Australian Government

Australian Customs and Border Protection Service

International Trade Remedies Branch

GS Global

EXPORTER QUESTIONNAIRE – TAIWAN, JAPAN, THE REPUBLIC OF INDONESIA AND THE REPUBLIC OF KOREA

PRODUCT CONCERNED:	**HOT ROLLED PLATE STEEL FROM THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF KOREA, THE REPUBLIC OF INDONESIA, JAPAN AND TAIWAN**
INVESTIGATION PERIOD:	**1 JANUARY TO 31 DECEMBER 2012**
RESPONSE DUE BY:	**21 MARCH 2013** **EXTENDED TO 8 APRIL 2013**
ADDRESS FOR RESPONSE:	**International Trade Remedies Branch** **Australian Customs and Border Protection Service** **5 Constitution Avenue** **Canberra ACT 2601** **Australia** **Attention: Director Operations 3**
CASE MANAGER: **TELEPHONE:**	**Mr Mick Kenna & Mrs Michelle Gibson** **+61-2-6275-6544 (Mick Kenna)** **+61-2-6275-6129 (Michelle Gibson)**
FAX: **EMAIL:**	**+61-2-6275-6990** **itrops3@customs.gov.au**

Please note that a non-confidential version of the reply to this questionnaire must also be provided.

N O N - C O N F I D E N T I A L V E R S I O N

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ABBREVIATIONS

the Act	the *Customs Act 1901*
The applicant	BlueScope Steel Limited
AS	Australian Standard
CTMS	cost to make and sell
Customs and Border Protection	the Australian Customs and Border Protection Service
FOB	Free-on-board
the goods	the goods the subject of the application (hot rolled plate steel)
HRC	Hot Rolled Coil
the investigation period	1 January 2012 – 31 December 2012
The Minister	The Minister for Home Affairs
Plate Steel	hot-rolled plate steel
SEF	Statement of essential facts
WTO	World Trade Organisation

*Refer to this questionnaire's Glossary of Terms for a definition.

SECTION A - COMPANY STRUCTURE AND OPERATIONS

This section requests information relating to company details and financial reports.

A-1 IDENTITY AND COMMUNICATION

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Head office:

Name	**Kim, Choon Shik**
Position in the company	**Team Manager**
Address	**10th Floor** **GS Tower** **679, Yeoksam-dong** **Gangnam-gu** **Seoul, Korea**
Telephone	**+82 2 2222 0114** **+82 2 317 1466**
Facsimile number	**+82 2 2005 5350**
Email address of contact person	**cskim@gsgcorp.com**

Factory:

GS Global Corp is not the manufacturer of the goods it exported to Australia. The goods GS Global exported were produced by [CONFIDENTIAL TEXT DELETED – unrelated third party].

A-2 REPRESENTATIVE OF THE COMPANY FOR THE PURPOSE OF INVESTIGATION

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name	**Daniel Moulis**
Address	**6/2 Brindabella Circuit** **Brindabella Business Park** **Canberra International Airport Australian Capital Territory** **Australia 2609**
Telephone	**+ 61 2 6163 1000**
Facsimile number	**+ 61 2 6162 0606**
Email address of contact person	**daniel.moulis@moulislegal.com**

All communications in relation to this matter should be directed to Moulis Legal in the first instance.

Note that in nominating a representative, Customs and Border Protection will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.

A-3 COMPANY INFORMATION

1. What is the legal name of your business? What kind of entity is it (e.g. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

The legal name of the company is GS Global Corp. (hereinafter "GSG"). GSG is a public company under the Korean Commercial Law. The company does not use any other business names to export or sell goods.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

The principal shareholder of GSG is GS Holdings, a holding company. As at 30 September 2012, GS Holdings held 54.58% of the shares in GSG. GS Holding is the only shareholder that holds more than 5% of shares in GSG.

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

A list of the major shareholders of GS Holdings with their shareholding percentages is provided in Attachment 1 [CONFIDENTIAL ATTACHMENT].

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

GS Holdings is not a subsidiary of another company.

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

A diagram showing all companies associated or affiliated with GSG, and GSG's place within that corporate structure, is provided in Attachment 2 [CONFIDENTIAL ATTACHMENT].

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

[CONFIDENTIAL TEXT DELETED – management policies]

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

GSG's main business activities are:

- **import, export and triangular trade of items;**
- **foreign resources development;**
- **import distribution;**
- **PDI services of imported vehicles, etc.**

8. If your business does not perform all of the following functions in relation to GUC, then please provide names and addresses of the companies which perform each function:

- produce or manufacture

GSG does not produce or manufacture the GUC. The goods exported by GSG to Australia are manufactured by [CONFIDENTIAL TEXT DELETED – unrelated third party]. The factory addresses of [CONFIDENTIAL TEXT DELETED – unrelated third party] are provided above at A-1.

- sell in the domestic market

GSG did not sell the GUC in the domestic market during the POI. GSG has been advised that [CONFIDENTIAL TEXT DELETED – unrelated third party] sold like goods to those exported by GSG to Australia in the domestic market during the POI. The sales office address of [CONFIDENTIAL TEXT DELETED – detail of unrelated third party]

- export to Australia, and

GSG exported the GUC to Australia during the POI.

- export to countries other than Australia.

GSG exported the GUC to third countries during the period of investigation.

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

GSG's internal organisation chart is provided in Attachment 3 [CONFIDENTIAL ATTACHMENT].

In summary, there are four major groups within GSG. They are:

- **Steel/Plant, which includes Steel 1 and Steel 2 divisions – the divisions within this group perform import and export activities regarding steel products (including the GUC), industrial plants, plant equipment and base materials.**

> - **Resources/Industrial, which includes petrochemical, resources and living commodities divisions – the divisions within this group perform import and export and resource development activities related to those industries and commodities.**
> - **Planning/HR/Legal – the divisions within this group perform planning, coordination and administration activities.**
> - **Finance and Accounting.**
>
> **A brochure provided in Attachment 4 provides more detailed information regarding each department.**

10. Provide a list of your business' Board of Directors, Managing Director (or CEO) and Senior Executives.

> **A list of GSG's Board members, its managing director (CEO) and its senior executives is provided at Attachment 5 [CONFIDENTIAL ATTACHMENT].**

11. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

> **GSG does not publish an annual report other than its annual financial reports, once audited. The GSG group brochure is provided at Attachment 4.**

12. Provide details of <u>all</u> transactions between your company and all related parties. For example:

- Supplying/selling completed or partially completed products.
- Suppling/selling raw materials.
- Performing management functions (including any financial functions).
- Processing (including toll processing) of any raw materials, intermediary or completed products.
- Trading in products/materials supplied by related parties.

> **A list of transactions between GSG and related parties is provided at Attachment 6 [CONFIDENTIAL ATTACHMENT].**

A-4 GENERAL ACCOUNTING/ADMINISTRATION INFORMATION

1. Indicate your accounting period.

> **GSG's accounting period is the calendar year of 1 January to 31 December.**

2. Indicate the address where the financial records are held.

> **GSG's accounting and financial records are kept at and are accessible from its head office address. GSG notes that it utilizes the SAP system, which is an integrated global ERP system, in its ordinary course of business**

3. Provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under investigation.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under investigation, and
- the company overall.

Please refer to the following Attachments:

- **Attachment 7 [CONFIDENTIAL ATTACHMENTS] - chart of accounts;**
- **Attachments 8 and 9 - GSG's audited consolidated and unconsolidated financial statements including audit or review reports (English translated version) for 2011;**
- **Attachments 10, 11 and 12 [CONFIDENTIAL ATTACHMENTS] - GSG's audited consolidated and unconsolidated financial statements including audit or review reports for 2012 (English translated version not presently available).**

GSG's SAP system can generate income statements to Steel/Plant division level. A sample income statement prepared in this way is provided in Attachment 13 [CONFIDENTIAL ATTACHMENT].

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your relevant taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

GSG is required to have its financial statements audited annually.

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

GSG's accounting practices do not differ in any way from the generally accepted accounting principles in Korea. Korea adopted the Korean International Financial Reporting Standards ("K-IFRS") for publicly listed companies from 1 January 2011. GSG's financial accounting practices are in accordance with K-IFRS.

6. Describe the significant accounting policies that govern your system of accounting, in particular:

GSG's accounting policies are explained in the notes to its audit report. GSG's financial and cost accounting policies regarding the specific matters raised by

Customs are explained below.

- the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out –LIFO, first in first out- FIFO, weighted average);

Inventories are stated at the lower of cost or net realizable value. Cost of inventories, except for merchandise and in transit (specific identification method), is measured under the gross average method. It consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

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

- costing methods, including the method (e.g. by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

All direct costs are captured for each specific transaction and product. Indirect costs are recorded as selling and administration expense and in cost of goods sold.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Not applicable to GSG.

- valuation methods for scrap, by products, or joint products;

Not applicable to GSG.

- valuation and revaluation methods for fixed assets;

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment loss. Historical cost includes expenditures directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

- average useful life for each class of production equipment and depreciation method and rate used for each;

Land is not depreciated. Depreciation on other assets is calculated using the

straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

Type of Asset	Estimated Useful Life
Buildings	20-40 years
Structures	20-40 years
Machinery and Equipment	4-10 years
Vehicles	4-10 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other operating income (expense)" in the income statement.

- treatment of foreign exchange gains and losses arising from transactions;

Gain or loss on foreign exchange transactions are incurred on foreign exchange transactions due to exchange rate fluctuations between the time an expense (or revenue) is incurred (or recognized) in a foreign currency and the time of payment (or receipt). Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Financial income (expense)". All other foreign exchange gains and losses are presented in the income statement within "Other operating income (expense)".

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

GSG's functional and presentation currency is KRW. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or financial statement closing. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

- inclusion of general expenses and/or interest;

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the

period in which they are incurred.

- provisions for bad or doubtful debts, and treatment thereof in your accounts;

GSG records provisions for bad debts by analysing the remaining balance of account receivables and its past experience on bad debts.

- expenses for idle equipment and/or plant shut-downs;

Not applicable to GSG.

- costs of plant closure;

Not applicable to GSG.

- restructuring costs;

Not applicable to GSG.

- by-products and scrap materials resulting from your company's production process; and

Not applicable to GSG.

- effects of inflation on financial statement information.

As a general matter, K-IFRS requires companies to prepare financial statements on a historical cost basis, without taking into account the effects of inflation.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

GSG's financial statements for the annual periods beginning on 1 January 2011 have been prepared in accordance with K-IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

GSG's FY2011 financial statements were prepared in accordance with K-IFRS and are subject to K-IFRS 1101 ("First-time Adoption of K-IFRS"). According to K-IFRS 1101, the transition date from the accounting principles previously generally accepted in the Republic of Korea ("Previous K-GAAP") to K-IFRS accounting principles is 1 January 2010. Reconciliations and descriptions of the effect of the transition from previous K-GAAP to K-IFRS on GSG's equity, comprehensive income and cash flows are described in Note 39 to GSG's non-consolidated financial statements for FY 2011.

