumulated unrealized gain (loss)	Accumulated impairment loss (reversal recognized)
Pharma						
Foods						
International	2,305	₩ 29	₩ 902	₩ 902	₩ 873	₩ -

(Note) The fair value of marketable securities that are traded in an active public securities market refers to the quoted market price, which is the closing price quoted at December 31, 2010 and 2009. However, if the closing price quoted at December 31, 2010 and 2009 is not available, the closing price quoted as of the immediately preceding trade date may be deemed as the fair value of a marketable security.

(3) Summary of non-marketable securities

(2010)

Details	Shares	Acquisition cost	Fair value or net asset value	Book value	Accumulated impairment loss(reversal recognized)
Doosan Eco Biznet (Notes 1 & 2)	10,500	₩ 53	₩ 53	₩ 53	₩ -
Potato (Note 1)	60,000	300	300	300	-
Kang Won Il Bo (Note 1)	9,000	56	56	56	-
KMA Consultants Inc. (Note 1)	4,000	20	20	20	-
Hunix Inc.	3,844	46	-	-	46
The Korea Economic Daily	10,092	121	56	56	65
Korea Housing Guarantee Co., Ltd.	189,433	3,910	464	464	3,446
K.C.F.M.C	1,812,384	204	-	-	204
Engineering Mutual Benefit Association (Note 1)	100	14	14	14	-
Software Mutual Benefit Association (Note 1)	50	50	50	50	-
Parnas Hotel (Note 1)	5,000	50	50	50	-
Korea Defense Industry Association (Note 1)	1,620	324	324	324	-
Korea Marine Equipment Association (Note 1)	5	1	1	1	-
Machinery Financial Cooperative (Note 1)	1,250	250	250	250	-
Total		₩ 5,398	₩ 1,638	₩ 1,638	₩ 3,761

(2009)

Details	Shares	Acquisition cost	Fair value or net asset value	Book value	Accumulated impairment loss(reversal recognized)
Dna Link, Inc.	200,100	₩ 530	₩ 31	₩ 31	₩ 499
Doosan Eco Biznet (Notes 1 & 2)	10,500	53	53	53	-
Potato (Note 1)	60,000	300	300	300	-
Otto-Doosan Mail Order Ltd.	307,500	3,075	-	-	3,075
Kang Won Il Bo (Note 1)	9,000	56	56	56	-
KMA Consultants Inc. (Note 1)	4,000	20	20	20	-
Hunix Inc.	3,844	46	-	-	46
The Korea Economic Daily	10,092	121	56	56	65
Korea Housing Guarantee Co., Ltd.	189,433	3,910	464	464	3,446
K.C.F.M.C	1,812,384	204	-	-	204
Engineering Mutual Benefit Association (Note 1)	100	14	14	14	-
Software Mutual Benefit Association (Note 1)	50	50	50	50	-
Parnas Hotel (Note 1)	5,000	50	50	50	-
Total		₩ 8,429	₩ 1,094	₩ 1,094	₩ 7,335

(Note 1) As the fair value cannot be determined reliably, the security is stated at acquisition cost.

(Note 2) The investee's total assets as of December 31, 2009 were less than ₩10 billion and changes in the Company's proportionate equity of the net assets of the investee were not material; thus, the Company classified this investment as an available-for-sale security.

(4) Summary of debt securities

(2010)

Details	Face value	Amortized costs	Fair value (Note)	Book value	Accumulated unrealized gain(loss)	Accumulated impairment loss(Reversals recognized)
(Government and public bonds)						
More than 1 year to						
5 years	₩ 7	₩ 7	₩ 7	₩ 7	₩ -	₩ -
(Other debt securities)						
More than 1 year to						
5 years	4	4	4	4	-	-
(Asset-backed debt securities)						
Within 1 year	31,012	31,012	10,299	10,299	-	20,713
Total	₩ 31,023	₩ 31,023	₩ 10,310	₩ 10,310	₩ -	₩ 20,713

(2009)

Details	Face value	Amortized costs	Fair value (Note)	Book value	Accumulated unrealized gain(loss)	Accumulated impairment loss(Reversals recognized)
(Asset-backed debt securities)						
More than 1 year to						
5 years	₩ 50,012	₩ 50,012	₩ 29,299	₩ 29,299	₩ -	₩ 20,713

(Note) The fair value of debt securities which are marketable refers to the quoted market price, which is the closing price quoted at December 31, 2010 and 2009. However, if the closing price quoted at December 31, 2010 and 2009 is not available, the closing price quoted as of the immediately preceding trade date may be deemed as the fair value of debt securities. If debt securities are not marketable, the fair value of debt securities is evaluated at the price of discounted future cash flow. In this case, the discount rate takes into account either credit ratings evaluated by independent and reputable credit-rating agencies or credit ratings of other corporations with similar characteristic with the issuing house.

(5) Changes in unrealized gain (loss) of available-for-sale securities

(2010)

Details	January 1, 2010	Gain(loss) on evaluation	Realization by disposal	December 31, 2010
Equity securities	₩ 873	(₩ 185)	₩ -	₩ 688
Tax effect	<u>(192)</u>			<u>(151)</u>
Net	<u>₩ 681</u>			<u>₩ 537</u>

(2009)

Details	January 1, 2009	Gain (loss) on evaluation	Realization by disposal	December 31, 2009
Equity securities	₩ 975	(₩ 113)	₩ 11	₩ 873
Tax effect	<u>(214)</u>			<u>(192)</u>
Net	<u>₩ 761</u>			<u>₩ 681</u>

7. EQUITY METHOD INVESTMENT SECURITIES

Investments in securities accounted for using the equity method as of December 31, 2010 and 2009 are summarized as follows (In millions of Korean won):

(1) The company's ownership interest and the summarized financial information of equity method investments

(2010)

Companies	Number of shares	Percentage of ownership (%)	Acquisition cost	Equity in net asset value	Book value	Market value
Doosan Heavy Industries & Construction Co., Ltd. ("DHC")	43,645	41.25	₩ 407,252	₩ 1,443,057	₩ 1,311,535	₩ 3,744,759
Oricom Inc. ("Oricom")	1,458	69.19	17,088	29,878	27,942	14,189
Neoplux Co., Ltd. ("Neoplux")	4,156	66.71	20,780	26,688	26,453	-
Doosan Tower Co., Ltd. ("Doosan tower")	6,000	100.00	147,274	161,629	203,665	-
Doosan Feed & Livestock Co., Ltd. ("DFL")	2,200	100.00	21,992	21,929	20,783	-
Doosan Hong Kong Ltd. ("DSH")	-	100.00	4,281	(15,657)	-	-
Sunduk Steel Inc. (Note 1)	2,420,315	21.05	1,853	4,456	4,229	-
Doosan Electro-Materials Hong Kong Ltd. ("DSEH")	4,000	100.00	461	-	-	-
Doosan Electro-Materials Singapore Pte Ltd. ("DSES")	427	100.00	266	(5,576)	-	-
Doosan Bears Inc.	200	100.00	2,038	(1,381)	-	-
Doosan (Shanghai) Chemical Materials Co., Ltd.	-	100.00	263	(940)	-	-
Doosan Mottrol Holdings. Co. (Note 3)	-	-	-	-	-	-
N Shaper Corp.	1,218	100.00	28,828	16,503	16,485	-
Doosan Donga Co.	2,000	100.00	37,519	33,065	31,066	-
DIP Holdings Company	285	100.00	280,001	219,824	219,386	-
Doosan Capital Co., Ltd. (Note 2)	120	0.60	600	1,037	1,037	-
MVP Capital Co.	-	29.13	3,000	606	611	-
Total			₩ 973,496	₩ 1,935,118	₩ 1,863,192	₩ 3,758,948

(2009)

Companies	Number of shares	Percentage of ownership (%)	Acquisition cost	Equity in net asset value	Book value	Market value
Doosan Heavy Industries & Construction Co., Ltd. ("DHC")	43,645	41.28	₩ 407,252	₩ 1,361,521	₩ 1,220,122	₩ 3,539,626
Oricom Inc. ("Oricom")	1,218	57.78	14,660	22,643	20,740	8,695
Neoplux Co., Ltd. ("Neoplux")	4,156	66.71	20,780	28,052	27,816	-
Doosan Tower Co., Ltd. ("Doosan tower")	6,000	100.00	147,274	153,534	197,170	-
Doosan Feed & Livestock Co., Ltd. ("DFL")	2,200	100.00	21,992	16,913	15,757	-
Doosan Hong Kong Ltd. ("DSH")	-	100.00	4,281	(17,123)	-	-
Sunduk Steel Inc. (Note 1)	2,420,315	21.05	1,853	4,109	3,854	-
Doosan Electro-Materials Hong Kong Ltd. ("DSEH")	4,000	100.00	461	-	-	-
Doosan Electro-Materials Singapore Pte Ltd. ("DSES")	427	100.00	266	(6,887)	-	-
Doosan Bears Inc.	180	90.00	900	(2,327)	-	-
Doosan (Shanghai) Chemical Materials Co., Ltd.	-	100.00	263	(1,841)	-	-
Doosan Mottrol Holdings. Co. (Note 3)	116	100.00	146,943	140,879	140,740	-
N Shaper Corp.	237	19.48	1,500	2,561	2,770	-
Doosan Donga Co.	2,000	100.00	37,519	31,646	29,477	-
DIP Holdings Company	285	100.00	280,001	164,402	164,169	-
Total			₩ 1,085,945	₩ 1,898,082	₩ 1,822,616	₩ 3,548,321

(Note 1) These securities were accounted for using the equity method of accounting based on unaudited financial statements as of and for the year ended December 31, 2010 as the audited financial statements on these companies could not be obtained at the Company's year-end closing. In order to verify the reliability of such unaudited financial statements, the Company has performed the following procedures and found no significant exceptions:

- 1) Obtained the unaudited financial statements signed by the investee's chief executive officer and statutory auditor
- 2) Identified whether the major transactions or accounting events, including those disclosed to public by the investee, which were acknowledged by the Company, are properly reflected in the unaudited financial statements
- 3) Identified the major accounting issues under discussion between the investee and its external auditors and the investee's plan to resolve such issues
- 4) Analyzed the effect of potential difference between the unaudited and audited financial statements

(Note 2) Although the Company's ownership in this investee is less than 20%, the Company is able to exercise significant influence with voting shares exceeding 20% through the holding company and subsidiary companies; therefore, the Company accounted for this investment using the equity method of accounting.

(Note 3) Merged with the Company during the year ended December 31, 2010.

(2) Summary of valuation using the equity method

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

(2010)

Companies	January 1, 2010	Acquisition (Disposal)	Dividends	Equity in income (loss) of associates	Other increase (decrease) (Note 1)	December 31, 2010
DHC	₩ 1,220,122	₩ -	(₩ 21,823)	₩ 54,140	₩ 59,095	₩ 1,311,535
Oricom	20,740	2,428	(609)	2,527	2,856	27,942
Neoplux	27,816	-	(2,078)	3,332	(2,616)	26,453
Doosan tower	197,170	-	-	6,495	-	203,665
DFL	15,757	-	-	5,026	-	20,783
Sunduk Steel Inc.	3,854	-	-	338	38	4,229
Doosan Bears Inc.	-	1,138	-	(21)	(1,117)	-
Doosan Mottrol Holdings.Co.	140,740	-	-	19,477	(160,217)	-
N Shaper Corp.	2,770	27,328	-	1,080	(14,694)	16,485
Doosan Donga Co.	29,477	-	-	1,589	-	31,066
DIP Holdings Co.	164,169	-	-	55,342	(125)	219,386
Doosan Capital Co., Ltd.	-	-	-	(264)	1,301	1,037
MVP Capital Co.	-	-	-	-	611	611
Total	₩ 1,822,616	₩ 30,894	(₩ 24,510)	₩ 149,061	(₩ 114,869)	₩ 1,863,192

(2009)

Companies	January 1, 2009	Acquisition (Disposal)	Dividends	Equity in income (loss) of associates	Other increase (decrease) (Note 1)	December 31, 2009
DHC	₩ 1,222,612	₩ -	(₩ 21,604)	(₩ 154,342)	₩ 173,456	₩ 1,220,122
Samhwa Crown	68,476	(37,101)	(1,252)	2,716	(32,839)	-
SRS	12,444	(22,654)	-	10,210	-	-
Oricom	19,870	-	(609)	1,516	(37)	20,740
Neoplux	22,967	-	-	3,005	1,844	27,816
Doosan tower	197,642	-	-	(472)	-	197,170
DFL	2,786	8,000	-	4,971	-	15,757
DST	44,368	(37,380)	-	(6,423)	(565)	-
DSA	65	(48)	-	(35)	18	-
DSJ	3,483	(687)	-	(4,005)	1,209	-
Sunduk Steel Inc.	4,838	-	-	(682)	(303)	3,854
Doosan Mottrol Holdings.Co.	28,795	111,943	-	1,693	(1,690)	140,740
N Shaper Corp.	2,253	-	-	518	-	2,770
Doosan Donga Co.	30,454	-	-	(976)	-	29,477
DIP Holdings Co.	-	280,001	-	16,545	(132,377)	164,169
Samhwa Assets Co.	-	7,073	-	339	(7,412)	-
Total	<u>₩ 1,661,051</u>	<u>₩ 309,147</u>	<u>(₩ 23,464)</u>	<u>(₩ 125,423)</u>	<u>₩ 1,305</u>	<u>₩ 1,822,616</u>

(Note 1) Other increase (decrease) is composed of increase (decrease) in equity of associates of (₩114,869) million and ₩1,305 million in 2010 and 2009, respectively.