A-5 INCOME STATEMENT

Complete the spreadsheet entitled '**Income statement**' within the Exporter questionnaire – *Hot Rolled Plate Steel – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire.

Please refer to "Income statement" provided at Attachment 14 – GSG EQ spreadsheets [CONFIDENTIAL ATTACHMENT].

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The formulae are provided in the spread sheet.

Explain how costs have been allocated between all products and the GUC within these calculations.

Selling expense and cost of goods sold are captured for each specific transaction and product within the GUC. Administration expense and common expense are allocated according to sales amount of all products. The detailed worksheet for these allocations is provided in Attachment 15 [CONFIDENTIAL ATTACHMENT].

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that closely matches the table.

A-6 SALES

Complete the spreadsheet entitled '**Turnover**' within the *Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire.

Please refer to "Turnover" provided at Attachment 14 - GSG EQ spreadsheets [CONFIDENTIAL ATTACHMENT]

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In completing the sheet, use the currency in which your accounts are kept. This information will be used to verify the cost allocations to the GUC in Section G.

Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

GSG can demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

A-7 PRODUCTION PROCESS AND CAPACITY

1. In addition to manufacturing hot rolled plate steel, does your company manufacture any of the raw materials used in the production of the plate steel? (e.g. HRC or steel slab) Please list all raw materials manufactured by your company.

Not applicable to GSG. Please refer to the EQ response to be submitted by [CONFIDENTIAL TEXT DELETED – unrelated third party].

2. Describe the production process for the GUC. If there is more than one production process, describe each production process. Provide a flowchart of the process/es. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

Not applicable to GSG.

3. Complete the spreadsheet entitled **'Production'** within the *Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire.'

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Not applicable to GSG.

SECTION B - SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory.

Export prices are usually assessed at FOB point, but Customs and Border Protection may also compare prices at another level (e.g. ex factory).

*You should report prices of **all GUC shipped to Australia during the investigation period.***

The invoice date will normally be taken to be the date of sale. If you consider:

- the sale date is not the invoice date (see 'date of sale' column explanation in question B4 below) and;
- an alternative date should be used when comparing export and domestic prices

*you **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

In addition, if you have reported that the date of sale is not the invoice date, you should provide information on the lead times for domestic and export sales (from order confirmation to fulfilment), lead-time differences in raw material purchasing and delivery and/or in the production rolling schedules, so far as those differ between export and domestic sales.

B-1 For each customer in Australia to whom you shipped goods in the investigation period list:

- name;

GS Global Australia Pty Ltd ("GSGA")

- address;

Level 38, Northpoint
100 Miller Street
North Sydney
NSW Australia 2060

- contact name and phone/fax number where known; and

Peter Han
Deputy General Manager
Tel: +62 2 99540911
Fax: +62 2 99540919

- trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

Importer

B-2 For each customer identified in B1 please provide the following information.

(a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

> **[CONFIDENTIAL TEXT DELETED – detail of sales process]**
>
> **A diagram of the sales process is provided in Attachment 16 [CONFIDENTIAL ATTACHMENT].**

(b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

> **The parties involved in the distribution chain from GSG's point of view are:**
>
> - **GSG's manufacturing platform for its export to Australia – [CONFIDENTIAL TEXT DELETED – unrelated third party];**
> - **Korean transport company – [CONFIDENTIAL TEXT DELETED – detail of unrelated service provider];**
> - **the relevant ocean freight company;**
> - **the importer - GSGA.**
>
> **[CONFIDENTIAL TEXT DELETED – details of commercial arrangements with unrelated third parties].**
>
> **The role of the next party in the distribution chain - the ocean freight company – is self-explanatory. GSG is responsible for arranging the ocean freight company and the port of export. [CONFIDENTIAL TEXT DELETED – name of importer] importer then receives and clears the goods.**
>
> **[CONFIDENTIAL TEXT DELETED – details of sales arrangement]**

(c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of delivered duty paid (DDP) sales, explain who retains ownership when the goods enter Australia.

> **The chain of ownership proceeds as follows:**
>
> **(a) [CONFIDENTIAL TEXT DELETED – arrangement with supplier].**
>
> **(b) GSG exported all of the goods to Australia to GSGA on [CONFIDENTIAL TEXT DELETED – sales terms] during the POI.**
>
> **(c) On this basis, [CONFIDENTIAL TEXT DELETED – detail of sales arrangement].**
>
> **GSG did not export the goods to Australia on DDP terms during the POI.**

(d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

GSG had no agency or distribution arrangements, or other contracts, in relation to the Australian market during the POI. The export transaction is a sale by GSG to GSGA.

(e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

Please see our response to question B-2(a) above.

[CONFIDENTIAL TEXT DELETED – pricing policy]

(f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (e.g. free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

GSG's only Australian export customer during the POI was GSGA. [CONFIDENTIAL TEXT DELETED – detail of sales arrangement]

(g) Details of the forward orders of the GUC (include quantities, values and scheduled shipping dates).

Details of the forward orders are listed below.

Shipping Dates	Quantity (MT)	Value (AUD)
[CONFIDENTIAL TEXT DELETED]		

B-3 Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

GSG has only one distribution channel to Australia.

B-4 Complete the spreadsheet entitled '**Australian sales**' within the *Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire.

This spreadsheet is to list **all** shipments (*i.e. transaction by transaction*) to Australia **of the GUC** (do not include non-GUC items) in the investigation period.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

Column heading	Explanation
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model/type	commercial model or type
Plate surface	Surface of the plate - patterns in relief Yes/No
Product code	code used in your records for the model/grade/type identified. Explain all product codes in your submission.
Thickness (mm)	Thickness measured in millimetres of the steel plate
Width (mm)	Width measured in millimetres of the steel plate
Length (mm)	Length of the steel plate
Trimmed edge or untrimmed edge	Identify if the edges of the steel plate are trimmed or untrimmed
Grade	Identify the grade of the steel plate, e.g. 250/350/450 MPa
Low temperate tested	Low temperature (Charpy) tested, and if so, tested to what temperature.
High temperature (tensile) tested	Indicate if the steel plate has undergone high temperature (tensile) testing.
Through thickness (tensile) tested	Indicate if the steel plate has undergone through thickness (tensile) testing.
Ultrasonic tested	Indicate if the steel plate has undergone ultrasonic testing and if yes to what quality level.
Prime or non-prime	Identify if the steel plate is prime product or non-prime
Standard	Identify the standard that the steel plate has been produced to (e.g. Australian Standard, Japanese Standard, British Standard)
Order number	Order number
Date of order confirmation	Date order is confirmed confirm
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date *other than* the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Shipping terms	Delivery terms e.g. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms e.g. 60 days=60 etc
Quantity	Quantity in units shown on the invoice. Show basis e.g. kg.

Gross invoice value	gross invoice value shown on invoice *in the currency of sale, excluding taxes.*
Discounts	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.
Other charges	any other charges, or price reductions, that affects the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	**any other** costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

Notes

** FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

All of these costs are further explained in section E-1.

Please refer to "Australian sales" provided at Attachment 14 – GSG EQ spreadsheets [CONFIDENTIAL ATTACHMENT].

GSG advises that in preparing this spreadsheet it has consulted with [CONFIDENTIAL TEXT DELETED – unrelated third party] in relation to the identification of the products concerned. GSG considers that for the purpose of consistency and fair comparison, the best approach is to adopt the same product coding method in both the Australian sales and domestic sales. GSG is advised by [CONFIDENTIAL TEXT DELETED – unrelated third party] adopts a unified product coding system for both its production and sales records.

Accordingly, GSG matched its own sales record, which identifies the product by [CONFIDENTIAL TEXT DELETED – account details], with the more accurate and detailed product coding system of [CONFIDENTIAL TEXT DELETED – unrelated third party], and identified its Australian sales in line with [CONFIDENTIAL TEXT DELETED – unrelated third party] product code. The same approach has been adopted in preparing the Australian CTMS spreadsheet at Section G below.

Further, please note that GSG's SAP system recorded all of its Australian sales during the POI in [[CONFIDENTIAL TEXT DELETED – details of sales terms and accounting method].

B-5 If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column within the 'Australian sales' spreadsheet (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

GSG has identified the credit expense incurred [CONFIDENTIAL TEXT DELETED – details of credit expense]. This has been separately reported in the spread sheet.

B-6 For each type of discount, rebate, or allowance offered on export sales to Australia:

- provide a description; and

- explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

[CONFIDENTIAL TEXT DELETED – details of sales arrangement].

B-7 If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

[CONFIDENTIAL TEXT DELETED – details of sales arrangement].

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs and Border Protection brokers, port and other costs incurred (itemise)

[CONFIDENTIAL TEXT DELETED – details of sales arrangement].

B-9 Select <u>two</u> shipments, in different quarters of the investigation period, and provide a <u>complete</u> set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

Customs and Border Protection will select additional shipments for payment verification at the time of the visit.

Please refer to the two sample sets of documents provided at Attachments 17 and 18 [CONFIDENTIAL ATTACHMENTS].

GSG respectfully submits that its position as supplier of the GUC to Australia constitutes it as the exporter in the circumstances of this case.

GSG submits that the evidence it has provided establishes that this is the type of case that Finn J considered in *Companhia Votorantim De Celulose E Papel v Anti-Dumping Authority, Christopher Cleland Schacht In His Capacity As Minister of Science and Small Business and Australian Paper Limited* [1996] FCA 1399 (19 April 1996) to be one in which the supplier of the goods – and not the manufacturer – is the exporter.

In that case Finn J was called upon to determine who might be considered as the "exporter" in a situation of *"multipartite export, where… there is a sequence of dealings surrounding exportation and importation"*. The learned judge characterised the supplier in that case as purposely being the instrument of the manufacturer's exportation of its product to Australia, *"a market selected by [the manufacturer] and not by the [supplier]"*. [CONFIDENTIAL TEXT DELETED – details of commercial arrangements with unrelated third party]

Finn J made clear that *"circumstances may exist where a supplier of goods so uses a manufacturer as its instrument in its supply of goods to an importer that the supplier can properly be characterised as the exporter of those goods from the country of origin in question"*. We believe that in the matrix of facts concerning GSG's business [CONFIDENTIAL TEXT DELETED – details of commercial arrangements with unrelated third party].

GSG stands ready to further address these matters as may be required by Customs in its investigation.

SECTION C – EXPORTED GOODS & LIKE GOODS

C-1 Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

> **Please see response above at B-4. GSG does not manufacture the GUC, and does not sell the GUC on the domestic market. [CONFIDENTIAL TEXT DELETED – unrelated third party] manufactures the GUC.**
>
> **Accordingly, GSG has requested the manufacturer [CONFIDENTIAL TEXT DELETED – unrelated third party] to provide responses to the questions in this Section C.**

C-2 List each model/type of the good exported to Australia (these models should cover all models listed in spreadsheet "**Australian Sales**" **–** See section B of this questionnaire).

C-3 If you sell like goods on the domestic market, for each model/type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically and provide a detailed explanation of the differences where those goods sold domestically (i.e. the like goods – see explanation in glossary) are not identical to the goods exported to Australia.

This should be done by completing the spreadsheet entitled '**Like goods**' within the *Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire, detailing as follows:

EXPORTED MODEL	DOMESTIC MODEL	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate "YES". Otherwise "NO"	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences

C-4 Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

SECTION D - DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

*All domestic sales **of like goods to the GUC** made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the Case Manager **before** completing the questionnaire.*

If the Case Manager agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets Customs and Border Protection requirements. If agreement cannot be reached as to the appropriate method Customs and Border Protection may not visit your company.

Customs and Border Protection will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.

*If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

If you do not have any domestic sales of like goods you must contact the Case Manager who will explain the information Customs and Border Protection requires for determining a normal value using alternative methods.

In addition, if you have reported that the date of sale is not the invoice date, you should provide information on the lead times for domestic and export sales (from order confirmation to fulfilment), lead-time differences in raw material purchasing and delivery and/or in the production rolling schedules, so far as those differ between export and domestic sales.

GSG did not sell the GUC on the domestic market. However, to GSG's knowledge, its manufacturer-supplier [CONFIDENTIAL TEXT DELETED – unrelated third party] sold like goods to the GUC on the domestic market during the POI.

Accordingly, GSG has requested [CONFIDENTIAL TEXT DELETED – unrelated third party] to provide responses to the questions in this Section D on an "other seller" basis.

D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

D-4 Complete the spreadsheet entitled '**Domestic sales**' *within the Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire.

This spreadsheet is to list **all domestic sales of like goods** (i.e. transaction by transaction) in the investigation period (do not include non-GUC items).

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

Column Heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Model/type	commercial model or type
Plate surface	Surface of the plate - patterns in relief Yes/No
Product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Thickness (mm)	Thickness measured in millimetres of the steel plate
Width (mm)	Width measured in millimetres of the steel plate
Length (mm)	Length of the steel plate
Trimmed edge or untrimmed edge	Identify if the edges of the steel plate are trimmed or untrimmed
Grade	Identify the grade of the steel plate, e.g. 250/350/450 MPa
Low temperate tested	Low temperature (Charpy) tested, and if so, tested to what temperature.
High temperature (tensile) tested	Indicate if the steel plate has undergone high temperature (tensile) testing.
Through thickness (tensile) tested	Indicate if the steel plate has undergone through thickness (tensile) testing.
Ultrasonic tested	Indicate if the steel plate has undergone ultrasonic

	testing and if yes to what quality level.
Prime or non-prime	Identify if the steel plate is prime product or non-prime
Standard	Identify the standard that the steel plate has been produced to (e.g. Australian Standard, Japanese Standard, British Standard)
Order number	show order confirmation number
Date of order confirmation	Date order is confirmed
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date *other than* the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract, or purchase order date.
Delivery terms	e.g. ex factory, free on truck, delivered into store
Payment terms	payment terms agreed with the customer e.g. 60 days=60 etc
Quantity	quantity in units shown on the invoice e.g. kg.
Gross Invoice value	gross value shown on invoice *in the currency of sale*, net of taxes.
Discounts	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Net invoice value	the net invoice value expressed in your domestic currency as recorded in your accounting system
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.
Packing*	packing expenses
Inland transportation Costs*	amount of inland transportation costs included in the selling price.
Handling, loading And ancillary Expenses*	handling, loading & ancillary expenses.
Warranty & Guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services such as technical assistance or installation costs.
Commissions*	commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	**any other** costs, charges or expenses incurred in relation to the domestic sales (include additional

	columns as required). See question D5.

Notes
Costs marked with * are explained in section E-2.

D-5 If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see “other factors”). For example, certain other selling expenses incurred.

D-6 For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

D-7 Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales.

Provide a complete set of documentation for those two sales. Include, for example:

- purchase order
- order acceptance
- commercial invoice
- discounts or rebates applicable
- credit/debit notes
- long or short term contract of sale
- inland freight contract
- bank documentation showing proof of payment

Customs and Border Protection will select additional sales for verification at the time of our visit.

SECTION E - FAIR COMPARISON

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (i.e. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. Customs and Border Protection must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence Customs and Border Protection may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. Customs and Border Protection will not consider new claims made after the verification visit.

E-1 COSTS ASSOCIATED WITH EXPORT SALES

(These cost adjustments will relate to your responses made at question B-4, '**Australian Sales**')

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale **("Inland transportation costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

GSG has reported the actual export inland freight from the factory to the port on a transaction-specific basis.

The General ledger account code for the inland transportation costs is [CONFIDENTIAL TEXT DELETED – account code].

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

GSG has reported actual handling, loading and ancillary expenses on a transaction-specific basis in KRW. General ledger account codes for the expenses are listed below.

Account Code	Expense
[CONFIDENTIAL TEXT DELETED – account codes]	

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales e.g., short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

GSG has reported actual credit expenses on a transaction-specific basis in KRW. General ledger account code for the credit expenses is [CONFIDENTIAL TEXT DELETED – account code].

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**Packing**'.

GSG did not incur packing costs for the GUC during the POI. If there are any packing costs, they would be incurred by [CONFIDENTIAL TEXT DELETED – unrelated third party] and included in [CONFIDENTIAL TEXT DELETED – unrelated third party] price to GSG.

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed **"Commissions".** Identify the general ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED – sales policy]

6. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (**"Warranty & guarantee expenses"** and **"Technical assistance & other services"**), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED – details of sales]

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed **"Other factors"**. For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

GSG has identified the credit expense incurred [CONFIDENTIAL TEXT DELETED – details of credit expense]. GSG has reported the actual credit expenses on a transaction-specific basis in KRW.

General ledger account code for the credit expenses is [CONFIDENTIAL TEXT DELETED – account code].

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the investigation period (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

GSG has reported the accounting currency in its Australian sales spread sheet.

E-2 COSTS ASSOCIATED WITH DOMESTIC SALES

(These cost adjustments will relate to your responses made at question D-4, **"domestic sales"**)

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

GSG did not sell the GUC on the domestic market. However, to GSG's knowledge, its manufacturer supplier [CONFIDENTIAL TEXT DELETED – unrelated third party] sold like goods to the GUC on the domestic market during the POI.

Accordingly, GSG has requested its supplier [CONFIDENTIAL TEXT DELETED – unrelated third party] to provide responses to the questions in this Section D on an "other seller" basis.

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or

- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon exportation and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: *"Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs"*

If such a scheme operates in the country of export please provide **full** details about the operation of the scheme as well as providing the information requested above.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment manufacturer.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

(a) *costs arising from different functions*: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

(b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that <u>a clear pattern</u> of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or

- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system,[1] the average credit period may be determined as follows:

1. *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2. *Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

The following items are identified in the amounts quantified at question D-4:

5. Transportation

Explain how you have quantified the amount of inland transportation associated with the domestic sales (**"Inland transportation Costs"**). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

[1] Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified (**"Handling, loading and ancillary Expenses"**). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed **"Packing"**.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed "**Commissions**". Identify the general ledger account where the expense is located.

9. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (**"Warranty & Guarantee expenses"** and **"Technical assistance & other services"**), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed **"Other factors"**. List the factors and show how each has been quantified in per unit terms. For example:

- inventory carrying cost: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- warehousing expense: an expense incurred at the distribution point;
- royalty and patent fees: describe each payment as a result of production or sale, including the key terms of the agreement;
- advertising; and
- bad debt.

E-3 DUPLICATION

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

SECTION F - EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA

Your response to this part of the questionnaire may be used by Customs and Border Protection to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. Customs and Border Protection may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Complete the spreadsheet entitled '**Third country sales**' within t*he Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire.

Please refer to "Third country sales" provided at Attachment 14 – GSG EQ spreadsheets [CONFIDENTIAL ATTACHMENT]

This spreadsheet is to list **all export sales of like goods** (i.e. transaction by transaction) to countries other than Australia in the investigation period (do not include non-GUC items).

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Model/grade/type	Commercial model/grade or type
Thickness (mm)	Thickness measured in millimetres of the steel plate
Width (mm)	Width measured in millimetres of the steel plate
Length (mm)	Length of the steel plate
Trimmed edge or untrimmed edge	Identify if the edges of the steel plate are trimmed or untrimmed
Grade	Identify the grade of the steel plate, e.g. 250/350/450 MPA
Prime or non-prime	Identify if the steel plate is prime product or non-prime
Standard	Identify the standard that the steel plate has been produced to (e.g. Australian Standard, Japanese Standard, British Standard)

Quantity	Indicate quantity, in units, exported to the third country over the investigation period.
Unit of quantity	Show unit of quantity e.g. kg
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country e.g. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country e.g. CIF, FOB, ex-factory, DDP etc.

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

Export sales to Australia and to third countries are affected by the different market conditions and factors applying to each such market.

SECTION G - COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;
- determining a constructed normal value of the GUC - i.e. of the goods exported to Australia; and
- making certain adjustments to the normal value.

You will need to provide the cost of production of both the exported goods (GUC) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (e.g. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

If, in response to question B4 (Sales to Australia, Export Price) you:

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

GSG does not manufacture the GUC.

Accordingly GSG has provided a general response to the questions in G-2, in that they are not necessarily tied to "manufacturing" or to a company that is a "manufacturer".

In relation to question G-4, GSG has provided a response using its buy-in price of the GUC as "cost to make".

GSG has requested the manufacturer [CONFIDENTIAL TEXT DELETED – unrelated third party] to provide responses to all of the questions in Section G, on an "other seller" basis. GSG respectfully requests that Customs refer to the responses provided by [CONFIDENTIAL TEXT DELETED – unrelated third party].

G-2. COST ACCOUNTING PRACTICES

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

GSG utilizes an SAP system for its records of purchase costs for the GUC. A specific identification method has been used. A description of GSG's normal management accounting system for GUC is set out below:

- **GSG uses a process accounting system. The cost accounting system is an integral part of GSG's financial accounting system used to prepare the company's audited financial statements. The cost of goods sold and inventory values reported in GSG's financial statements are based on the costs generated by its cost accounting system for individual products.**

- **GSG's cost accounting system is structured so that all costs incurred at the purchasing level are recorded as purchasing costs that flow to the cost of sales on the company's financial statements.**

- **Costs incurred in the various corporate departments, including the selling departments, corporate administration, business planning, etc., are classified as selling, general and administrative expenses. However, international freight and commission paid are recorded as costs of goods sold.**

- **A flowchart of the financial accounting system is provided in Attachment 19 [CONFIDENTIAL ATTACHMENT].**

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (i.e. differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

GSG utilizes an SAP system for its records of purchase costs for the GUC by using a specific identification method. Therefore the question is not applicable.