(3) Investment difference

Changes in investment differences from the equity method investment securities for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won):

(2010)

Companies	January 1, 2010	Increase (Decrease) arising from acquisition or disposal	Amortization (Reversal)	December 31, 2010
DHC	(₩ 143,017)	₩ -	₩ 13,002	(₩ 130,015)
Oricom	(72)	-	24	(48)
Sunduk Steel Inc.	(255)	-	28	(227)
N Shaper Corp.	209	-	(17)	192
MVP Capital Co	-	5	-	5
Total	<u>(₩ 143,135)</u>	<u>₩ 5</u>	<u>₩ 13,037</u>	<u>(₩ 130,093)</u>

(2009)

Companies	January 1, 2009	Increase (Decrease) arising from acquisition or disposal	Amortization (Reversal)	December 31, 2009
DHC	(₩ 156,018)	₩ -	₩ 13,002	(₩ 143,017)
Samhwa Crown	1,503	(1,357)	(146)	-
Oricom	(96)	-	24	(72)
DSJ	(117)	115	2	-
Sunduk Steel Inc.	(284)	-	28	(255)
N Shaper Corp.	227	-	(17)	209
Total	<u>(₩ 154,785)</u>	<u>(₩ 1,242)</u>	<u>₩ 12,893</u>	<u>(₩ 143,135)</u>

(4) Elimination of unrealized gains (losses)

Details of unrealized gains (losses) arising from inter-company transactions, which are eliminated, as of December 31, 2010 and 2009, are as follows (In millions of Korean won):

(2010)

Companies	Inventories	Investments	Property, plant and equipment and intangible assets	Total
DHC	(₩ 606)	₩ 7,088	(₩ 7,989)	(₩ 1,507)
Neoplux	-	(233)	(3)	(236)
N Shaper Corp.	-	-	(210)	(210)
Oricom	-	-	(1,888)	(1,888)
Doosan Tower	-	-	42,036	42,036
DFL	(3)	-	(1,143)	(1,146)
DSH	(242)	-	-	(242)
DSES	(124)	-	-	(124)
Doosan (Shanghai) Chemical Materials Co., Ltd.	(245)	-	-	(245)
Doosan Donga Co	-	-	(1,998)	(1,998)
DIP Holdings Co.	(32)	-	(406)	(438)
Total	(₩ 1,252)	₩ 6,855	₩ 28,399	₩ 34,002

(2009)

Companies	Inventories	Investments	Property, plant and equipment and intangible assets	Total
DHC	(₩ 113)	₩ 6,751	(₩ 5,020)	₩ 1,618
Oricom	-	-	(1,831)	(1,831)
Neoplux	-	(233)	(3)	(236)
Doosan Tower	-	-	43,636	43,636
DFL	(30)	-	(1,126)	(1,156)
DSH	(546)	-	-	(546)
DSES	(438)	-	-	(438)
Doosan (Shanghai) Chemical Materials Co., Ltd.	(185)	-	-	(185)
Doosan Mottrol Holdings. Co.	(64)	-	(75)	(139)
Doosan Donga Co	-	-	(2,169)	(2,169)
DIP Holdings Co.	-	-	(233)	(233)
Total	(₩ 1,376)	₩ 6,518	₩ 33,179	₩ 38,322

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

Cumulative changes in the Company's equity in net asset value of the investees not recognized due to the discontinuance of the equity method accounting since the respective book value of the investment is below zero as of December 31, 2010, are as follows (In millions of Korean won):

Companies	Cumulative changes		Total
	Changes in 2010	up to 2009	
DSH	₩ 1,770	(₩ 17,669)	(₩ 15,899)
DSES	1,626	(7,325)	(5,699)
Doosan Bears Inc.	946	(2,328)	(1,382)
Doosan (Shanghai) Chemical Materials Co., Ltd.	841	(2,025)	(1,184)
Total	₩ 5,183	(₩ 29,347)	(₩ 24,164)

(6) Summarized financial information of the Company's equity method investments

The condensed financial information of the investees as of and for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won):

(2010)

Companies	Total assets	Total liabilities	Net assets	Revenue	Net income (loss)
DHC (Note 1)	₩9,225,557	₩5,688,606	₩3,536,951	₩6,178,335	₩ 111,207
Oricom	99,924	56,741	43,184	86,062	4,299
Neoplux	61,833	21,828	40,005	27,205	5,072
Doosan Tower	522,303	360,674	161,629	57,475	8,095
DFL	63,660	41,731	21,929	124,167	5,016
DSH	17,707	33,363	(15,657)	65,022	1,004
Sunduk Steel Inc.	44,137	22,966	21,170	81,085	1,469
DSES	9,802	15,378	(5,576)	42,820	1,679
Doosan Bears Inc.	7,764	9,144	(1,381)	27,652	1,205
Doosan (Shanghai) Chemical	12,223	13,163	(940)	41,622	908
N Shaper Corp.	20,843	4,340	16,503	14,810	3,361
Doosan Donga Co.	211,960	178,895	33,065	232,006	1,419
DIP Holdings Co.	319,148	100,369	218,779	58,271	54,503
Doosan Capital Co., Ltd.	2,185,268	2,012,258	173,010	230,669	(42,810)
MVP Capital Co.	2,081	-	2,081	1	(109)

(2009)

Companies	Total assets	Total liabilities	Net assets	Revenue	Net income (loss)
DHC (Note 1)	₩9,175,771	₩5,856,299	₩3,319,472	₩6,279,481	(₩ 328,315)
Oricom	99,287	60,100	39,187	76,275	2,273
Neoplux	55,124	13,076	42,049	29,416	4,510
Doosan Tower	524,173	370,639	153,534	51,681	1,129
DFL	65,171	48,258	16,913	126,459	5,016
DSH	25,465	42,588	(17,123)	67,709	613
Sunduk Steel Inc.	39,464	19,941	19,523	71,519	(3,373)
DSES	13,604	20,491	(6,887)	39,987	(5,801)
Doosan Bears Inc.	8,168	10,754	(2,586)	26,052	(89)
Doosan (Shanghai) Chemical	11,675	13,516	(1,841)	28,459	(1,780)
Mottrol Holdings	196,496	55,617	140,879	8,365	2,045
N Shaper Corp.	16,916	3,769	13,147	12,596	2,747
Doosan Donga Co.	212,766	181,120	31,646	227,080	(1,179)
DIP Holdings Co.	292,000	127,598	164,402	21,756	16,615

(Note 1) The condensed financial information is before adjusting the financial statements in applying the equity method of accounting.

(7) Details of the latest financial statements used in applying the equity method of accounting

Details of changes in, for the purpose of applying the equity method of accounting, accounting policies and estimation methods of an associate and their effects on the financial statements because it has been identified that those statements do not fairly present the financial position and operating results of an associate are as follows (In millions of Korean won):

Company	Net asset value before adjustment	Adjustment amount	Net asset value after adjustment	Reasons
DHC	₩ 3,536,951	(₩ 38,304)	₩ 3,498,647	Recognition of equity in loss that has been unrecognized, due to the discontinuance of the equity method in DHI Indonesia and other

8. PROPERTY, PLANT AND EQUIPMENT

(1) Value of land

The carrying value and standard price for land officially announced by the government as of December 31, 2010 and 2009 are as follows (In millions of Korean won):

Details	Carrying value		Standard price	
	2010	2009	2010	2009
Plant and Others	₩ 271,592	₩ 174,491	₩ 170,268	₩ 112,675

(2) Changes in Property, Plant and Equipment

The changes in property, plant and equipment for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won):

(2010)

Account	January 1, 2010	Acquisition cost	Disposal	Transfers	Depreciation	Impairment loss (Recovery)	Increase arising from merger	Others (Note 1)	December 31, 2010
Land	₩ 174,491	₩ 67,474	(₩16,441)	₩ 469	₩ -	₩ -	₩ 45,599	₩ -	₩ 271,592
Buildings	48,485	1,181	(187)	6,384	(2,373)	-	4,431	-	57,921
Structures	5,255	292	(32)	1,486	(524)	-	919	-	7,396
Machinery	40,091	7,702	(162)	26,541	(15,299)	(20)	18,100	-	76,953
Others	31,424	16,169	(103)	(4,629)	(11,324)	41	1,384	(12,245)	20,717
Construction- in-progress	1,112	39,564	-	(35,056)	-	-	2,873	-	8,493
Total	₩ 300,857	₩ 132,382	(₩16,925)	(₩ 4,805)	(₩ 29,520)	₩ 21	₩ 73,306	(₩ 12,245)	₩ 443,071

(2009)

Account	January 1, 2009	Acquisition cost	Disposal	Transfers	Depreciation	Impairment loss(Recovery)	Others (Note 1)	December 31, 2009
Land	₩ 219,030	₩ 36	(₩ 1,612)	₩ -	₩ -	₩ -	(₩ 42,963)	₩ 174,491
Buildings	90,510	290	(48)	322	(2,369)	(6)	(40,214)	48,485
Structures	16,203	169	(31)	(2,830)	(748)	(51)	(7,457)	5,255
Machinery	75,768	976	(5,728)	3,108	(15,786)	2,129	(20,376)	40,091
Containers	23,547	1,296	(721)	-	(1,026)	-	(23,096)	-
Others	23,783	12,805	(1,200)	9,933	(11,008)	(912)	(1,977)	31,424
Construction- in-progress	2,899	11,814	-	(13,525)	-	-	(76)	1,112
Total	₩ 451,741	₩ 27,386	(₩ 9,340)	(₩ 2,992)	(₩ 30,937)	₩ 1,160	(₩136,159)	₩ 300,857

(Note 1) The change is due to the sale of the Apparel business segment in 2010 and the Alcoholic Beverages business segment in 2009.

Some of Company's assets above are pledged as collateral to financial institutions for borrowings (See Note 18).

(3) Revaluation of Land

As of December 31, 2008, the Company adopted the revaluation model to measure its land after the date of acquisition. Details of the land revaluation are as follows:

A. Date of revaluation: December 31, 2008

B. Use of specialist

In connection with the revaluation process, the Company utilized the valuation results from a specialist who is an independent property appraiser.

C. Significant assumptions and methodologies used in the revaluation

The Company utilized the market price or the amount for which the land can be exchanged between willing parties in an arm's length transaction in the revaluation method.

D. Details of book value using the cost model are as follows (In millions of Korean won):

Account	Revaluated amounts		Carrying value under the cost model	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Land	₩ 159,010	₩ 174,465	₩ 65,182	₩ 67,550

E. Details of changes in other comprehensive income related to the revaluation are as follows (In millions of Korean won):

(2010)

Details	January 1, 2010	Increased amount due to the revaluation	Decreased amount due to the revaluation	Disposals	Others	December 31, 2010
Land	₩ 106,915	₩ -	₩ -	(₩ 13,087)	-	₩ 93,828
Less tax effect	(23,521)	-	-	2,879	-	(20,642)
Net	<u>₩ 83,394</u>	<u>₩ -</u>	<u>₩ -</u>	<u>(₩ 10,208)</u>	<u>-</u>	<u>₩ 73,186</u>

(2009)

Details	January 1, 2009	Increased amount due to the revaluation	Decreased amount due to the revaluation	Disposals	Others (Note 1)	December 31, 2009
Land	₩ 112,833	₩ -	₩ -	(₩ 536)	(₩ 5,382)	₩ 106,915
Less tax effect	(24,823)	-	-	118	1,184	(23,521)
Net	<u>₩ 88,010</u>	<u>₩ -</u>	<u>₩ -</u>	<u>(₩ 418)</u>	<u>(₩ 4,198)</u>	<u>₩ 83,394</u>

(Note 1) The change is due to the sale of the Company's Alcoholic Beverages business segment.