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

GSG utilizes an SAP system for its records of purchase costs for the GUC by using a specific identification method. Therefore the question is not applicable.

4. Describe the profit/cost centres in your company's cost accounting system.

Please refer to the profit centers as shown in Attachment 20 [CONFIDENTIAL ATTACHMENT].

5. For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the GUC. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

GSG uses the allocation methods which have already been explained at other places in its EQ response. GSG has reported actual purchase costs of the GUC in this response by tracing purchase order numbers in its inventory ledger. GSG's cost calculations are the same as those used in its normal course of

business.

6. Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

Please see response above at B-4.

7. List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

GSG's cost accounting system is a part of its financial accounting system. The cost of goods sold and inventory values reported in GSG's financial statements are based on the costs generated by its cost accounting system. GSG's SAP system fully integrates cost and financial accounting modules.

8. State whether your company engaged in any start-up operations in relation to the GUC. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

GSG did not engage in any start-up expenses in relation to the GUC during the POI.

9. State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation it its accounting records.

GSG did not engage in any start-up expenses in relation to the GUC during the POI.

G-3 COST TO MAKE AND SELL ON DOMESTIC MARKET

This information is relevant to testing whether domestic sales are in the ordinary course of trade.[2]

1. Complete the spreadsheet entitled '**Domestic CTMS**' within *the Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell <u>each</u> model/type (identified in Section C) of the like goods sold on the domestic market.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

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[2] Customs and Border Protection applies the tests set out in s.269TAAD of the *Customs Act 1901* to determine whether goods are in ordinary course of trade. These provisions reflect the WTO Anti-Dumping Agreement – see Article 2.2.1.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

G-4 COST TO MAKE AND SELL GOODS UNDER CONSIDERATION (GOODS EXPORTED TO AUSTRALIA)

Complete the spreadsheet entitled '**Australian CTMS**' within the *Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire.

Please refer to "Australian CTMS" provided at Attachment 14 – GSG EQ spreadsheets [CONFIDENTIAL ATTACHMENT]. As explained above, GSG has used its buy-in price of the GUC as the starting point before the addition of its other costs of selling and exporting the goods to Australia.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell each model/type (identified in Section C) of the like goods sold on the domestic market.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

G-5 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

G-6 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

G-7 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (e.g. number, or weight etc) to determine the unit cost differs from the prior practice of your company.

G-8 List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (e.g. market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company Customs and Border Protection will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the Act. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

If the major input is purchased or supplied from an integrated production process you should provide detailed information on the full costs of production of that input.

G-9 Complete the attached spreadsheet entitled '**Raw Material Purchases'** within the *Hot Rolled Plate Steel Exporter Questionnaire – Taiwan, Japan, Indonesia & Korea' – accompanying spreadsheet* provided alongside this questionnaire (i.e. transaction by transaction) for all purchases of hot rolled coil, steel slab, coking coal and coke. Provide the completed spreadsheet in electronic format with your response.

(NB if your company is purchasing more than one material type (HRC, steel slab, coking coal and coke), please provide your responses in separate spreadsheets).

NON-CONFIDENTIAL VERSION

SECTION H – EXPORTER/PRODUCER'S DECLARATION

I hereby declare that **GS Global Corp** did, during the investigation period export the GUC and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name : KIM CHOON SHIK

Signature : C. S. Kh

Position in Company : TEAM MANAGER

Date : 2013.03.25

NON-CONFIDENTIAL VERSION

SECTION I - CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – general information	☑
Section B – export price	☑
Section C – like goods	
Section D – domestic price	
Section E – fair comparison	
Section F – exports to third countries	☑
Section G – costing information	
Section H - declaration	☑

Electronic Data	Please tick if you have provided spread sheet
HRC & STEEL SLAB PURCHASES – purchase cost of Hot Rolled Coil and Steel Slab during the investigation period	
RAW MATERIAL PURCHASES – purchase cost of raw materials during the investigation period	
INCOME STATEMENT	☑
TURNOVER – sales summary	☑
AUSTRALIAN SALES – list of sales to Australia	☑
DOMESTIC SALES – list of all domestic sales of like goods	
THIRD COUNTRY – third country sales	☑
PRODUCTION – production figures	
DOMESTIC COST TO MAKE & SELL – costs of goods sold domestically	
AUSTRALIAN COST TO MAKE & SELL – costs of goods sold to Australia	☑

GS Global

VALUE NO.1 SOLUTION PROVIDER

Global Networker
with Exceptional Competencies

GS Global
GS Tower, 679, Yeoksam-Dong, Gangnam-Gu, Seoul, Korea
tel: 82-2-2005-5301
fax: 82-2-2005-5300
http://www.gsgcorp.com

Ever since the establishment of the company in 1954, GS Global not only contributed to economic development through expansion of exports but also vigorously advanced businesses of export, import and triangular trade of Steel & Metal, Petrochemical, Cement material, Machinery & Plant and Logistics services. Beyond such accomplishments, GS Global will incessantly strive to function as a spearhead of GS group's global business and discover channels for new opportunities that will lead us to a continuous growth in the future.

As a global networker with exceptional competencies, GS Global advances forward by developing optimal solutions in response to the various needs of our customers worldwide. By weaving our innovative and active minds with accumulated experiences, GS Global promises to create no. 1 value that flourishes beyond the benefits of our customers, and into the betterment of our nation's economy.

VALUE . NO.1 SOLUTION . PROVIDER

CONTENTS

Group Synergy

Established in 1954, GS Global has joined the GS group, Korea's 7th largest conglomerate, to establish footings to globalize its general trading operation in 2009.
GS Global is continuing its efforts to reinforce overseas business competencies in cooperation with the major GS Group affiliates in energy, logistics, and construction sectors such as GS Energy, GS Caltex, and GS E&C. GS Global also acquired DKT to add heavy industry and manufacturing to its business portfolio, which further promotes business synergies with GS Caltex, GS E&C and other affiliates.
As the global strategy control tower, GS Global will continue to play a key role in the international business of the GS Group.

New Momentum

GS Global has developed into a global business creator by consistently committing to build platforms for new global businesses. GS Global made proactive efforts to tap into overseas resource development projects such as acquiring stakes in the "Oklahoma Nemaha Onshore Project" and demonstrated tangible achievements. We also forged into renewable energy businesses, making investments in Hainan Forest Energy Development: a Hainan-based joint venture for the production of wood pellet. The investment helped us make successful inroads into the bio-diesel market and broaden our business portfolio.
GS Global will continue its efforts to secure new business opportunities and future growth engines by developing overseas oil, gas, and coal resources and investing in renewable energy projects.

Global Performance

GS Global is operating a worldwide global business network based on its overseas operations at over 30 different locations. To enhance its competitiveness in the trading of industrial materials such as steel and petrochemical products, GS Global is currently endeavoring to expand its business networks in remote untapped regions of Latin America and Africa. The company also established GS Global Suzhou Steel Service Center in China, enhancing its operation to complex processing trades to upgrade its business value chain by embracing manufacturing and processing operations.

GS Global will remain committed to secure further stable revenue sources and forge into untouched overseas markets with the company's advanced global competitiveness.

Embracing our vision of "Value No.1 Solution Provider", GS Global Corp. has presented best values and optimal solutions to our customers both domestic and overseas.

President & CEO Taik-Keun, Jung

CEO'S MESSAGE

A GLOBAL NETWORKER WITH SUPREME COMPETENCIES

Striving at the frontier of global business arena, GS Global Corp. has played a key role in contributing to our nation's economic development.

GS Global Corp. became an honorable member of the GS Group in July 2009.
Ever since its integration, GS Global Corp. is fully performing its role as a platform for new business opportunities by strengthening our global network and developing innovative business capabilities.

Constantly propelling to advance, GS Global Corp. utilizes its expansive global network of approximately 30 bases, as well as its accumulated business experiences of trading in various fields including steel, petrochemical, cement, coal and many more.
GS Global Corp. also endeavors to diversify its business models via related business investments.

Alongside these efforts, GS Global Corp. is securing future growth engines by investing in resource development endeavors. Renewable energies such as biodiesel and wood pellet are key areas that we strive to pioneer. Moreover, GS Global Corp. is making corresponding investments in machinery and plant business. In 2010, we have acquired DKT, a plant/machinery manufacturing company, to create a strong foothold for upcoming future.

We pledge to devote our full efforts to provide optimal solutions to our customers.
GS Global Corp. promises to be a company placing finest value creation as its utmost priority by developing preeminent professionals and extensive global network.

We appreciate your unwavering support and assistance. Thank you.

A COMPANY MOST RESPECTED BY CUSTOMERS AND SOCIETY

Fostering the vision of "Value No. 1 GS Adored by Everyone"

GS succeed in attaining its position within TOP 5 of the financial sector. GS announced the official start as a group of companies specializing in energy, distribution and construction in March 2005. Since then, GS has been endeavoring to become a global company extending its limits beyond Korea onto the global stage.

GS always places top priority on our customers with the management philosophy of "Creating New Values in Life and Dreaming of a Better Future for our Customers". Through endless changes and innovations, GS will become a lifetime partner for our customers with the mission of providing complete customer satisfaction, a rewarding workplace for our employees, and a corporate citizen of the society.

Always keeping in mind to promote sustainable growth as a corporate citizen, GS will persist on realizing the highest customer satisfaction and outstanding achievements through mutual respect, transparent management and contributions to the development of the community.

A COMPANY CONTINUOUSLY GROWING THROUGH GLOBAL BUSINESS DIVERSIFICATION

1954 Establishment of Kumsung Industry Corporation
In 1954, Kumsung Industry Corporation was established as a professional import and export company. The company was located at 63, 2-ga, Jeo-dong, Jung-gu, Seoul, Korea.

1964 Creation of Foreign Network
In 1964, GS Global opened Tokyo Office in Japan as its first overseas office. The company consecutively opened its international offices in New York and Jakarta, expanding its foreign network. The Tokyo and New York Offices were converted to GS Global Japan Corporation (1977) and GS Global U.S.A. Inc.(1973).

1972 Awarded the Gold Tower Order of Industrial Service Merit
GS Global was awarded Gold Tower Order of Industrial Service Merit in Nov 1972.

1975 Designated as a general trading company
GS Global was designated as Korea's 2nd General Trading Company, and played an significant role in developing the national economy.

1980 Opening up of Chiness Market
Recognizing the potentials of Chinese markets since 1980s, GS Global initiated indirect trading with China via GS Global Hong Kong Corporation.
The Company established Beijing Office (1991), Guangzhou Office (1993), Shanghai Office (1993) and Dalian Office (1993), solidifying its position as a pioneering company in opening Chinese markets. In particular, Beijing and Shanghai offices each accomplished exports over $100 million dollar since first five years of its establishments.

1985 Construction of cement distribution terminals in Japan
GS Global Japan Corporation executed equipment investments to construct cement distribution network base in Japan. Consequently, GS Global possesses 4 cement silos in Japan, supplying high-quality cement to Japanese customers.

1990 Expansion of Foreign Resources Imports
As a general trading company, GS Global not only strived in exports, but also began to develop foreign natural resources in full-fledge. The company is stably sourcing coal from China, Indonesia, Russia and Australia to domestic customers.

1991 Awarded the Export Tower Prize
In addition to 100 Million Dollar Export Tower Prize 1975 and 1 Billion Dollar Export Tower Prize in 1982, GS Global was awarded with 2 Billion Dollar Export Tower Prize in 1991.

2004 Expansion of Logistics and Domestic Distribution Business
GS Global opened Korea's first and biggest PDI center for imported cars in Incheon as part of the business diversification plan. The PDI center was later relocated to Pyeongtaek in 2011. In 2008, GS Global newly expanded into Leisure Sports business by dealing various types of bicycles.

2009 Modification of Management System and Reformation of Corporate Culture
Current GS Global CEO, Taik-Keun, Jung, constantly enhances the company management system by introducing ERP system, reinforcing organization's capabilities and recreating the corporate culture of GS Global.

2010 Securing New Growth Engines
GS Global acquired a chemical machinery and power generator producing company, DKT, as part of its plan to secure future growth engines. By advancing into the manufacturing industry, GS Global has obtained a stable business portfolio that exceeds beyond the former boundaries of general trading company.

Corporate Principle

Creating New Values in Life and Dreaming of Better Future for our Customers

Corporate Vision

Value No.1 Solution Provider

GS Global is a leading company that creates finest values for our customers/shareholders/employees and national economy by actively and creatively responding to our customers' needs with optimal solutions.

REVIEW OF OPERATIONS

GS Global creates core values in the Steel industry

GS Global engages in exports and imports of petrochemical-inorganic and fine chemical products

GS Global manages lubricants-bunkering and various oil products trading business

GS Global is formulating a commercial base with the focus on meat, grains, feedstuff, fresh fruits, processed foods and construction materials

GS Global provides imported car PDI service, cargo storage and shipping business

GS Global participates in various businesses related to energy sources

GS Global aims to be a world-class minerals and resource trading specialist

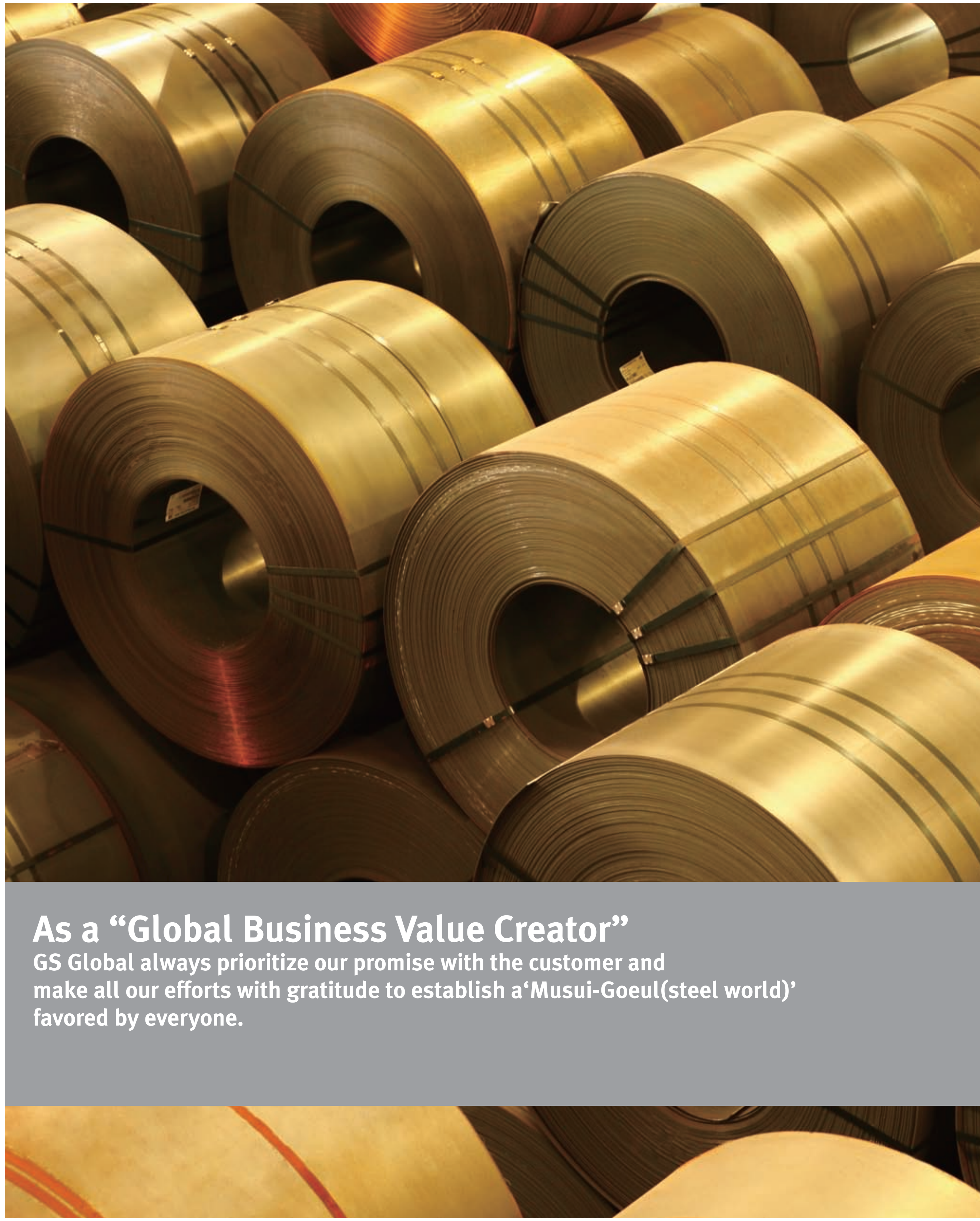
GS Global supplies plant machinery equipments and various plant projects

GS Global imports HONDA general - purpose engines that are used as a power source for domestic constructional and agricultural machineries

GS Global develops new business opportunities and diversifies business portfolio

DKT provides finest satisfaction to customers with its innovative technologies and essential equipments of the chemical & energy business to meet the customer's needs in oil, gas and power plant sector

STEEL



As a “Global Business Value Creator”

GS Global always prioritize our promise with the customer and make all our efforts with gratitude to establish a‘Musui-Goeul(steel world)’ favored by everyone.

GS Global creates core values in the Steel industry

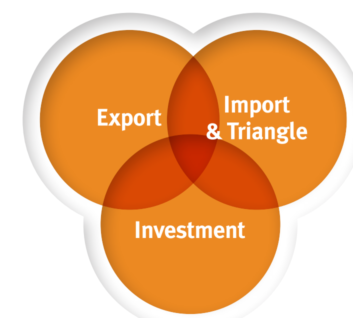
Since the foundation of the company, the Steel division has long been the backbone of GS Global and shared growth with leading domestic steel mills, pursuing the value of ‘WIN-WIN’ through constant creativity and innovation.
We provide both steel products of major steel mills with POSCO in the lead, and a competitive and sustainable ‘TOTAL SERVICE’ for world-leading automotive, home appliance and energy companies. As Steel business experts, we spearhead new paradigm against the rapid changes of steel industry environment, and ultimately nourish core values of customers.

VISION

Steel division aims to be the world no.1 trading company in the steel industry. GS Global is preparing a new leap not only by fulfilling its role as a principal trading company for numerous steel makers and buyers around the globe, but also by pioneering new investment territories.

BUSINESS FIELDS

Supplies Korean steel products for more than 500 customers over 50 nations worldwide



Imports or engages in triangular trade of competitive products around the world including China, Russia and Japan

Manages Coil Centers and Press vendors in China, India and Southeast Asia to secure sustainable market dominance and satisfaction of customer needs

MAJOR ITEMS

- **Flat Products**
  - . HR(& HRPO)
  - . Plate
  - . CR(& F/H)
  - . GI(& HGI, EGI)
  - . Electrical Steel
  - . PPGI(& PPGL)
  - . ETP(& TFS)
- **Long Products**
  - . W/rod
  - . HR R/bar
  - . H-beam
  - . D-bar
  - . Angle & Channel
  - . Sheet Pile
  - . Billet
- **Stainless steel & Pipe**
  - . STS HR
  - . STS CR
  - . STS Plate
  - . STS W/rod & R/bar
  - . ERW Steel Pipe
  - . OCTG steel Pipe
  - . Seamless Pipe(Carbon & STS)

OVERSEAS INVESTMENT

MILL-PRO PTY LIMITED

Mill Pro, as subsidiary of GS Global has been successfully supplying structural steel products to large scale resource projects for overseas pipe mills & fabrication operations in Korea and China. Not only has it been the leading supplier of steel pipe piles and modules, but it has also been supplying the major resource companies, port authorities & major construction companies constantly over years in Australia.

USI SERVICE CENTER PRIVATE LIMITED

GS Global jointly established Coil Center specializing in Color sheets in October 2012 with Union Steel in India. We are supplying high quality color sheets to India—a nation with vastly growing home appliance sector, and prestigious electronics makers (LG Electronics, Samsung Electronics, etc.) in nearby nations. USI is under the process of expanding sales to constructional and E&C companies.

STEEL STRIPS WHEELS LTD.

GS Global acquired shares worth USD 5million (approximately 2.5% of shares) of India's largest steel wheel manufacturing company in December 2010. Through the investment, GS Global laid the groundwork for the yearly sales of 40,000MT of POSCO's P&O AHSS (Advanced High Strength Steel) for steel wheel manufacturing in India and secured opportunities to jointly invest with SSWL in newly establishing wheel factories in Middle East and Northern Africa.

Suzhou Steel Service Center

GS Global Suzhou Steel Service Center is the first steel coil service center that functions as a new platform for GS Global's steel business. Established in July 2011, Suzhou Steel Service Center is located in Suzhou, Jiangsu province, hence geographically enjoys high accessibility from major cities such as Shanghai and Hangzhou.

BUSINESS FIELDS

Suzhou Steel Service Center provides slitting, shearing, importing, exporting and distribution of high quality steel products such as coated steel (EG, GI, GL, COLOR and etc) and cold rolled steel for various customers including global OA, IT, Home appliance, machine manufactures and automotive companies.

MAJOR BUSINESS ACTIVITIES

Suzhou Steel Service Center processes and supplies steel products for internationally renowned electronics and OA manufacturers located at Huadong region. With its high quality processing techniques and services in steel industry, Suzhou Steel Service Center is gradually expanding beyond its commercial zone in Jiangsu and Zhejiang provinces.