9. INSURANCE

As of December 31, 2010, certain assets of the Company are insured with Dongbu Insurance Co., Ltd. and other insurance companies as follows (In millions of Korean won):

Insurance policy	Insured items	Insurance company	Book value	Insured amount
Fire Insurance	Property, plant and equipment	Dongbu Insurance Co. Ltd.	₩ 443,071	₩ 425,386
"	Inventories	"	118,694	104,896
Total			<u>₩ 561,765</u>	<u>₩ 530,282</u>

In addition, the Company carries general loss and comprehensive liability insurance coverage on its vehicles.

10. INTANGIBLE ASSETS

(1) The composition of intangible assets

The components of intangible assets as of December 31, 2010 and 2009 are as follows (in millions of Korean won):

(2010)

Account	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Increase arising from merger	Book value
Good will	₩ 28,144	(₩ 6,505)	(₩ 22,162)	₩ 82,277	₩ 81,754
Industrial rights	58,847	(57,348)	(1,005)	29	523
Development costs	19,399	(5,428)	(12,536)	1,746	3,181
Others	13,306	(7,131)	(331)	290	6,134
Total	₩ 119,696	(₩ 76,412)	(₩ 36,034)	₩ 84,342	₩ 91,592

(2009)

Account	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Others	Book value
Good will	₩ 83,048	(₩ 54,917)	(₩ 22,162)	(₩ 3,954)	₩ 2,015
Industrial rights	68,778	(52,769)	(1,005)	(8,019)	6,986
Development costs	28,316	(9,742)	(12,536)	(3,670)	2,368
Others	24,460	(15,814)	(331)	(3,761)	4,554
Total	₩ 204,602	(₩ 133,242)	(₩ 36,034)	(₩ 19,404)	₩ 15,924

(2) Changes in intangible assets

Changes in intangible assets for the years ended December 31, 2010 and 2009 are as follows (in millions of Korean won):

(2010)

Account	January 1, 2010	Increase	Transfer	Amortization (Note 1)	Impairment loss	Increase arising from merger	December 31, 2010
Good will	₩ 2,015	₩ -	₩ -	(₩ 2,538)	₩ -	₩ 82,277	₩ 81,754
Industrial rights	6,986	306	-	(6,798)	-	29	523
Development costs	2,368	452	(49)	(1,337)	-	1,747	3,181
Others	4,554	18	2,895	(1,623)	-	290	6,134
Total	₩ 15,924	₩ 776	₩ 2,846	(₩ 12,296)	₩ -	₩ 84,342	₩ 91,592

(2009)

Account	January 1, 2009	Increase	Transfer	Amortization (Note 1)	Impairment loss	Others (Note 2)	December 31, 2009
Good will	₩ 2,349	₩ -	₩ -	(₩ 254)	₩ -	(₩ 79)	₩ 2,015
Industrial rights	13,898	59	-	(6,799)	(49)	(124)	6,986
Development costs	3,713	-	-	(1,345)	-	-	2,368
Others	4,316	307	2,292	(1,300)	-	(1,762)	4,554
Total	₩ 24,277	₩ 366	₩ 2,292	(₩ 9,698)	(₩ 49)	(₩ 1,965)	₩ 15,924

(Note 1) Details of allocation of amortization expense are as follows (In millions of Korean won):

Account	2010	2009
Cost of sales	₩ 529	₩ 363
Selling and administrative expenses	11,767	9,335
Total	₩ 12,296	₩ 9,698

(Note 2) The change is due to the sale of the Company's Alcoholic Beverages business segment.

11. RESEARCH AND ORDINARY DEVELOPMENT COSTS

Details of development costs, which are charged to current operations for the years ended December 31, 2010 and 2009, are as follows (In millions of Korean won):

Details	Selling and administrative expenses		Cost of sales		Income from discontinued operations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Research and ordinary development costs	₩ 10,281	₩ 7,085	₩ 1,815	₩ 916	₩ -	₩ 14	₩ 12,096	₩ 8,015

12. SHORT-TERM BORROWINGS

Details of short-term borrowings as of December 31, 2010 and 2009 are as follows (In thousands of foreign currencies and millions of Korean won):

Details	Lender	Interest (%)	2010	2009	Remarks
USANCE	Woori Bank & others	1.18 ~ 3.39	USD 2,633 JPY 102,061	USD 5,498 JPY 69,778	Repayable in full at maturity
	Korean won equivalent		₩ 4,424	₩ 7,301	

The Company's property, plant and equipments are pledged as collateral to financial institutions and the Company is received payment guarantees from financial institutions for its short-term borrowings (See notes 18 and 19).

13. BOND AND LONG-TERM BORROWINGS

Details of bonds and long-term borrowings and repayment schedule as of December 31, 2010 and 2009 are as follows (In millions of Korean won):

(1) Bonds

Details	Issue date	Maturity	Interest rate (%)	2010	2009
The 273 th	2007.2.6	2010.2.6	5.92	₩ -	₩ 50,000
The 277 th	2008.8.7	2011.8.7	7.25	50,000	50,000
The 279-1 st	2009.5.26	2011.5.26	6.05	50,000	50,000
The 279-2 nd	2009.5.26	2011.11.26	6.30	50,000	50,000
The 279-3 rd	2009.5.26	2012.5.26	6.55	97,000	100,000
The 280-1 st	2010.12.13	2013.12.13	4.44	50,000	-
The 280-2 nd	2010.12.13	2015.12.13	5.64	50,000	-
Total face value				347,000	300,000
Less: Current portion of long-term bond				(150,000)	(50,000)
Discount on current portion of long-term bond				139	8
Discount on non-current portion of long-term bond				(676)	(666)
Long-term bond				₩ 196,324	₩ 249,334

(2) Long-term Borrowings

Details	Lender	Interest rate(%)	2010	2009	Maturity date
General loans	Hana Bank etc.	1.00~5.40	₩ 42,904	₩ 2,904	2011.6.24 etc.
Facility loans	KDB etc.	1.00~5.94	85,563	76,300	2011.5.14 etc.
Technology loans	KDB	3.52	<u>1,100</u>	<u>2,100</u>	2012.3.28 etc.
Total			129,567	81,304	
Less: Current portion			<u>(105,017)</u>	<u>(14,042)</u>	
Net			<u>₩ 24,550</u>	<u>₩ 67,262</u>	

(3) Repayment Schedule

Repayment schedule of the Company's bonds and long-term borrowings as of December 31, 2010 is as follows (In millions of Korean won):

Year ending December 31,	Bonds	Long-term borrowings	Total
2011	₩ 150,000	₩ 105,017	₩ 255,017
2012	97,000	21,583	118,583
2013	50,000	457	50,457
2014	-	432	432
2015 and thereafter	<u>50,000</u>	<u>2,078</u>	<u>52,078</u>
Total	<u>₩ 347,000</u>	<u>₩ 129,567</u>	<u>₩ 476,567</u>

14. ABS LIABILITIES

The Company sold certain accounts receivable to a special purpose company, Doosan Real Estate Fund, under the Asset-backed Securitization Act and the Doosan Real Estate Fund issued asset-backed securities (ABS) in prior periods. ABS liabilities as of December 31, 2010 and 2009 are summarized as follows (In millions of Korean won):

Details	2010	2009
Beginning balance	₩ -	₩ 2,940
Issuance	-	-
Redemption	<u>-</u>	<u>2,940</u>
Ending balance	-	-
Less: current portion	<u>-</u>	<u>-</u>
Long term portion	<u>₩ -</u>	<u>₩ -</u>

15. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Major assets and liabilities denominated in foreign currencies as of December 31, 2010 and 2009 are summarized as follows (In thousands of foreign currencies and millions of Korean won):

Account	2010		2009	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Assets:				
Accounts receivable – trade	USD 44,043	₩ 50,161	USD 25,429	₩ 29,691
	EUR 4,078	6,172	EUR 3,890	6,514
	JPY 229,854	3,211	JPY 129,210	1,632
	GBP 73	128	GBP -	-
Accounts receivable – other	USD 26,211	29,852	USD 14,260	16,650
	JPY 28,477	398	JPY -	-
Accrued revenues	USD 760	866	USD 1,098	1,282
Long-term non-trade receivables	USD 12,838	14,621	USD 38,514	44,969
Total assets	USD 83,851		USD 79,301	
	EUR 4,078		EUR 3,890	
	JPY 258,332		JPY 129,210	
	GBP 73	₩ 105,410	GBP -	₩ 100,738
Liabilities:				
Accounts payable – trade	USD 46,516	₩ 52,977	USD 32,152	₩ 37,541
	EUR 1,398	2,116	EUR 371	622
	JPY 246,530	3,444	JPY 14,622	185
	GBP 206	362	SEK 1	-
	CHF 1,542	1,878	CHF -	-
Accounts payable – other	USD 703	801	USD 1,737	2,029
	EUR 229	347	EUR 90	150
	GBP 5	9	GBP 10	19
	SGD 3	3	SGD 3	2
Short term borrowings	USD 2,633	2,998	USD 5,498	6,420
	JPY 102,061	1,426	JPY 69,778	881
Other non-current liabilities	USD 3,860	4,396	USD 3,879	4,529
	HKD 105,860	15,493	HKD 111,857	16,841
Total liabilities	USD 53,712		USD 43,266	
	EUR 1,627		EUR 461	
	JPY 348,591		JPY 84,400	
	HKD 105,860		HKD 111,857	
	GBP 211		GBP 10	
	SGD 3		SGD 3	
	SEK -		SEK 1	
	CHF 1,542	₩ 86,249	CHF -	₩ 69,219

16. COMMITMENTS AND CONTINGENCIES

(1) Notes and Checks Provided as Collateral

As of December 31, 2010, the Company has provided Korea Housing Guarantee Co., Ltd. and Korea Defense Industry Association with two blank checks as collateral for its borrowings.

(2) Trade Receivables Sold or Discounted

The amount of trade receivables sold by the Company to financial institutions including banks, which have not matured as of December 31, 2010, is nil. Export receivables discounted under condition of D/A or D/P (including L/C) during 2010, which have not matured as of December 31, 2010, amounted to ₩60,850 million.

(3) Overdrafts

As of December 31, 2010, the Company has entered into bank overdraft agreements with various financial institutions including SC First Bank and details are as follows (In millions of Korean won):

Financial institution	Credit limit	Overdrafts
Standard Chartered First Bank Korea Ltd.	₩ 10,000	₩ -
Hana Bank	30,000	-
Woori Bank	9,600	-
Korea Exchange Bank	5,000	-
Total	₩ 54,600	₩ -

(4) Technology Transfer Contract

The Company has technical license agreements for the purpose of manufacturing specific products with Nabtesco, Rotzler, Horstman and Eaton Co., Ltd.

(5) Joint Liability on Guarantee

In connection with liabilities accrued for by the entities/ business segments prior to spin-off, the Company is jointly and severally responsible with such spin-off companies as Doosan Tower, Doosan Feed & Livestock, Doosan Dong-A and Techpack Solution.