PETROCHEMICAL

GS Global engages in exports and imports of petrochemical·inorganic and fine chemical products

VISION

Petrochemical division holds the vision of world-class petrochemical trading company in pursuit of no.1 value for customers by utilizing its vast global network.

BUSINESS FIELDS

Petrochemical division consists of two major sectors: petrochemicals and polymers.

Commodities of Petrochemicals are composed of aromatics, fiber intermediates such as BZ, TOL, SM, MX, PX, PTA, MEG, and inorganic chemicals such as caustic soda, sulfuric acid, hydrochloric acid etc.

Commodities of Polymers are composed of PE, PP, PVC, PET, ABS, PS, EPS, PC etc.

MAJOR BUSINESS ACTIVITIES

Petrochemical division is trading petrochemical and polymer products made by domestic and overseas companies across the globe, ranging from China, Southeast Asia, Middle East, Europe and the Americas.

OIL PRODUCT

GS Global manages lubricants·bunkering and various oil products trading business

VISION

Oil product team holds the vision of becoming the world best oil product trader by providing optimal solutions and top quality services to customers with its global network and top-notch oil products.

BUSINESS FIELDS

Oil product team is in charge of lubricants, bunkering and oil product trading businesses.

MAJOR BUSINESS ACTIVITIES

Oil product team has its cornerstone at GS Global's international network, selling automotive, industrial and marine lubricants and grease from GS Caltex to Russia/CIS, China, Japan, Southeast Asia and others nations. The team is expanding its business regions across the globe.

The Bunkering partition of the team is providing optimal bunkering solution to its traders, shipping companies and other customers utilizing its competitiveness in domestic and international ports.

Furthermore, Oil product team is extending its business to different types of oil product trading such as diesel oil, fuel oil, jet oil and gasoline. Oil product team aims to pioneer new international markets, hence solidifying its stance as a globally renowned oil product trader.

NATURAL RESOURCES

ENERGY TEAM

VISION
Energy team endeavors to become a Global Energy Professional with its solid foundation as a reliable supplier of various energy sources.

BUSINESS FIELDS
The team handles and supplies raw materials such as Coal, Iron ore, and Petroleum coke.

MAJOR BUSINESS ACTIVITIES
Coal being the main business item, Energy team has accumulated for more than 30 years of experiences in supplying Coal to Power Plants, Steel Mills, and Cement companies throughout the Asian region.

Furthermore, GS Global has established a trading corporate body in Indonesia to develop various business models in organizing direct coal supply from the local sites and exporting to the Asian markets.

In addition, Energy team is searching for opportunities to invest in coal mines located in Australia and Indonesia to secure stable supplying trading volume.

RESOURCE DEVELOPMENT TF

VISION
Resource development TF functions as a promoter of long-term growth engine and expansion of both global network and development momentum of our company.

BUSINESS FIELDS
Resource development TF promotes mineral development and participates in petrochemical/gas development businesses around the globe.

MAJOR BUSINESS ACTIVITIES
Resource development TF aims to maximize the company's profit by utilizing its vast international trading network to provide a stable, long-term source of revenue such as copper, steam coal, nickel, oil and gas field development.

• ON-GOING PROJECT

Nemaha Project: GS Global's Nemaha project is located at northern Oklahoma targeting Mississippian Limestone, which lies 2,000 meter below surface. The project is under progress via horizontal well development program that incorporates fracturing technologies.

GREEN ENERGY TF

VISION
Green Energy TF is performing its duty as a total solution provider of future energy sources such as biomass and renewable energy.

BUSINESS FIELDS
Green Energy TF supplies various biomass resources such as wood pellet, PKS, rice-husk pellet, EFB pellet to our nation's power providers, industries, agricultural and household markets in Japan, China and Europe. In addition, Green Energy TF is also expanding its business arena to total new and renewable energy like solar and wind powers, fuel cell and others.

Moreover, Green Energy TF supplies future energy sources such as palm, soybean, canola oil to bio-diesel industries and also supply bio-ethanol and its raw material tapioca. As a long term strategy, Green Energy TF plans to build up palm and cassava plantation to secure suppliance of raw materials

MAJOR BUSINESS ACTIVITIES
Green Energy TF is strengthening the supply system of biomass by establishing foreign production bases and broadening supply chains. In April 2012, Green Energy TF completed a wood pellet factory at Hainan islands, China. Furthermore, it possesses a supply chain of 700 thousand tons of PKS per year. Green Energy TF also invests in local factories and supply chain structures abroad to solidify its stable biomass suppliance.

CEMENT MATERIAL

GS Global aims to be a world-class minerals and resource trading specialist

VISION

Cement material team is a professional trading group of cement and industrial materials. With our capabilities and global network accumulated over team's long history, the team strives to become a Global Bulk Trading Expert.

BUSINESS FIELDS

The team conducts cement related business (Cement, Clinker, Fly Ash, Slag and others), industrial material business (nickel sulfate, spent catalyst, etc.) and mineral business (nickel ore etc).

MAJOR BUSINESS ACTIVITIES

Initiated its business by exporting cement to Vietnam in 1964, the team currently supplies cement and related materials to Asia, North America, South America, Africa and many more. Moreover, we have established 4 cement silos in Japan (Yokohama, Chiba, Nagoya, and Osaka) from 1985 to 1988 to develop domestic sales in Japan.

The team supplies materials/sources of secondary cell's cathode materials as well as retrieved rare metals from spent catalyst via cooperation with other GS subsidiaries. Recently, the team is consistently developing its growth engine by expanding its business to mineral and raw materials with our accumulated capabilities from bulk trading. We are expanding our business to mineral and raw materials including nickel ore with accumulated capabilities from bulk trading.

LIVING COMMODITIES

GS Global is formulating a commercial base with the focus on meat, grains, feedstuff, fresh fruits, processed foods and construction materials

VISION

Living commodities team holds the mission of maximizing customer satisfaction and further stabilizing our domestic price level by introducing competitive general commodities via importing businesses. The team is in consistent efforts to establish distinguished foreign supply corridors and global networks, as well as to solidify a distinct domestic distribution infrastructure.

BUSINESS FIELDS

Living commodities team consists of meat, grain, feedstuff, fresh fruits, processed foods and construction material parts.

MAJOR BUSINESS ACTIVITIES

Living commodities team is discovering outstanding raw/subsidiary materials and distinguished international supply corridors. Moreover, embracing the sense of duty to secure food related resources for future food security, the Living commodities team is expanding its range and volume of business items and is increasing its participation of triangular trade.

MACHINERY AND PLANT

GS Global supplies plant machinery equipments and various plant projects

VISION

Machinery/Plant division supplies various industrial plants, plant equipments and base materials. We strive to become a global project organizer of various plant projects abroad.

BUSINESS FIELDS

Machinery/Plant division supplies machinery plants and mechanical equipments necessary for plant facilities. In addition, the Machinery/Plant division conducts Plant EPC contract business, expanding its scope of business to development, environment and infrastructure-related project organizations.

MAJOR BUSINESS ACTIVITIES

• **Machinery and Plant team**

Machinery / Plant division is engaging in export, import and triangular trade in the field of industrial machinery and plant. The division's main business categories are steel processing equipment, general machinery, road construction equipment, industrial plant, piping materials, casting/forging materials, magnetic/ceramics products and electrical cable/transformer and etc. Moreover, Machinery / Plant division's special vehicle part autonomously produces aircraft refuellers and hydrant dispensers that are supplied across the globe.

• **Project TF**

Project TF promotes Oil & Gas projects, Petrochemicals projects and Infrastructure projects related Power & Environment sectors. In addition to EPC participation based on qualified project proposal, GS Global's Project TF actively performs its role as a project organizer by arranging finance, investments, off-take, O&M and many other fields.

MACHINERY IMPORTS

GS Global imports HONDA general - purpose engines that are used as a power source for domestic constructional and agricultural machineries

VISION

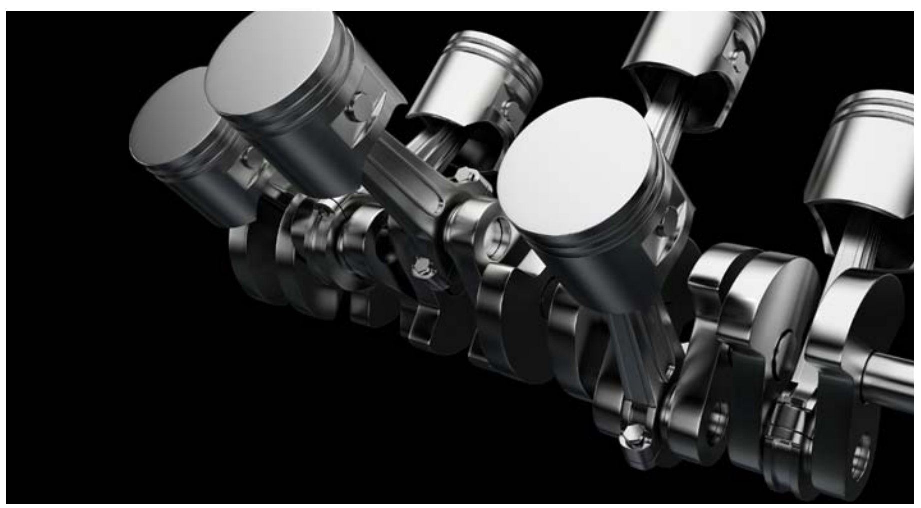
Machinery import team will solidify its position within the domestic market by being the sole distributor of general - purpose engines provided by HONDA. Moreover, the team seeks to expand its role in the domestic market by providing diverse range of items.

BUSINESS FIELDS

Machinery import team has its foundation at importing HONDA general - purpose engines that are utilized in domestic construction equipments and agricultural machines.

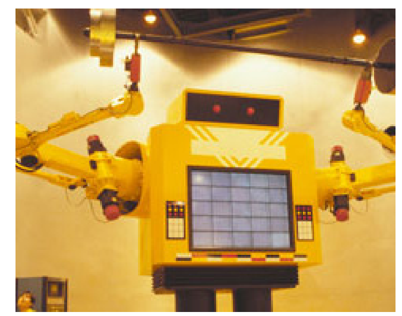
MAJOR BUSINESS ACTIVITIES

Since the distributorship contract with HONDA in 1988, GS Global contributed to domestic constructional and agricultural sectors by providing engines that function as a power source for various equipments on field. GS Global established regional service centers in South Korea's major cities such as Seoul, Daejeon, Gwangju and Daegu to provide swift and well-rounded services.



BUSINESS DEVELOPMENT

GS Global develops new business opportunities and diversifies business portfolio



VISION

Business Development team develops future growth engines and amplifies the synergy within GS Group.

BUSINESS FIELDS

Business Development team places its focus on project development and emerging markets caused by the changes of business environment such as new materials, new technologies, new governmental regulations and etc.

MAJOR BUSINESS ACTIVITIES

Business Development team looks for new business opportunities, carries out economic and technical feasibility studies including the investment decisions and incubates & commercializes potential business opportunities.