17. DERIVATIVE INSTRUMENTS

- (1) For the years ended December 31, 2010 and 2009, the Company entered into various derivatives contracts with financial institutions. Details of these derivatives contracts are as follows:

Type of transaction	Financial institution	Description
Forward transactions	Hana Bank and others	On expiration date, exchange foreign currency for local currency at a fixed rate of exchange

- (2) Derivative instrument not designated as a hedge

As of December 31, 2010, the Company has currency forward contracts to hedge foreign exchange risk of U.S. dollar-denominated receivables and payables as follows (In millions of Korean won, thousands of U.S. dollars):

Counterparty	Contract date	Maturity date	Sell	Contracted exchange rate	Fair value
Hana Bank	2009.8.3	2011.2.16	USD 12,838	1,214.58	₩ 933
	2009.8.3	2011.8.16	USD 12,838	1,212.58	850
	2009.8.3	2012.2.16	USD 12,838	1,211.58	821
Total					₩ 2,604

(3) Derivative instrument designated as a cash flow hedge

As of December 31, 2010, the Company has currency futures contracts to hedge the exposure to variability in expected future cash flows related to U.S. dollar-denominated receivables as follows
(In millions of Korean won, thousands of U.S. dollars):

Counterparty	Contract date	Maturity date	Sell	Contracted exchange rate	Fair value
Korea Exchange Bank	2010.12.13	2011.1.31	USD 2,600	1149.06	₩ 22
	2010.12.15	2011.1.31	USD 1,200	1157.86	21
	2010.12.17	2011.1.31	USD 1,400	1155.30	21
	2010.12.13	2011.2.28	USD 4,400	1149.06	30
	2010.12.15	2011.2.28	USD 2,200	1157.86	34
	2010.12.17	2011.2.28	USD 2,200	1155.30	29
	2010.12.13	2011.3.31	USD 4,600	1149.06	23
	2010.12.15	2011.3.31	USD 2,300	1157.86	32
	2010.12.17	2011.3.31	USD 2,300	1155.30	26
	2010.12.13	2011.4.29	USD 5,100	1149.06	20
	2010.12.15	2011.4.29	USD 2,500	1157.86	31
	2010.12.17	2011.4.29	USD 2,500	1155.30	25
	2010.12.13	2011.5.31	USD 5,400	1149.06	16
	2010.12.15	2011.5.31	USD 2,700	1157.86	32
	2010.12.17	2011.5.31	USD 2,600	1155.30	24
	2010.12.13	2011.6.30	USD 5,100	1149.06	13
	2010.12.15	2011.6.30	USD 2,500	1157.86	28
	2010.12.17	2011.6.30	USD 2,500	1155.30	22
	2010.12.13	2011.7.29	USD 4,800	1149.06	11
	2010.12.15	2011.7.29	USD 2,400	1157.86	26
	2010.12.17	2011.7.29	USD 2,300	1155.30	19
	2010.12.13	2011.8.31	USD 6,200	1149.06	12
	2010.12.15	2011.8.31	USD 3,200	1157.86	34
	2010.12.17	2011.8.31	USD 3,200	1155.30	26
	2010.12.13	2011.9.30	USD 6,400	1149.06	12
	2010.12.15	2011.9.30	USD 3,200	1157.86	34
	2010.12.17	2011.9.30	USD 3,200	1155.30	26
	2010.12.13	2011.10.31	USD 6,400	1149.06	10
	2010.12.15	2011.10.31	USD 3,200	1157.86	33
	2010.12.17	2011.10.31	USD 3,400	1155.30	26
	2010.12.13	2011.11.30	USD 5,400	1149.06	7
	2010.12.15	2011.11.30	USD 2,800	1157.86	28
	2010.12.17	2011.11.30	USD 2,800	1155.30	21
	2010.12.13	2011.12.30	USD 4,600	1149.06	5
	2010.12.15	2011.12.30	USD 2,300	1157.86	22
	2010.12.17	2011.12.30	USD 2,100	1155.30	15
Total					₩ 814

The Company expects the exposure to cash flow fluctuations not to last beyond December 31, 2011, and derivative income included in accumulated other comprehensive income for the twelve months following December 31, 2010 to be recognized in current income is expected to be ₩597 million.

(4) Gain (loss) on valuation of derivatives

Gain (loss) on valuation of derivatives as of December 31, 2010 and 2009 is as follows (In millions of Korean won):

Type of derivative	Fair value		Gain (loss) on valuation in income statement		Accumulated other comprehensive income (loss) (Note 1)	
	2010	2009	2010	2009	2010	2009
Currency forwards	₩ 3,418	₩ 1,738	₩ 1,435	₩ 1,738	₩ 788	₩ -

(Note1) The amounts are before adjustments of tax effects.

18. COLLATERAL

The Company's assets pledged as collateral to financial institutions for its short-term and long-term borrowings as of December 31, 2010 are as follows (In millions of Korean won and thousands of foreign currencies):

Financial institution	Borrowings	Collateral	Book value	Maximum pledged amount
Kookmin Bank	General loans and others	Kim-chun plant	₩ 17,593	₩ 4,981 USD 9,436
Korea Development Bank	Facility loans and others	Jeung-pyeong, Ik-san plant and others	89,848	217,490 USD 33,170
Woori Bank	General loans and others	Shin-gal plant	15,371	5,000
Hana Bank	General loans and others	Gun-po plant	103,204	26,000
Total			₩ 226,016	₩ 253,471 USD 42,606

The Company's assets, except for property, plant and equipment, pledged as collateral are as follows (In millions of Korean won):

Account	Financial institution	Book value	Collateral
Long-term investment securities	Korea Housing Guarantee Co., Ltd.	₩ 464	Securities of Korea Housing Guarantee Co., Ltd.

19. GUARANTEES

As of December 31, 2010, guarantees received from financial institutions are as follows (In millions of Korean won and thousands of foreign currencies):

Financial institution	Guarantee date	Amount	Amount	Description
Seoul Guarantee Insurance	2001.12.28 ~ 2016.02.25	₩ 6,477	USD	- Performance guarantee
Korea Defense Industry Association and others	2006.6.1 ~ 2015.6.30	48,857		- Performance and payment guarantee
Korea Development Bank	2006.3.16 ~ 2011.10.30	-	11,944	Other foreign payment guarantee
Woori Bank and others		-	24,727	Foreign L/C payment guarantee
Total		₩ 55,334	USD 36,671	

20. CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL

(1) Capital stock

Capital stock details as of December 31, 2010 and 2009 are summarized as follows:

Details	2010	2009
Number of shares authorized	400,000,000	400,000,000
Face value per share	₩5,000	₩5,000
Number of shares issued:		
Common stock	25,042,611	24,875,992
Preferred stock	5,769,814	5,769,814
Voting rights and dividends	<p>1st class preferred stock :</p> <p>No voting rights but preferred dividends at a rate of one percent more than the dividends paid to common stockholders.</p> <p>2nd class preferred stock :</p> <p>No voting rights but preferred dividends at a rate approved by the Board of Directors (minimum dividend rate: 2% of a par value)</p>	
Restriction in voting rights pursuant to law	Treasury stock and treasury stock trust in accordance with Article 369 of the Korean Commercial Code	

(2) Changes in capital stock and additional paid in capital

Changes in capital stock and additional paid-in capital for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won, Share):

Details	Capital stock		
	Common stock	Preferred stock	Paid in capital
Balance at January 1, 2009	24,732,792	5,769,814	₩ 447,642
Issue of new stock for stock option and stock warrants	143,200	-	6,822
Balance at December 31, 2009	24,875,992	5,769,814	454,464
Issue of new stock for stock option and stock warrants	49,700	-	4,396
Increase arising from merger	116,919	-	6,713
Balance at December 31, 2010	25,042,611	5,769,814	₩ 465,573

21. ASSET REVALUATION

In accordance with the Korean Assets Revaluation Act, the Company revalued its property, plant and equipment as of October 1, 1998, resulting in a revaluation gain of ₩347,730 million, which was accounted for as capital surplus (revaluation reserve) of ₩326,871 million, net of revaluation tax. The balance of revaluation reserve as of December 31, 2010 and 2009 are ₩282,413 million and ₩282,419 million, respectively.

22. TREASURY STOCK

Details in treasury stock for the year ended December 31, 2010 are as follows (In millions of Korean won except for share data):

Details	Financial institution	Stocks	Shares	Amount
Exchange	Woori Bank and others	Common stock/ Preferred stock	7,223,890	₩ 99,350
Direct purchase	BNG Securities Co., Ltd.	Common stock/ Preferred stock	224,109	6,578
Total			7,447,999	₩ 105,928

23. STOCK OPTIONS

(1) As of December 31, 2010, total stock options granted to are summarized as follows:

Details	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th
Date of grant	2005.3.18	2006.2.27	2006.11.2	2007.3.16	2008.3.21	2009.3.27	2009.7.28	2010.3.26
Number of shares	2,800	120,300	22,200	103,300	43,900	9,800	5,400	103,360
Method of grant	issuance of new shares							
Exercise price	₩13,300	₩32,700	₩40,000	₩59,600	₩165,100	₩106,500	₩89,500	₩116,500
	2008.3.18	2009. 2.27	2009.11. 2	2010. 3.16	2011.3.21	2012. 3.27	2012.7.28	2013.3.26
Exercisable period	~	~	~	~	~	~	~	~
	2015.3.17	2016. 2.26	2016.11.1	2017. 3.15	2018. 3.20	2019. 3.26	2019. 7.27	2020.3.26

(2) Changes in the number of stock options granted for the years ended December 31, 2010 and 2009 are as follows:

Details	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th
Balance at								
January 1, 2009	2,800	120,300	22,200	103,300	43,900	-	-	-
Granted in 2009	-	-	-	-	-	9,800	5,400	-
Cancelled in 2009	-	-	-	2,400	300	-	-	-
Exercised in 2009	2,800	118,200	22,200	-	-	-	-	-
Balance at								
December 31, 2009	-	2,100	-	100,900	43,600	9,800	5,400	-
Granted in 2010	-	-	-	-	-	-	-	103,360
Cancelled in 2010	-	-	-	-	2,600	350	-	-
Exercised in 2010	-	-	-	49,700	-	-	-	-
Balance at								
December 31, 2010	-	2,100	-	51,200	41,000	9,450	5,400	103,360

(3) Computation of stock option compensation

Stock compensation cost for options granted is based on the fair value of stock options estimated on the date of grant using the Black-Scholes option pricing model. The stock option compensation cost recorded as of December 31, 2010 and stock option compensation expense to be recorded subsequent to December 31, 2010 is as follows (In millions of Korean won):

Details	9 th	10 th	11 th	12 th	Total
Stock option compensation cost recorded as of December 31, 2010	₩ 145	₩ 253	₩ 114	₩ 2,235	₩ 2,747
Stock option compensation expense to be recorded subsequent December 31, 2010	-	60	66	3,605	3,731
Total	₩ 145	₩ 313	₩ 180	₩ 5,840	₩ 6,478

(4) Stock option compensation cost was calculated under the following assumptions:

Details	8 th	9 th	10 th	11 th	12 th
Risk-free interest rate	4.79%	5.18%	3.71%	4.17%	3.82%
Expected life	3yrs	3yrs	3.5yrs	3.3yrs	3.3yrs
Expected volatility	46.73%	58.89%	69.82%	70.11%	71.67%
Expected dividend	0.00%	0.00%	2.62%	3.17%	4.03%
Expected ratios of no-exercise	0.00%	0.00%	0.00%	0.00%	0.00%

24. RETAINED EARNINGS RESTRICTED IN USE

Retained earnings appropriated to the legal reserve cannot be used as cash dividends under the applicable laws and regulations. The Korean Commercial Code requires the Company to appropriate an amount equal to at least 10% of the cash dividend amount to the legal reserve at the end of the year for each accounting period until the reserve equals 50% of stated capital. The legal reserve may be used to reduce a deficit or may be transferred to capital.

25. SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses for the years ended December 31, 2010 and 2009 are as follows (in millions of Korean won):

Account	2010	2009
Salaries	₩ 47,570	₩ 44,400
Bonuses	20,256	10,260
Severance benefits	6,739	3,691
Share-based payment	2,422	1,585
Employee welfare	10,334	8,247
Travel	4,255	3,254
Communications	1,058	921
Utilities	665	732
Sales commission	777	466
Maintenance on office	3,085	2,809
Miscellaneous administrative	1,252	941
Taxes and dues	1,623	1,642
Rent	9,225	8,863
Depreciation	3,609	3,188
Repairs and maintenance	1,217	126
Supplies	304	153
Insurance	488	424
Entertainment	2,831	1,808
Advertising	1,952	2,598
Automobile maintenance	900	794
Samples	813	797
Packaging	1,234	41
Research and development	10,281	7,085
Education and training	9,552	5,322
Freight and custody	8,987	5,202
Promotion	-	2
Service fees	19,145	16,295
Overseas marketing	500	611
Export	4,298	4,962
Warranty	899	457
Amortization	4,990	2,495
Research	-	10
Contribution to provision for product warranties	1,666	-
Others	7,226	8,778
Total	₩ 190,153	₩ 148,959

26. VALUE ADDED INFORMATION

Details of valued added information included in cost of sales and selling and administrative expenses for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won):

Account	Cost of sales		Selling and administrative expense		Discontinued operation		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Salaries	₩ 86,479	₩ 57,462	₩ 67,826	₩ 54,660	₩ 10,690	₩ 17,988	₩164,995	₩130,110
Provision for severance indemnities	8,011	6,288	6,739	3,691	977	2,107	15,727	12,086
Other benefits for employees	14,638	10,063	10,334	8,247	1,570	4,225	26,542	22,535
Rent	2,049	1,937	9,225	8,863	14,894	16,057	26,168	26,857
Depreciation and amortization	21,224	20,941	3,609	3,188	4,687	6,808	29,520	30,937
Taxes and dues	1,260	627	1,623	1,642	70	519	2,952	2,788
Total	₩133,661	₩ 97,318	₩ 99,355	₩ 80,291	₩ 32,888	₩ 47,704	₩265,904	₩225,313

27. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS AND DEFERRED INCOME TAX

(1) Components of income tax expense (benefits) for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won):

Details	2010	2009
Current income tax expense (including additional income taxes and tax refunds)	₩ 21,044	₩ 129,263
Changes in deferred income tax assets(liabilities) related to temporary differences (Note 1)	33,601	1,192
Total	54,645	130,455
Deferred income tax assets(liabilities) directly reflected in stockholders' equity (Note 2)	(12,526)	(32,901)
Income tax expense directly reflected in stockholders' equity (Note 3)	-	(30,891)
Income tax expense directly reflected in discontinued operations (Note 4)	12,875	104,560
Income tax expense (benefits) attributable to continuing operations	₩ 29,244	(₩ 37,896)

(Note 1) Changes in deferred income tax assets (liabilities) related to temporary differences for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won):

Details	2010	2009
Ending deferred income tax liabilities, net	₩ 227,470	₩ 191,431
Beginning deferred income tax liabilities, net	(191,431)	(190,528)
Decrease arising from merger	(4,502)	-
Other	<u>2,064</u>	<u>289</u>
Changes in deferred income tax assets(liabilities)	<u>₩ 33,601</u>	<u>₩ 1,192</u>

(Note 2) Changes in deferred income tax assets (liabilities) directly added to (deducted from) stockholders' equity for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won) :

Details	2010	2009
Ending deferred income tax assets	(₩ 240,633)	(₩ 228,108)
Beginning deferred income tax assets	<u>228,107</u>	<u>195,207</u>
Changes in deferred income tax assets (liabilities)	<u>(₩ 12,526)</u>	<u>(₩ 32,901)</u>

(Note 3) Represents income tax effects of capital surplus generated from affiliates' equity transaction between the Company and subsidiaries

(Note 4) Income tax expense from discontinued operations for the years ended December 31, 2010 and 2009 is as follows (In millions of Korean won):

Details	2010	2009
Current income tax expense	₩ 1,324	₩ 87,307
Changes in deferred income tax assets(liabilities)	11,533	19,626
Changes in deferred income tax assets(liabilities) directly added to (deducted from) stockholders' equity	<u>-</u>	<u>(2,373)</u>
Income tax expense from discontinued operations	<u>₩ 12,875</u>	<u>₩ 104,560</u>

(2) A reconciliation between income tax expense and accounting income before income tax expense for the years ended December 31, 2010 and 2009 is as follows (In millions of Korean won):

Details	2010	2009
Income(loss) before income tax expense	₩ 251,661	(₩ 95,304)
Income tax expense at statutory income tax rate	60,876	(23,037)
(For 2010: Less than ₩200 million: 11%		
Over ₩200 million: 24.2%		
For 2009: Less than ₩200 million: 12.1%		
Over ₩200 million: 24.2%)		
Differences (Note 1)	(31,631)	(14,859)
Income tax expense (benefits)	₩ 29,244	(₩ 37,896)
Effective tax rates	11.62%	(Note 2)
(Note 1) Differences:		
Non-temporary difference	(₩ 6,799)	(₩ 2,335)
Changes in deferred income tax assets		
(liabilities) not recognized	(14,497)	(6,006)
Dividends received deduction	(4,177)	(8,237)
Tax credits	(2,699)	(613)
Other	(3,459)	2,331
Total	(₩ 31,631)	(₩ 14,859)

(Note 2) Effective tax rate for the year ended December 31, 2009 is not calculated because the Company incurred income tax benefits.

(3) Changes in accumulated temporary differences and deferred income tax assets (liabilities) for the years ended December 31, 2010 and 2009 are as follows (In millions of Korean won):

(2010)

Details	January 1,		Increase	Decrease	December 31,	Deferred income	
	2010					tax assets (liabilities)	
	(Note 1)	(Note 1)	(Note 1)	2010	Current	Non-current	
Deductible temporary differences and other:							
Allowance for doubtful accounts	₩ 1,031	₩ 490	₩ 1,031	₩ 490	₩ 490	₩ -	
Inventories	14,941	7,319	16,130	6,130	6,130	-	
Available-for-sale securities	90,623	-	38,926	51,696	-	51,696	
Equity method investment securities	142,631	-	19,492	123,139	-	123,139	
Depreciation	15,379	2,406	10,304	7,481	-	7,481	
Land revaluation	1,630	-	-	1,630	-	1,630	
Accrued expenses	25,544	47,178	30,550	42,171	42,171	-	
Provision for sales return	579	-	579	-	-	-	
Provision for severance indemnities	40,441	23,457	5,188	58,709	-	58,709	
Revenue	36,928	-	36,928	-	-	-	
Other	21,462	22,426	11,052	32,836	10,309	22,528	
Sub total	391,188	₩103,276	₩170,180	324,283	59,100	265,183	
Not recognized as deferred income tax assets	200,352			146,019	-	146,019	
Recognized as deferred income tax assets	190,837			178,264	59,100	119,164	
Tax rate (Note 3)	(Note 3)			(Note 3)	(Note 3)	(Note 3)	
Deferred income tax assets (Note 2)	42,759			39,550	14,302	25,248	
Taxable temporary differences :							
Accrued interest income	(553)	(₩ 708)	(₩ 554)	(707)	(707)	-	
Equity method investment securities	(899,788)	(100,423)	-	(1,000,212)	-	(1,000,212)	
Deposits for severance indemnities	(11,707)	(17,068)	(2,565)	(26,210)	-	(26,210)	
Reserve for land revaluation	(201,934)	-	(25)	(201,910)	-	(201,910)	
Land revaluation	(106,915)	(34,351)	(13,087)	(128,179)	-	(128,179)	
Other	(22,627)	(117,525)	(4,299)	(135,853)	(2,630)	(133,223)	
Sub total	(1,243,524)	(₩270,075)	(₩20,530)	(1,493,069)	(3,337)	(1,489,732)	
Not recognized as deferred income tax liabilities	(174,626)			(273,326)	-	(273,326)	
Recognized as deferred income tax liabilities	(1,068,898)			(1,219,743)	(3,337)	(1,216,406)	
Tax rate (Note 3)	(Note 3)			(Note 3)	(Note 3)	(Note 3)	
Deferred income tax liabilities	(234,191)			(267,020)	(808)	(266,212)	
Deferred income tax assets (liabilities)-net	(₩191,431)			(₩ 227,470)	₩ 13,494	(₩240,964)	

(2009)

Details	January 1,			December 31, 2009	Deferred income	
	2009	Increase	Decrease		tax assets (liabilities)	
	(Note 1)	(Note 1)	(Note 1)		Current	Non-current
Deductible temporary differences and other:						
Allowance for doubtful accounts	₩ 5,297	₩ 1,031	₩ 5,297	₩ 1,031	₩ 1,031	₩ -
Inventories	15,265	14,941	15,265	14,941	14,941	-
Available-for-sale securities	36,409	97,406	43,193	90,623	-	90,623
Equity method investment securities	88,416	71,509	17,295	142,631	-	142,631
Depreciation	40,379	6,548	31,548	15,379	-	15,379
Land revaluation	3,541	-	1,911	1,630	-	1,630
Accrued expenses	20,731	25,544	20,731	25,544	25,544	-
Accrued provisions	13,747	4,661	18,276	132	-	132
Provision for sales return	952	579	952	579	579	-
Provision for severance indemnities	61,213	9,290	30,063	40,441	-	40,441
Revenue	34,684	36,928	34,684	36,928	36,928	-
Other	54,674	3,380	36,724	21,331	2,451	18,880
Sub total	375,308	₩271,817	₩255,939	391,189	81,474	309,715
Not recognized as deferred income tax assets	66,499			200,352	-	200,352
Recognized as deferred income tax assets	308,809			190,837	81,474	109,364
Tax rate (Note 3)	(Note 3)			(Note 3)	(Note 3)	(Note 3)
Deferred income tax assets (Note 2)	69,501			42,759	19,716	23,043
Taxable temporary differences :						
Accrued interest income	(42,404)	(₩ 553)	(₩ 42,404)	(553)	(553)	-
Equity method investment securities	(960,133)	(12,369)	(72,713)	(899,788)	-	(899,788)
Deposits for severance indemnities	(15,003)	(4,840)	(8,136)	(11,707)	-	(11,707)
Reserve for land revaluation	(219,402)	-	(17,467)	(201,934)	-	(201,934)
Depreciation	(4,748)	-	(4,748)	-	-	-
Land revaluation	(112,833)	-	(5,918)	(106,915)	-	(106,915)
Other	(5,146)	(19,636)	(2,155)	(22,627)	(1,738)	(20,889)
Sub total	(1,359,669)	(₩37,398)	(₩153,541)	(1,243,524)	(2,291)	(1,241,233)
Not recognized as deferred income tax liabilities	(179,977)			(174,626)	-	(174,626)
Recognized as deferred income tax liabilities	(1,179,691)			(1,068,898)	(2,291)	(1,066,607)
Tax rate (Note 3)	(Note 3)			(Note3)	(Note3)	(Note3)
Deferred income tax liabilities	(260,029)			(234,191)	(554)	(233,636)
Deferred income tax assets (liabilities)-net	(₩190,528)			(₩ 191,431)	₩ 19,162	(₩210,593)

(Note 1) Of the tax effects from the true-up to the prior year tax return, tax effects of temporary differences and non-temporary differences were adjusted against deferred income tax assets (liabilities) and current earnings, respectively.

(Note 2) A deferred tax asset for deductible temporary difference is recognized to the extent that it is almost certain that taxable profit will be available against which the deductible temporary difference can be utilized.

(Note 3) Tax rate is the enacted marginal tax rate which is expected to apply to taxable income in the periods the deferred tax liability or asset is expected to be settled or realized.

(4) Temporary differences and other not recognized as deferred income tax assets (liabilities) as of December 31, 2010 and 2009 are as follows (In millions of Korean won):

Details	2010	2009	Reason
Deductible temporary differences:			
Equity method	₩ 118,737	₩ 138,008	No plan of disposal
Others	<u>27,282</u>	<u>62,344</u>	
Sub-total	<u>146,019</u>	<u>200,352</u>	
Taxable temporary differences:			
Land revaluation	(22,139)	(22,164)	Exception
Equity method	(169,432)	(150,447)	No possibility of realization
Goodwill	<u>(81,754)</u>	<u>(2,015)</u>	Exception
Sub-total	<u>(273,326)</u>	<u>(174,626)</u>	
Total	<u>(₩ 127,307)</u>	<u>₩ 25,726</u>	

(5) Deferred income tax assets (liabilities) and income tax benefits (expense) added to (deducted from) stockholders' equity as of December 31, 2010 and 2009 are as follows (In millions of Korean won):

(2010)

Details	Amount	Tax effect	Deferred income tax assets (liabilities)
Gain on valuation of available-for-sale securities	(₩ 688)	(₩ 151)	(₩ 537)
Revaluation reserve	(17,467)	(4,227)	(13,240)
Increase in equity of associates	(1,045,377)	(229,983)	(815,394)
Decrease in equity of associates	66,186	14,560	51,625
Land revaluation (OCI)	(93,828)	(20,642)	(73,186)
Unrealized gain on valuation of derivatives	(788)	(191)	(597)
Total	<u>(₩1,091,963)</u>	<u>(₩240,633)</u>	<u>(₩851,330)</u>

(2009)

Details	Amount	Tax effect	Deferred income tax assets (liabilities)
Gain on valuation of available-for-sale securities	(₩ 873)	(₩ 192)	(₩ 681)
Revaluation reserve	(17,467)	(4,227)	(13,240)
Increase in equity of associates	(983,738)	(216,422)	(767,316)
Decrease in equity of associates	73,885	16,255	57,630
Land revaluation (OCI)	<u>(106,915)</u>	<u>(23,521)</u>	<u>(83,394)</u>
Total	<u>(₩1,035,108)</u>	<u>(₩ 228,107)</u>	<u>(₩ 807,000)</u>

(6) Income tax payable and prepaid income tax as of December 31, 2010 and 2009 are as follows (In millions of Korean won):

Details	2010	2009
Prepaid income taxes	₩ 9,882	₩ 17,862
Income tax payable	<u>21,044</u>	<u>129,263</u>
Income tax payable, net	<u>₩ 11,162</u>	<u>₩ 111,401</u>

28. STATEMENT OF COMPREHENSIVE INCOME

Comprehensive income for the years ended December 31, 2010 and 2009 is as follows (In millions of Korean won):