UNDER BUSINESS INCUBATION
-Household Appliances

Household Appliance business consists of consumer electronics, household healthcare, fitness equipments and daily commodities provided by global sourcing of such items.

VISION

Household Appliances part develops potential foreign brands and promotes them to become top brands in the domestic market.

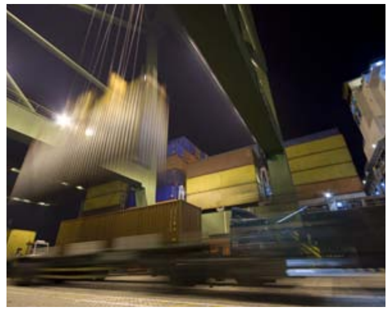
BUSINESS FIELDS

Household Appliance business consists of consumer electronics, household healthcare, fitness equipments and daily commodities provided by global sourcing of such items.

MAJOR BUSINESS ACTIVITIES

Household Appliance part looks for potential foreign brands, discusses terms and conditions of import and distribution with suppliers, organizes local distribution networks and promotes the value of brands in domestic market.

LOGISTICS



GS Global provides imported car PDI service, cargo storage and shipping business

VISION

Logistics services aim to become world-best complex logistics company. Aiming to establish integrated logistics hub for next generation, GS Global aims to provide premium PDI services to imported cars, attract high value-added cargo and promote forwarding businesses linked with logistics services via GS Global's high-tech PDI System.

BUSINESS FIELDS

Logistics services consist of PDI business of imported cars (unloading, storing, PDI, shipping to dealers), container business (normal cargo storage, shipping), and forwarding business (marine shipping, integrated shipping).

MAJOR BUSINESS ACTIVITIES

With over 15 years of accumulated know-how, PDI business for imported cars arranged a large-scale PDI facilities over 165 thousand squared meters at free trade zone near Pyeongtaek harbor. Since then, GS Global is providing best services to automobile companies (Honda, Nissan, Inifiniti, Porsche, Subaru, Audi and Volkswagen) with its latest PDI system.

As of April 2012, GS Global's PDI service maintains a market share of approximately 35%, and is striving to increase its PDI volume. By introducing various foreign items into domestic market, the team strives to discover and promote brands that are capable of flourishing with GS Global.

SUBSIDIARY COMPANY DKT

DKT provides finest satisfaction to customers with its innovative technologies and essential equipments of the chemical & energy business to meet the customer's needs in oil, gas and power plant sector.

VISION

DKT holds the vision of developing as the "World Best Engineering & Manufacturing Company in Heavy Equipment Industry". Since its foundation in 1988, DKT, amid strong support from its shareholders and customers, has rapidly developed capabilities in the chemical & energy plant/equipment industry. Now as a member of GS group, DKT is continuously solidifying its position as a leader in the industry. In addition, DKT is expanding its business into Turn-key based project and off-shore plant market based on a great reservoir of technology.

BUSINESS FIELDS

• Chemical Process Equipment Division

CPE products manufactured by DKT are widely recognized as the world's best masterpieces. DKT maintains top level technique & capability in manufacturing reactors and large-scale towers & columns based on accumulated technical competence. Recently we retained exclusive manufacturing shop for Heat-exchanger.

• Energy/ Power Plant Division

DKT has solidified its leadership in the market conducting the Heat Recovery Steam Generators and BOP Items in power plant equipment based on its accumulated experiences and expertise. Recently, we are making an effort to expand business area into Turn-key based Project including engineering, procurement, construction and operation.

• Off-shore/Module Division

Using advanced technical know-how, DKT is actively diversifying business area to cover Off-shore Plant and On-shore Module. Recently we executed manufacturing contracts for SPA module in on-shore plant and fixed platform in off-shore plant. We foster the vision of securing our position in manufacturing large scale items such as CCR, SRU module in on-shore plant and top side module, vessel and heat exchanger for FPSO.

GS GLOBAL: DESIRABLE, PROMISING AND RESPECTED COMPANY

Placing ethics management as a cornerstone, GS Global aims to be a desirable partner to associated companies, promising company to our shareholders, respected company to our company members and responsible company to our society and nation.

Society and our nation

Social Responsibility
Full government cooperation/
Punctual tax payment/
Social contribution/
Environment friendly company

Associated Companies

Partnership
Creating a healthy business culture and promote a win-win environment

Shareholders

Efficiency Management
Improving company value and transparency

Customers

Customers Satisfaction
Improving the quality of our business and increasing customer rights and interests

Amiable Environment
Creating a family-like atmosphere and respected environment

Company members

CODE OF ETHICS

Chapter 1. Responsibilities and duties for customers

- GS Global shall respect customers as they are the genuine foundation of the business. Also, we aim to gain unconditional trust from customers by providing a value for them.

1. Respecting customers
2. Value creation
3. Offering value

Chapter 2. Fair competition

- GS Global shall respect laws and regulations in the area where it conducts business and gain competitiveness edge in a legitimate way.

1. Free competition
2. Respecting laws and regulations

Chapter 3. Fair trade

- The company shall trade based on the principles of free competition. The company shall seek for the long term common prosperity by building mutual trust and fair trade.

1. Equal opportunity
2. Fair trade procedure
3. Pursuing joint prosperity

Chapter 4. Ethics of employees

- Employees should hold honest and fair value as a member of GS Global. Also to fulfill one's duties, all employees shall continue self-development.

1. Basic ethics
2. Fulfilling duties
3. Self-development
4. Fair execution of work
5. Avoid conflict of interest with the company

Chapter 5. Responsibilities for employees

- GS Global shall respect employees and treat them in accordance with their capabilities and accomplishments.
  Also, the company shall create an environment where each staff can exercise his/her creativity in full.

1. Human oriented management
2. Fair treatment
3. Promote creativity

Chapter 6. Responsibilities for nation and society

- GS Global shall protect shareholders' interest. Also, the company shall contribute to the nation's well-being and the development of society by developing into a sound company through efficient execution of business.

1. Rational execution of business
2. Protection of shareholders' profit
3. Contribution to the development of society
4. Environmental Protection

GLOBAL NETWORK

GS GLOBAL PROUDLY ADVOCATES OUR NATION WITH OUR WORLD-CLASS COMPETITIVENESS

Japan

Tokyo
- Tel: 81-3-6831-5113
- Fax: 81-3-5575-9091
- Address: 5th Fl, Nisso 22 Bldg, 11-10, 1-Chome, Azabudai Minato-ku, Tokyo, Japan
- Postal code: 1060041

Osaka
- Tel: 81-6-6282-1481
- Fax: 81-6-6282-1420
- Address: 8th Fl., Hommachi Yamamoto Bldg., 1-10, 4-chome, Minami-Hommachi Chou-Ku, Osaka, Japan
- Postal code: 5410054

China

Beijing
- Tel: 86-10-6510-1235
- Fax: 86-10-6510-1239
- Address: Room1117 Tower2, Bright China Chang An Building, No.7, Jianguomen Nei Ave, Dong Cheng District Beijing, China
- Postal code: 100005

Shanghai
- Tel: 86-21-6440-0321
- Fax: 86-21-6440-0334/0335
- Address: Rm.I 18F Zhaofeng Universe Building No.1800 Zhongshan West Road, Shanghai, China
- Postal code: 200233

Guangzhou
- Te: 86-20-8752-0586
- Fax: 86-20-8752-0508
- Address: #2215/2216, citic plaza, 233 tianhe road north, Guangzhou, China
- Postal code: 510613

Dalian
- Tel: 86-411-8230-2555
- Fax: 86-411-8230-3838
- Address: Room 1209, Swish-hotel Dalian, 21 Wu Hui Road, Dalian, China
- Postal code: 116001

Qingdao
- Tel: 86-532-5568-5252
- Fax: 86-532-5568-5252
- Address: Room 2914, Building B, Wanda Plaza, No.37 Lianyungang Road, Qingdao, China
- Postal code: 266034

Chengdu
- Tel: 86-28-8766-9399
- Fax: 86-28-8766-9399
- Address: #4048, Longwan luoge, Biz center, Chengdu, Sichuan, China

Changchun
- Tel: 86-431-8862-5661
- Fax: 86-431-8862-5660
- Address: Room 1202, Taiping Financial Crestmansion, No.1688, Xian Road Changchun, China
- Postal code: 130061

Hongkong
- Tel: 852-2542-3151
- Fax: 852-2544-9342
- Address: Room 1200, 12/F, Wing On Centre, 111 Connaught Road, Central, Hong Kong, China

Suzhou Steel Service Center Co., LTD
- Tel: 86-512-6397-7578 & 7598
- Fax: 86-512-6397-7568
- Address: No. 1099 Jiang Xing East Road, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu, China
- Postal code: 215200

Asia

Taipei
- Tel: 886-2- 2775-3777
- Fax 886-2- 2772-4526
- Address: Rm. 703, 148 Chunghsiao East Road, Sec. 4, Taipei, Taiwan, R.O.China
- Postal code: 106

Hochiminh
- Tel: 84-8-3824-4877
- Fax: 84-8-3827-9466
- Address: AB Tower 8th Floor, 76 Le Lai, Ben Thanh, Hochiminh, Vietnam

Hanoi
- Tel: 84-4-3577-2784
- Fax: 84-4-3577-2785
- Address: 15th Floor, Cland Tower Building, 156 Xa Dan II street, Nam Dong Ward, Dong Da, Hanoi, Vietnam

Bangkok
- Tel: 66-2-611-2826~8
- Fax: 66-2-611-2825
- Address: 399 Interchange 21 Building, 23th Floor, Sukhumvit Road, KhlongToey-Nua, Wattana, Bangkok 10110, Thailand

Kuala Lumpur
- Tel: 60-3-2162-3635
- Fax: 60-3-2162-3807
- Address: Suite 1707, 17th Floor, Kenanga International Building, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia

Singapore
- Tel: 65-6238-9041
- Fax: 65-6238-9043
- Address: 8 Temasek Boulevard, #26-01A, Suntec City Tower3, Singapore
- Postal code: 038988

Jakarta
- Tel: 62-21-5296-3283
- Fax: 62-21-5296-0552
- Address: Korea Centre Building, 3rd Floor, Jl.Jend Gatot Subroto Kav 57-58, Jakarta Selatan 12950, Indonesia

New Delhi
- Tel: 91-11-4920-5000
- Fax: 91-11-4920-5050
- Address: Suite No.401-402, DLF Tower B, Jasola, New Delhi, India
- Postal code: 110044

PT. GS Global Resources
- Tel: 62-21-5296-3283
- Fax: 62-21-5296-3284/0552
- Address Jakarta Office Korea Centre Building, 3rd Floor, Jl.Jend Gatot Subroto Kav 57-58, Jakarta Selatan 12950, Indonesia

Middle East

Dubai
- Tel: 971- 4-884-7158
- Fax: 971- 4-884-7159
- Address: Jebel Ali Free Zone Lob19, Flat No.2606, 26th Floor, P.O.Box 263297, Dubai, U.A.E.