Description	2010	2009
Net income	₩ 262,379	₩ 232,299
Equity method retained earnings		
(Tax effect: ₩2,064 million for 2010 and ₩289 million for 2009)	(7,318)	(1,026)
Other comprehensive income (loss):		
Unrealized gain on available-for-sale securities		
(Tax effect: ₩41 million for 2010 and ₩23 million for 2009)	(144)	(79)
Increase in equity of associates		
(Tax effect: ₩3,214 million for 2010 and ₩2,270 million for 2009)	(14,432)	(13,083)
Decrease in equity of associates		
(Tax effect: ₩575 million for 2010 and (₩405) million for 2009)	(3,658)	1,438
Unrealized gain on valuation of derivatives		
(Tax effect: (₩191) million for 2010 and ₩157 million for 2009)	597	(493)
Unrealized loss on valuation of derivatives		
(Tax effect: ₩- for 2010 and (₩373) million for 2009)	-	1,167
Increase in revaluation of Land		
(Tax effect: ₩2,879 million for 2010 and ₩1,302 million for 2009)	(10,208)	(4,616)
Comprehensive income	<u>₩ 227,216</u>	<u>₩ 215,607</u>

29. INCOME (LOSS) PER COMMON SHARE

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

(1) Basic net income (loss) per Common Share (In Korean won except for share data):

(2010)

	Continuing operations		Discontinued operations		Basic net income per share
Net income (loss)	₩	222,416,681,539	₩	39,962,231,512	₩ 262,378,913,051
(-) Dividends for preferred stock		(48,026,038,607)		(8,628,973,601)	(56,655,012,208)
Net income (loss) available for common stockholders		174,390,642,932		31,333,257,911	205,723,900,843
Weighted average number of common shares outstanding		18,308,008		18,308,008	18,308,008
Basic net income (loss) per common share	₩	9,525	₩	1,711	₩ 11,237

(2009)

	Continuing operations		Discontinued operations		Basic net income per share
Net income (loss)	(₩	57,407,512,089)	₩	289,706,256,389	₩ 232,298,744,300
Dividends for preferred stock		-		(50,674,685,664)	(50,674,685,664)
Net income (loss) available for common stockholders		(57,407,512,089)		239,031,570,725	181,624,058,636
Weighted average number of common shares outstanding		18,152,094		18,152,094	18,152,094
Basic net income (loss) per common share	(₩	3,163)	₩	13,168	₩ 10,006

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

(2010)

Description	Numbers of shares	Days	Weighted number of shares
Beginning balance	18,219,134	365	18,219,134
Issuance of capital stock	116,919	(Note)	58,940
Stock options	49,700	(Note)	31,402
Acquired treasury stock	<u>(45,032)</u>	(Note)	<u>(1,468)</u>
Total	<u>18,340,721</u>		<u>18,308,008</u>

(2009)

Description	Numbers of shares	Days	Weighted number of shares
Beginning balance	18,110,555	365	18,110,555
Stock options	473,700	(Note)	67,920
Acquired treasury stock	<u>(34,621)</u>	(Note)	<u>(26,381)</u>
Total	<u>18,219,134</u>		<u>18,152,094</u>

(Note) Weighted average number of days

(2) Diluted income per common share (In Korean Won):

(2010)

Description	Continuing operations	Discontinued operations	Diluted net income per share
Basic net income (loss)	₩ 174,390,642,932	₩ 31,333,257,911	₩ 205,723,900,843
(+) Stock option expense	-	-	-
Adjusted net income (loss)	174,390,642,932	31,333,257,911	205,723,900,843
Diluted weighted average number of common shares	<u>18,359,331</u>	<u>18,359,331</u>	<u>18,359,331</u>
Diluted income per common share	<u>₩ 9,499</u>	<u>₩ 1,707</u>	<u>₩ 11,205</u>

(2009)

Description	Continuing operations	Discontinued operations	Diluted net income per share
Basic net income (loss)	(₩ 57,407,512,089)	₩ 239,031,570,725	₩181,624,058,636
(+) Stock option expense	(Note 1)	(Note 1)	(Note 1)
Adjusted net income (loss)	(57,407,512,089)	239,031,570,725	181,624,058,636
Diluted weighted average number of common shares	18,152,094	18,152,094	18,152,094
Diluted income per common share	(₩ 3,163)	₩ 13,168	₩ 10,006

Diluted weighted average number of shares outstanding for the years ended December 31, 2010 and 2009 is computed as follows:

Description	2010	2009
Basic weighted average number of common shares	18,308,008	18,152,094
Exercise of stock purchase option (Note 2)	51,323	(Note 1)
Diluted weighted average number of common shares	18,359,331	18,152,094

(Note 1) Stock options have no dilutive effect and are excluded from the calculation of diluted net income per common share.

(Note 2) The weighted average number of common shares related to stock options is calculated using the treasury stock method which assumes that any proceeds would be used to purchase common stock at the average market price during the period.

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(1) The list of subsidiaries of the Company as of December 31, 2010 is as follows:

Type of control	Related party
Subsidiaries	<p>Neoplux Co., Ltd. ("Neoplux")</p> <p>Neoplux No. 1 Private Equity Fund</p> <p>Oricom Inc. ("Oricom")</p> <p>SRS Korea Co., Ltd. ("SRS")</p> <p>N Shaper Corp.</p> <p>Doosan Feed & Livestock Co., Ltd. ("DFL")</p> <p>Doosan Tower Co., Ltd. ("Doosan Tower")</p> <p>Doosan Donga Co., Ltd. ("Doosan Donga")</p> <p>Doosan Bears, Inc.</p> <p>DIP Holdings Co., Ltd. ("DIP Holdings")</p> <p>Doosan Dst Co., Ltd. ("Doosan Dst")</p> <p>Doosan Electro-Materials Singapore Pte Ltd. ("DSES")</p> <p>Doosan Hong Kong Ltd. ("DSH")</p> <p>Doosan (Shanghai) Chemical Materials Co., Ltd.</p> <p>Doosan Heavy Industries Construction Co., Ltd.</p> <p>Doosan Engineering & Construction Co., Ltd.</p> <p>Doosan Cuvex Co., Ltd.</p> <p>Rexcon Co., Ltd.</p> <p>Doosan AMC Co., Ltd.</p> <p>Doosan Capital Co., Ltd.</p> <p>BNG Securities Co., Ltd.</p> <p>Doosan China Financial Leasing Corp. ("DCFL")</p> <p>Doosan Engine Co., Ltd</p> <p>Doosan Marine Industry Co., Ltd. ("DMI")</p> <p>Doosan Hydro Technology, Inc. ("DHT")</p> <p>S.C. Doosan IMGB S.A. ("IMGB")</p> <p>Doosan Heavy Industries Vietnam Haiphong Co., Ltd</p> <p>Hanjung Power Ltd. ("HPL")</p> <p>HFC Holdings LLC. ("HFC")</p> <p>Doosan Projects India Pvt., Ltd. ("DPI")</p> <p>Doosan Heavy Industries America ("DHIA")</p> <p>Doosan Heavy Industries Japan ("DHJ")</p> <p>Doosan Heavy Industries European Holdings</p> <p>Doosan Heavy Industries Vietnam Co., Ltd. ("Doosan Vina")</p> <p>Doosan Heavy Industries Indonesia Co., Ltd. ("Doosan Inni")</p> <p>Doosan Power Systems Limited and ("DPS") 15 foreign affiliates</p>

Type of control	Related party
Subsidiaries	<p>Doosan Heavy Industries Czech Co., Ltd.(DHI Czech) and 2 foreign affiliates</p> <p>Doosan Infracore Co., Ltd.</p> <p>Doosan Infracore China Co., Ltd. ("DICC")</p> <p>Doosan Infracore Belgium S.A.("DIBE")</p> <p>Doosan Infracore Machine Tools Yantai Co., Ltd. ("DIY")</p> <p>Doosan Infracore XinJiang Machinery Co., Ltd. ("DIX")</p> <p>Doosan Infracore China Investment ("DICI")</p> <p>Doosan Infracore Suzhou Co., Ltd. ("DISC")</p> <p>Doosan Infracore U.K., Ltd. ("DIU")</p> <p>Doosan Infracore Germany GmbH. ("DIG")</p> <p>Doosan Infracore America Corporation ("DIA")</p> <p>Doosan Infracore Japan Corporation ("DIJ")</p> <p>Doosan Infracore (Shandong) Co., Ltd. ("DISD")</p> <p>Doosan Infracore India Private Ltd. ("DIID")</p> <p>Doosan International Manufacturing China Co. Ltd.("DIMC")</p> <p>Doosan International do Brasil Commercial and Market Related Consulting Ltda.("DIB")</p> <p>Doosan International Mexico S.A. de C.V.("DIM")</p> <p>Doosan Bobcat Chile("DBC")</p> <p>Doosan International India Private Ltd.("DIIPL")</p> <p>Doosan International Korea Ltd.("DIKL")</p> <p>Bobcat Corp.("BC")</p> <p>Doosan Moxy IP Ltd.("DMIP")</p> <p>Doosan Holdings Europe Ltd. ("DHEL") and 27 foreign affiliates</p> <p>Doosan Infracore International, Inc. ("DII") and 12 foreign affiliates</p> <p>Doosan Moxy and 4 foreign affiliates</p>
Equity method investees	<p>MVP Capital Co., Ltd.</p> <p>Shunde Xingpu Steel Center Co., Ltd.</p>
Others	<p>Neo Trans</p> <p>Doosan Motors</p> <p>Donghyeon Engineering</p> <p>Yeongang Foundation</p> <p>Doosan Eco Biznet</p> <p>Trance Route Doosan Co., Ltd.</p> <p>Doosan Advertisement (China) Co., Ltd.</p> <p>Doosan Babcock E&S</p> <p>Doosan Engineering & Services</p> <p>Doosan Power Service India</p> <p>Doosan PPI</p>

(2) Significant transactions with related parties for the years ended December 31, 2010 and 2009 are summarized as follows (In millions of Korean won):

Related party	Sales		Purchase		PP&E	
	2010	2009	2010	2009	2010	2009
(Subsidiaries)						
Samhwa Crown & Closure Co., Ltd. (Note1)	₩ 1,261	₩ 1,131	₩ -	₩ 544	₩ -	₩ -
Neoplux Co., Ltd.	327	313	1,242	785	-	-
Oricom Inc.	1,655	1,556	3,021	3,789	-	-
SRS Korea Co., Ltd.	8,950	8,497	594	634	-	-
N Shaper Corp.	923	655	1,041	783	-	-
Doosan Feed & Livestock Co., Ltd.	4,637	3,141	212	289	-	-
Doosan Tower Co., Ltd.	1,021	956	7,505	7,097	-	-
Doosan Donga Co.	6,642	5,574	1,651	2,479	-	-
Doosan Mottrol Holdings. Co. (Note1)	35	7	-	-	-	-
Doosan Mottrol .Co. (Note1)	938	1,511	-	-	-	-
Doosan Bears, Inc.	526	241	30	15	-	-
DIP Holdings Co., Ltd.	160	4	-	-	-	-
Doosan Dst Co. Ltd.	14,159	5,367	-	-	-	-
Doosan Electro-Materials Singapore Pte Ltd.	40,548	34,282	145	-	-	-
Doosan Hong Kong Ltd.	59,070	58,673	-	-	-	-
Doosan(Shanghai)Chemical Materials Co., Ltd.	39,531	24,766	-	-	-	-
Doosan Heavy Industries Construction Co., Ltd.	76,967	54,590	911	520	-	-
Doosan Engineering & Construction Co., Ltd.	21,183	9,195	487	59	1,502	-
Doosan Cuvex Co., Ltd.	399	331	1,257	1,000	-	-
Rexcon Co., Ltd.	424	351	-	-	-	-
Doosan Mecatec, Ltd (Note1)	7,151	7,044	663	803	-	-
Doosan Capital Co.	2,629	5,579	-	-	-	-
BNG Securities Co., Ltd.	41	43	2	1	-	-
Doosan China Financial Leasing Corp.	101	89	-	-	-	-
Doosan Engine Co., Ltd.	20,530	15,523	948	918	-	-
Doosan Marine Industry Co., Ltd.	5	3	-	-	-	-
Doosan Hydro Technology, Inc.	31	28	-	-	-	-
S.C. Doosan IMGB S.A.	7,229	2,209	-	-	-	-
Han-Viet Heavy Industry Corporation	13	90	-	-	-	-
HFC Holdings LLC	10	12	-	-	-	-
Doosan Heavy Industries America	1	-	-	-	-	-
Doosan Heavy Industries Japan	2	2	-	-	-	-
Doosan Heavy Industries Vietnam Co., Ltd.	528	864	-	-	-	-
Doosan Power Systems Limited	117	-	105	290	-	-
Doosan Infracore Co.	166,583	57,607	703	760	2,936	29
Sub-total	484,327	300,234	20,517	20,766	4,438	29

Related party	Sales		Purchase		PP&E	
	2010	2009	2010	2009	2010	2009
(Equity method investees)						
Shunde Xingpu Steel Center Co., Ltd.	-	723	-	-	-	-
(Other related parties)						
Neo Trans	22	-	-	-	-	-
Doosan Motors	170	148	-	-	-	-
Donghyeon Engineering	180	152	3,731	3,443	-	-
Yeongang Foundation	162	80	3,045	3,037	-	-
Doosan Eco Biznet	4	3	85	85	-	-
Doosan Babcock E&S	-	5	-	113	-	-
Sub-total	538	388	6,861	6,678	-	-
Total	₩ 484,865	₩ 301,345	₩ 27,378	₩ 27,444	₩ 4,438	₩ 29

(Note 1) The amounts of intercompany transactions are recorded until merger or disposal.

(3) Significant account balances with related parties as of December 31, 2010 and 2009 are summarized as follows (In millions of Korean won):

Related party	Accounts							
	Accounts receivable-trade		receivable-other		Accounts payable		Other payable	
	2010	2009	2010	2009	2010	2009	2010	2009
(Subsidiaries)								
Neoplux Co., Ltd.	₩ 19	₩ 19	₩ 2	₩ 13	₩ -	₩ -	₩ -	₩ 11
Oricom Inc.	453	379	17	30	7,633	6,372	2,683	467
SRS Korea Co., Ltd.	2,849	2,760	25	54	-	-	55	59
N Shaper Corp.	25	26	10	6	-	-	7	8
Doosan Feed & Livestock Co., Ltd.	537	205	5	-	23	16	22	16
Doosan Tower Co., Ltd.	72	59	3,105	4,906	-	-	133	136
Doosan Donga Co.	1,248	1,087	47	91	106	88	368	363
Doosan Bears, Inc.	109	116	2	-	-	-	-	-
Doosan Dst Co. Ltd.	3,386	2,618	37	73	-	-	4,606	-
Doosan Electro-Materials Singapore Pte Ltd.	2,718	1,951	-	-	-	-	4	-
Doosan Hong Kong Ltd.	2,412	1,300	-	-	-	-	-	-
Doosan (Shanghai) Chemical Aterials Co., Ltd.	89	185	-	-	-	-	-	-
Doosan Heavy Industries Construction Co., Ltd.	8,956	12,524	315	,155	177	133	838	83
Doosan Engineering & Construction Co., Ltd.	13,162	4,493	1,582	349	261	-	527	58
Doosan Cuvex Co., Ltd.	51	98	4,516	4,682	50	33	58	81
Rexcon Co., Ltd.	106	74	8	17	-	-	-	-
Doosan Capital Co.	53	116	-	11	-	-	-	-
Doosan China Financial Leasing Corp.	25	45	-	-	-	-	-	-
Doosan Engine Co., Ltd.	2,167	3,559	641	623	-	-	178	112
S.C. Doosan IMGB S.A.	1,883	1,492	-	-	-	-	-	-
Han-Viet Heavy Industry Corporation	6	6	-	-	-	-	-	-
HFC Holdings LLC	-	2	-	-	-	-	-	-
Doosan Heavy Industries Vietnam Co., Ltd.	92	66	-	-	-	-	-	-
Doosan Power Systems Limited	60	-	-	-	-	-	22	28
Doosan Infracore Co.	<u>85,232</u>	<u>18,906</u>	<u>714</u>	<u>1,431</u>	<u>957</u>	<u>-</u>	<u>591</u>	<u>754</u>
Sub-total	<u>135,710</u>	<u>52,086</u>	<u>11,026</u>	<u>13,441</u>	<u>9,207</u>	<u>6,642</u>	<u>10,092</u>	<u>2,176</u>
(Other related parties)								
Neo Trans	1	-	-	-	-	-	-	-
Doosan Motors	21	13	-	-	-	-	-	-
Donghyeon Engineering	14	78	65	-	138	31	44	110
Yeongang Foundation	10	201	3,695	3,638	31	-	110	173
Doosan Eco Biznet	-	-	-	-	1	-	6	3
Doosan Babcock E&S	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>
Sub-total	<u>46</u>	<u>292</u>	<u>3,760</u>	<u>3,638</u>	<u>170</u>	<u>31</u>	<u>160</u>	<u>314</u>
Total	<u>₩ 135,756</u>	<u>₩ 52,378</u>	<u>₩ 14,786</u>	<u>₩ 17,079</u>	<u>₩ 9,377</u>	<u>₩ 6,673</u>	<u>₩ 10,252</u>	<u>₩ 2,490</u>

(4) Guarantees indemnifying for the related parties

As of December 31, 2010, guarantees indemnifying for the related parties are as follows (In thousands of foreign currencies):

Guarantee	Financial institution	Limit		Description
Doosan Hong Kong Limited	Korea Development Bank	USD	5,000	Guaranty by local financial institutions
Doosan Shanghai Chemical Limited	"	USD	1,000	"
Total		USD	6,000	

In addition, the company provides the SRS Korea, a subsidiary, with guarantees amounting 1,112 million for its royalty payment under the franchise contract.

(5) Compensation to key management personnel

Compensation to key management personnel for the years ended December 31, 2010 and 2009 is as follows (In millions of Korean won):

(2010)

Salaries	Share-based payment	Severance benefits	Accrued severance indemnities
₩ 19,104	₩ 2,747	₩ 3,813	₩ 6,647

(2009)

Salaries	Share-based payment	Severance benefits	Accrued severance indemnities
₩ 24,898	₩ 1,975	₩ 1,222	₩ 4,954

The Company considers its management of vice president or higher, who have the authority and responsibility for planning, operation and control and are in charge of business segment, and non-permanent directors as key management personnel.

31. DIVIDENDS

Details of dividends for common (preferred) stock included in the Company's non-consolidated statements of appropriations of retained earnings for the years ended December 31, 2010 and 2009 are as follows:

(1) Interim dividends (in Korean won and shares):

Description	2010			2009		
	Preferred stock (old)	Preferred stock (new)	Common stock	Preferred stock (old)	Preferred stock (new)	Common stock
Dividends per share (dividend ratio)	₩ 500(10%)	₩ 500(10%)	₩ 500(10%)	₩ 500(10%)	₩ 500(10%)	₩ 500(10%)
Number of shares outstanding	4,090,262	933,443	18,268,834	4,090,262	933,443	18,179,534
Dividend (In millions of Korean won)	₩ 2,045	₩ 467	₩ 9,134	₩ 2,045	₩ 467	₩ 9,090

(2) Dividends (in Korean won and shares):

Description	2010			2009		
	Preferred stock (old)	Preferred stock (new)	Common stock	Preferred stock (old)	Preferred stock (new)	Common stock
Dividends per share (dividend ratio)	₩2,050(41%)	₩2,000(40%)	₩2,000(40%)	₩2,050(41%)	₩2,000(40%)	₩2,000(40%)
Number of shares outstanding	4,090,262	933,443	18,340,721	4,090,262	933,443	18,219,134
Dividend (In millions of Korean won)	₩ 8,385	₩ 1,867	₩ 36,681	₩ 8,385	₩ 1,867	₩ 36,438

(3) Dividend Payout Ratios (In millions of Korean won):

Description	2010			2009		
	Preferred stock (old)	Preferred stock (new)	Common stock	Preferred stock (old)	Preferred stock (new)	Common stock
Dividends	₩ 10,430	₩ 2,334	₩ 45,816	₩ 10,430	₩ 2,334	₩ 45,528
Net income	262,379	262,379	262,379	232,299	232,299	232,299
Payout ratio	3.98%	0.89%	17.46%	4.49%	1.00%	19.60%

(4) Dividend Yield Ratios (In Koran won):

Description	2010			2009		
	Preferred stock (old)	Preferred stock (new)	Common stock	Preferred stock (old)	Preferred stock (new)	Common stock
Dividends per share	₩ 2,550	₩ 2,500	₩ 2,500	₩ 2,550	₩ 2,500	₩ 2,550
Stock price at the end of the year	49,850	51,000	154,000	29,600	40,500	95,400
Dividend yield ratio	5.12%	4.90%	1.62%	8.61%	6.17%	2.67%

32. STATEMENTS OF CASH FLOWS

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

Description	2010	2009
Reclassification of long term investment securities	₩ 10,299	₩ -
Reclassification of disposed equity method investment securities to accounts receivable – other	-	15,982
Reclassification of disposed equity method investment securities to long-term accounts receivable – other	-	47,946
Reclassification of construction-in-progress to buildings, machinery and others	35,056	13,525
Reclassification of current maturities of debentures	150,000	50,000
Reclassification of long term debts	64,228	13,800

- (2) The cash and cash equivalents in the statements of cash flows are the same as the cash and cash equivalents in the statements of financial position.

33. DISCONTINUED OPERATIONS

The Company discontinued its Apparel business segment and Alcoholic Beverage business segment through transfer of business, and details of such discontinued operations are as follows:

(1) Details of discontinued operations

Details	Apparel	Alcoholic Beverage
Main products and services	Clothing imported from the Polo Ralph Lauren	Alcoholic beverage
Public announcement date	July 23, 2010	January 6, 2009
Discontinued business disposal date	December 31, 2010	March 2, 2009
Methods	Partial business transfer	Comprehensive business transfer
Acquiring company	Polo Ralph Lauren Korea	Lotte Liquor BG Co., Ltd

(2) Initial public announcement

According to a plan for the purpose of business discontinuance, the Company disposed of its business segments through a partial or comprehensive business transfer.

(3) Details of book value of disposed net assets as of disposal date are as follows (In millions of Korean won):

Details	December 31, 2010	March 2, 2009
	Apparel	Alcoholic Beverage
Assets	₩ 43,037	₩ 257,740
Liabilities	29,471	61,799

(4) Details of income from discontinued operations are as follows (In millions of Korean won):

(2010)

Details	Apparel	Alcoholic Beverage
Operating income from discontinued operations	₩ 28,813	₩ -
Non-operating income from discontinued operations	30,245	(6,120)
Income tax expenses from discontinued operations	(14,378)	1,503
Total	₩ 44,669	(₩ 4,707)

(2009)

Details	Apparel	Alcoholic Beverage
Operating income from discontinued operations	₩ 26,795	(₩ 630)
Non-operating income from discontinued operations	221	367,879
Income tax expenses from discontinued operations	(5,286)	(99,274)
Total	₩ 21,730	₩ 267,975

(5) Details of net cash flows from operating activities, investing activities and financing activities attributable to discontinued operations are as follows (In millions of Korean won):

(2010)

Details	Apparel	Alcoholic Beverage
Cash flows from operating activities	₩ 30,034	(₩ 4,707)
Cash flows from investing activities	(33,319)	-
Cash flows from financing activities	3,286	-
Total	₩ -	(₩ 4,707)

(2009)

Details	Apparel	Alcoholic Beverage
Cash flows from operating activities	₩ 1,592	(₩ 289,345)
Cash flows from investing activities	(2,055)	6,669
Cash flows from financing activities	463	546,545
Total	₩ -	₩ 263,869

34. FOURTH QUARTER INFORMATION (UNAUDITED)

The Company prepares its quarterly non-consolidated financial statements except for the fourth quarter. Summary of results of operation for the three months ended December 31, 2010 and 2009 are as follows (In millions of Korean won except per share amounts):

Description	2010 (4Q)	2009 (4Q)
Operating revenues	₩ 446,571	₩ 257,813
Net income	60,198	48,022
Income from continuing operations	39,132	43,454
Income from discontinued operations	21,066	4,568
Basic income per common share from continuing operations	1,671	1,862
Basic net income per common share	2,570	2,058
Diluted income per common share from continuing operations	1,665	1,857
Diluted net income per common share	2,562	2,053

35. SEGMENT REPORTING

For management purposes, the Company is organized into operating segment based on the characteristics of products, markets and product sales method. Details of each segment are as follows:

(1) General information by segment

Business	Products and service
Mottrol	Hydraulic components and defense systems
Trade	Export and import agent services
Electronics	Copper clad laminates
Others	Maintenance and others

(2) Financial information by segment

The following table contains brief financial information of each business segment as of December 31, 2010 and 2009 and for the years then ended (In millions of Korean won):

Account	Mottrol (Note1)		Trade		Electronics		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
1. Sales										
External sales	₩215,412	₩ -	₩214,501	₩178,845	₩731,743	₩571,879	₩220,037	₩161,152	₩1,381,693	₩ 911,876
Inter-segment sales	-	-	25,807	17,436	-	37	(25,807)	(17,473)	-	-
Total	<u>₩215,412</u>	<u>₩ -</u>	<u>₩240,308</u>	<u>₩196,281</u>	<u>₩731,743</u>	<u>₩571,916</u>	<u>₩194,230</u>	<u>₩143,679</u>	<u>₩1,381,693</u>	<u>₩ 911,876</u>
2. Equity in income (loss) of associates	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩149,061	(₩121,383)	₩ 149,061	(₩121,383)
3. Operating income (loss)	30,674	-	6,221	6,120	86,815	73,824	128,982	(144,780)	252,692	(64,836)
4. Non-current assets										
Property, plant and equipment and intangible assets	86,439	-	21,212	21,383	127,537	122,144	299,475	150,945	534,663	294,472
Depreciation and amortization	2,903	-	625	602	16,121	17,792	10,702	8,594	30,351	26,988

(Note 1) Merged with the Company during the current period

(3) Reconciliation of operating income (In millions of Korean won):

Description	2010	2009
Sum of segment operating income	₩ 252,692	(₩ 64,836)
(-) Inter-segment profit	-	-
(-) Unallocated selling and administrative expenses	-	-
Total	<u>₩ 252,692</u>	<u>(₩ 64,836)</u>

36. SMALL-SCALE MERGER

On March 30, 2010, the Company entered into a merger agreement with Doosan Mottrol Holdings Co., Ltd. (DMHC) and Doosan Mottrol Co., Ltd. (DMC) to enhance management efficiency and expand the lines of businesses for the strategic growth. The merger was approved by its board of directors on May 27, 2010, which can override the approval of the stockholders in accordance with the Korean Commercial Code. On July 1, 2010, the Company merged with DMHC and DMC. The summary of such merger transactions is as follows:

(1) Details of merged companies.

Description	Doosan Mottrol Holdings Co., Ltd.	Doosan Mottrol Co., Ltd.
Business	Non-financial holding company	Hydraulic equipment and defense system manufacturer
CEO	Lee, Sangha	Yun, Taesung
Relationship with the Company	Subsidiary	Subsidiary

(2) Exchange ratio and shares issued upon the merger

The stock price per share for the Company, DMHC and DMC was estimated at ₩115,254 (face value: ₩5,000), ₩1,737,501 (face value: ₩10,000) and ₩12,944 (face value: ₩500), respectively. Based upon which, the Company issued 15.075407 shares of its common stock for each share of DMHC and 0.112308 shares of its common stock for each share of DMC.

However, there was no economic effect from the issuance of new common stock because the Company held 100% shares of DMHC.

(3) Condensed financial statements of merged companies

The condensed statements of financial position of DMHC at July 1, 2010 and DMC at December 31, 2009, and the condensed statements of operations for the six months ended July 1, 2010 and for the year ended December 31, 2009 are as follows (In millions of Korean won):

a. Condensed Statement of Financial Position

	Doosan Mottrol Holdings Co., Ltd.		Doosan Mottrol Co., Ltd.	
	July 1, 2010	December 31, 2009	July 1, 2010	December 31, 2009
Current assets	₩ 4,738	₩ 3,776	₩167,213	₩124,330
Non-current assets(Note 1)	209,813	192,720	78,878	76,443
TOTAL ASSETS	214,551	196,496	246,091	200,773
Current liabilities	55,615	617	97,615	73,324
Non-current liabilities	-	55,000	15,546	14,820
Total Liabilities	55,615	55,617	113,161	88,144
Common stock	1,160	1,160	11,716	11,716
Capital surplus	143,823	143,823	165	165
Capital adjustments	(321)	-	(337)	-
Accumulated other comprehensive income	(1,612)	-	25,105	26,794
Retained earnings	15,886	(4,104)	96,281	73,954
Total Equity	158,936	140,879	132,930	112,629
TOTAL LIABILITIES AND EQUITY	₩214,551	₩196,496	₩246,091	₩200,773

(Note 1) Due to the merger, unamortized goodwill related to DMC amounted to ₩82,277 million that was held by DMHC was carried to the Company.

b. Condensed Statement of Operations

	Doosan Mottrol Holdings Co., Ltd.		Doosan Mottrol Co., Ltd.	
	January 1, 2010~ June 30, 2010	2009	January 1, 2010~ June 30, 2010	2009
Sales	₩ 20,816	₩ 8,365	₩188,202	₩228,370
Costs of sales	47	-	150,425	195,846
Gross profit	20,769	8,365	37,777	32,524
Selling and administration	-	84	9,234	15,277
Operating income(loss)	20,769	8,282	28,543	17,248
Non-operating income	785	140	5,246	4,419
Non-operating expenses	1,564	6,377	1,512	4,861
Income before income tax	19,990	2,045	32,277	16,805
Income tax expense	-	-	8,076	3,215
Net Income	₩ 19,990	₩ 2,045	₩ 24,201	₩ 13,590

37. TRANSFER OF BUSINESS

The Company sold Apparel business segment and Alcoholic Beverages business segment for the years ended December 31, 2010 and 2009 as follows (In millions of Korean won):

(1) Transfer contract

Description	2010	2009
Business	Apparel	Alcoholic beverages
Approval date by the Board of Directors	July 23, 2010	January 6, 2009
Transfer of business date	December 31, 2010	March 2, 2009
Transfer amount	₩ 52,137	₩ 564,440

(2) Details of Business Transferred

Description	Apparel	Alcoholic Beverages
Transferred to CEO	Polo Ralph Lauren Korea Jung, Sehyuk	Lotte Liquor BG Co., Ltd. Kim, Youngkyu
Main business	Importation and sale such as the Polo brand	Alcoholic beverages
Relationship with the Company	No relation with the Company	No relation with the Company

(3) Condensed financial statements of transferred business

Account	Apparel	Alcoholic Beverages
Assets		
Quick assets	₩ 19,355	₩ 69,177
Inventories	8,169	34,120
Investment assets	-	7,088
PP&E.	12,245	139,350
Intangible assets	-	1,965
Other non-current assets	3,268	6,040
Total assets	43,037	257,740
Liabilities		
Current liabilities	29,295	56,010
Non-current liabilities	176	5,789
Total liabilities	29,471	61,799
Net Assets	₩ 13,566	₩ 195,941

38. PRE-DISCLOSURES OF IMPACT FROM TRANSITION TO K-IFRS

The Company will begin to prepare its financial statements in accordance with the Korean International Reporting Standards ("K-IFRS") from the fiscal year ending December 31, 2011, with January 1, 2010 as its date of transition. The Company's approach in transitioning from Korean GAAP to K-IFRS is as follows.

(1) K-IFRS transition plan and the status of progress of the plan

In March 2008, the Company organized a task force team in order to manage K-IFRS implementation process. Assessing the impact of K-IFRS adoption, formulating its accounting policy, training the employees and upgrading the accounting and related systems are still in progress.

(2) Significant differences between Korean GAAP and K-IFRS applicable to the Company are as follows:

Issues		K-IFRS	Korean GAAP
First-Adoption of Korean IFRS	Business Combination	The Company has elected not to apply K-IFRS 1103, <i>Business combinations</i> , retrospectively to past business combinations which have occurred prior to January 1, 2010.	Not applicable
	Employee benefits	The Company has elected to recognize all cumulative actuarial gains and losses on defined benefit plans in equity at January 1, 2010.	Not applicable
	Investment securities accounted for using the equity method	The Company has elected to use deemed cost for selected investment securities under the equity method by measuring book value or fair value at January 1, 2010, which is carried at cost thereafter.	Not applicable
Investments in subsidiaries and affiliates		Investments in subsidiaries and affiliates are measured at book value under Korean GAAP at January 1, 2010 and accounted for by the cost method on a prospective basis in preparing the Company's separate financial statements.	Investments in subsidiaries and affiliates are accounted for under the equity method in preparing the Company's non-consolidated financial statements.
Special purpose entity		If a special purpose entity is substantially controlled by the Company, it should be consolidated.	Exclusion from scope of consolidation
Employee benefits		Under the Projected Unit Credit Method, the Company recognizes a defined benefit obligation calculated using an actuarial technique and a discount rate based on the present value of the projected benefit obligation.	The Company establishes an allowance for severance liability equal to the amount which would be payable if all employees left at the end of the reporting period.
Goodwill and negative goodwill		Goodwill is not amortized and tested for impairment every year. Negative goodwill is recognized in income at the time of acquisition.	Amortized on a straight line basis over a reasonable period within 20 years.
Elimination of financial assets		Financial assets can be eliminated from book only if transferor transfers substantial portion of risk and reward to transferee.	Financial assets can be eliminated if transferor cannot exercise rights for the transferred assets and transferee has a right of disposition of the assets after transfer. Also, transferor must not have effective control over transferred assets after transfer.

Issues	K-IFRS	Korean GAAP
Deferred income tax	Deferred income tax is reclassified as non- current.	Deferred tax assets and liabilities are classified as either current or non-current depending on the classification of their underlying assets and liabilities, or the time of expected reversal of temporary differences if they did not relate to specific assets and liabilities.

(3) Changes in scope of consolidation

Changes in the scope of consolidation under Korean GAAP and K-IFRS as of December 31, 2010 are as follows:

Korean GAAP Subsidiary	K-IFRS Subsidiary
Neoplux Co., Ltd.	Neoplux Co., Ltd.
Neoplux No.1 Private Equity Fund	Oricom Inc.
Oricom Inc.	Doosan Advertisement(China) Co., Ltd.
SRS Korea Co., Ltd.	SRS Korea Co., Ltd.
Doosan Bears Inc.	Doosan SRS SPC
Doosan Feed & Livestock Co., Ltd.	Doosan Bears Inc.
Doosan Tower Co., Ltd.	Doosan Feed & Livestock Co., Ltd.
Doosan Dong-A Co., Ltd.	Doosan Tower Co., Ltd.
DIP Holdings Co., Ltd.	Doosan Dong-A Co., Ltd.
Doosan DST Co., Ltd.	DIP Holdings Co., Ltd.
N Shaper Corp.	Doosan DST Co., Ltd.
Doosan Electro-Materials Singapore Pte Ltd.	N Shaper Corp.
Doosan Hongkong Ltd.	Doosan Electro-Materials Singapore Pte Ltd.
Doosan Shanghai Chemical Limited	Doosan Hongkong Ltd.
	Doosan Electro-Materials (SHEN ZHEN) Limited.
Doosan Heavy Industries Construction Co., Ltd. & 39 subsidiaries (Exception of Doosan Infracore Co., Ltd subsidiaries)	Doosan Shanghai Chemical Limited
Doosan Infracore Co., Ltd. & 66 subsidiaries	Doosan ABS(1 st)
	Doosan ABS(2 nd)
	Doosan ABS(3 rd)
Total 122	Total 20

39. AUTHORIZATION OF THE FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements to be submitted to the Company's general stockholders' meeting were authorized by the Company's board of directors on March 2, 2011.

Internal Accounting Control System (“IACS”) Review Report

English Translation of a Report Originally Issued in Korean

To the Representative Director of
Doosan Corporation

We have reviewed the accompanying Report on the Assessment of IACS (the “Management’s Report”) of Doosan Corporation (the “Company”) as of December 31, 2010. The Management’s Report, and the design and operation of IACS are the responsibility of the Company’s management. Our responsibility is to review the Management’s Report and issue a review report based on our procedures. The Company’s management stated in the accompanying Management’s Report that “based on the assessment of the IACS, the Company’s IACS has been appropriately designed and is operating effectively as of December 31, 2010, in all material respects, in accordance with the IACS Framework.”

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

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

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

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

March 4, 2011

Report on the Assessment of the Internal Accounting Control System ("IACS")

To the Board of Directors and Auditor (Audit Committee) of Doosan Corporation

I, as the Internal Accounting Control Officer ("IACO") of Doosan Corporation ("the Company"), assessed the status of the design and operation of the Company's IACS for the year ended December 31, 2010.

The Company's management including IACO is responsible for designing and operating IACS.

I, as the IACO, assessed whether the IACS has been appropriately designed and is effectively operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of preparing and disclosing reliable financial statement.

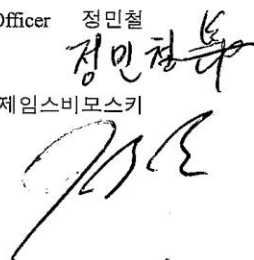
I, as the IACO, applied the IACS framework established by the Korea Listed Companies Association for the assessment of design and operation of the IACS.

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

March 4, 2011

Internal Accounting Control Officer 정민철

Chief Executive Officer 제임스비모스키

The block contains two handwritten signatures. The top signature is in black ink and appears to be '정민철' (Jeong Min-cheol), corresponding to the Internal Accounting Control Officer. The bottom signature is also in black ink and appears to be '제임스비모스키' (James B. Moskowitz), corresponding to the Chief Executive Officer.