Riyadh
- Tel: 966-1-215-0600/0204
- Fax: 966-1-215-0206
- Address: Al-Akariyah Building No.3, Room No. 513, Olaya Street, P.O.BOX 221818, Riyadh 11311, Saudi Arabia

Europe

Frankfurt
- Tel: 49- 6196-481756
- Fax: 49- 6196-43439
- Address: T.O.P.A.S. 1 Mergenthalerallee 77 65760 Eschborn, Germany
- Postal code: 65760

Moscow
- Tel: 7-495-967-0977/8
- Fax: 7-495-967-0701
- Address: WTC, ent 3, room no 4 1704 krasnopresnenskaya nab, Moscow, Russia

Australia

Australia
- Tel: 61-2-9954-0911
- Fax: 61-2-9954-0919
- Address: Level 38, Northpoint, 100 Miller Street North Sydney, NSW, Australia
- Postal code: 2060

North America

L.A
- Tel: 1-562-906-0799
- Fax: 1-562-941-9890
- Address: 17785 Center Court Dr. Suite 260 Cerritos, CA 90703, USA

New Jersey
- Tel: 1-201-969-0275
- Fax: 1-201-224-4423
- Address: 1295 16th St.Fort Lee, NJ 07024, USA

FINANCIAL STATEMENT

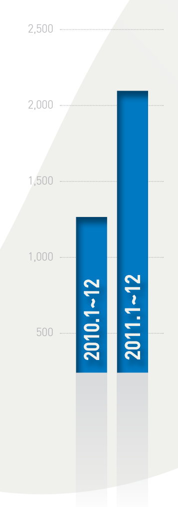
*** SEPARATE STATEMENTS OF INCOME** (Unit: USD)

Description	2011.1~12	2010.1~12
Ⅰ. SALES	1,984,301,000	1,214,353,000
Ⅱ. COST OF SALES	1,934,953,000	1,176,588,000
Ⅲ. GROSS PROFIT	49,348,000	37,765,000
Ⅳ. OPERATING INCOME	13,968,000	12,863,000
Ⅴ. INCOME BEFORE INCOME TAX EXPENSE	12,516,000	15,360,000
Ⅵ. NET INCOME	15,975,000	15,360,000

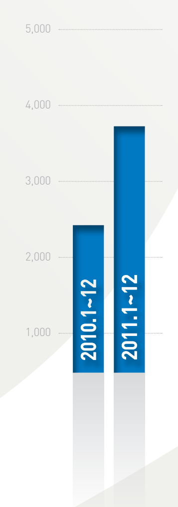
*** SEPARATE STATEMENTS OF FINANCIAL POSITION** (Unit: USD)

Description	2011.1~12	2010.1~12
ASSETS		
Ⅰ. Current assets	373,160,000	219,206,000
Ⅱ. Non-current assets	175,638,000	124,941,000
Total assets	548,798,000	344,147,000
LIABILITIES		
Ⅰ. Current liabilities	338,990,000	260,523,000
Ⅱ. Non-current liabilities	9,000	4,225,000
Total liabilities	338,999,000	264,748,000
EQUITY		
Total equity	209,799,000	79,399,000
Total liabilities and equity	548,798,000	344,147,000

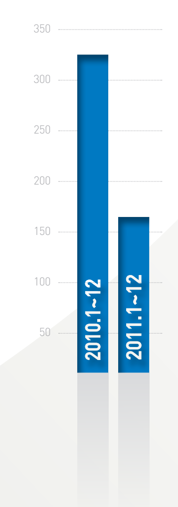
*** SALES**
(Unit: 100 million USD)



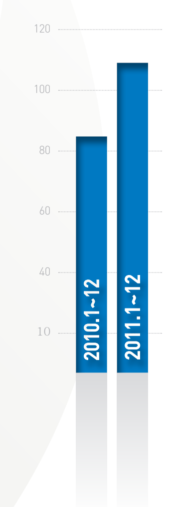
*** CURRENT ASSETS**
(Unit: 100 million USD)



*** DEBT RATIO**
(Unit: %)



*** CURRENT RATIO**
(Unit: %)



GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

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

Deloitte.

Deloitte Anjin LLC

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23, Yoido-dong,
Youngdeungpo-gu, Seoul
150-876, Korea

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Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors of
GS Global Corporation and its subsidiaries:

We have audited the accompanying consolidated statements of financial position of GS Global Corporation and its subsidiaries (the "Group") as of December 31, 2011, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, all expressed in Korean won. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain subsidiaries, including GS Global Australia Pty Ltd., whose statements reflect 14.3% of the consolidated total assets as of December 31, 2011, and 16. 8% of the consolidated total sales for the year ended December 31, 2011. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

We have audited the consolidated financial statements as of December 31, 2010, and we expressed that the consolidated financial statements are in conformity with the accounting principles generally accepted in the Republic of Korea on April 28, 2011, which are not adjusted in transition effect to Korean International Financial Reporting Standards ("K-IFRS") (see Note 3). However, the consolidated financial statements as of December 31, 2010, for the accompanying comparative period are adjusted to these differences.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2011, and its results of operations and its cash flows for the year then ended in conformity with K-IFRS.

Our audits also comprehended the translation of Korean won amounts into U.S. dollar amounts, and in our opinion, such translation has been made in conformity with the basis in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside of the Republic of Korea.

Deloitte Anjin LLC

March 12, 2012

Notice to Readers

This report is effective as of March 12, 2012, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the auditors' report.

CONSOLIDATED FINANCIAL STATEMENTS

THE 61ST

FROM JANUARY 1, 2011
TO DECEMBER 31, 2011

THE 60TH

FROM JANUARY 1, 2010
TO DECEMBER 31, 2010

THE 59TH PERIOD STARTS

AS OF JANUARY 1, 2010

The accompanying consolidated financial statements, including all footnote disclosures, were prepared by and are the responsibility of the Company.

Taik-Keun Jung
President and CEO, GS Global Corporation

GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010

		Korean won			Translation into U.S. dollars (Note 2)		
ASSETS	Notes	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
			(In millions)			(In thousands)	
Current assets:							
Cash and cash equivalents		₩ 113,779	₩ 44,246	₩ 62,960	$ 98,655	$ 38,364	$ 54,591
Current financial assets	7,8,9,36	1,955	5,459	385	1,695	4,734	334
Trade receivables and other receivables	5,7,10,21,32,35	314,176	191,766	98,225	272,415	166,276	85,168
Current non-financial assets	11,35	129,701	50,546	2,150	112,461	43,827	1,864
Prepaid income tax payments		305	100	314	265	87	273
Inventories	12	118,472	120,909	39,338	102,724	104,837	34,109
Total current assets		678,388	413,026	203,372	588,215	358,125	176,339
Non-current assets:							
Non-current financial assets	7,9,33	7,432	6,098	6,802	6,444	5,287	5,898
Investments in subsidiaries and associates	13	5,232	15,366	7,762	4,537	13,323	6,730
Investment property	14	-	500	1,019	-	434	884
Property and equipment	15,33	273,250	111,308	2,423	236,929	96,512	2,101
Intangible assets	16	61,735	59,295	5,078	53,529	51,414	4,403
Long-term trade receivables and other receivables	5,7,10,32	14,117	7,991	5,056	12,240	6,929	4,384
Other non-current and non-financial assets	17,22	72	421	61	63	365	53
Income tax assets	30	25,838	19,927	20,669	22,403	17,279	17,921
Total non-current assets		387,676	220,906	48,870	336,145	191,543	42,374
Total assets		₩1,066,064	₩ 633,932	₩ 252,242	$ 924,360	$ 549,668	$ 218,713

(Continued)

GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010

		Korean won			Translation into U.S. dollars (Note 2)		
LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
			(In millions)			(In thousands)	
Current liabilities:							
Trade payables and other current payables	7,18,32, 36	₩ 243,195	₩ 184,986	₩ 82,193	$ 210,869	$ 160,397	$ 71,267
Short-term borrowings	7,19,36	358,146	257,959	76,661	310,540	223,670	66,471
Current portion of long-term debt	7,19,36	26,850	10,475	-	23,281	9,083	-
Other current financial liabilities	7,8,36	2,242	1,611	391	1,944	1,397	339
Current non-financial liabilities	20,35	46,115	21,939	4,833	39,985	19,023	4,191
Accrued income taxes		4,819	27	1,730	4,179	23	1,500
Current provision	21	662	-	-	574	-	-
Total current liabilities		682,029	476,997	165,808	591,372	413,593	143,768
Non-current liabilities:							
Long-term trade payables and other current payables	7,18,36	1,674	1,220	1,157	1,451	1,058	1,003
Long-term debt	7,19,36	104,400	36,000	-	90,523	31,215	-
Bond with warrant	7,19,36	15,725	-	-	13,635	-	-
Deferred income tax liabilities	30	1,468	4,475	18	1,273	3,880	16
Defined benefit obligations	22	2,593	6,288	4,719	2,248	5,452	4,092
Non-current provision	21	-	883	-	-	766	-
Total non-current liabilities		125,860	48,866	5,894	109,130	42,371	5,111
Total liabilities		807,889	525,863	171,702	700,502	455,964	148,879
SHAREHOLDERS' EQUITY							
Equity attributable to the owners of the parent company							
Capital stock	23	56,334	28,167	28,167	48,846	24,423	24,423
Other shareholders' equity	23	135,600	15,715	10,638	117,576	13,627	9,224
Components of other capital	7,8,24	(9,754)	(5,548)	(5,315)	(8,457)	(4,811)	(4,609)
Retained earnings	25	42,468	55,289	46,514	36,823	47,940	40,331
		224,648	93,623	80,004	194,788	81,179	69,369
Non-controlling interests		33,527	14,446	536	29,070	12,525	465
Total shareholders' equity		258,175	108,069	80,540	223,858	93,704	69,834
Total liabilities and shareholders' equity		₩1,066,064	₩ 633,932	₩ 252,242	$ 924,360	$ 549,668	$ 218,713

(Concluded)

See accompanying notes to consolidated financial statements.

GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
		(In millions, except for per share amounts)		(In thousands, except for per share amounts)	
SALES	6,32,35	₩ 2,896,907	₩ 1,648,526	$ 2,511,842	$ 1,429,399
COST OF SALES (Note 17)	26,32	2,808,671	1,582,360	2,435,334	1,372,028
GROSS PROFIT		88,236	66,166	76,508	57,371
Selling expenses	26,27	20,534	12,335	17,805	10,695
Administrative expenses	26,27	56,855	37,656	49,298	32,651
Other operating income	7,28	105,164	37,000	91,186	32,082
Other operating expenses	7,28	119,650	33,923	103,746	29,414
OPERATING INCOME (LOSS)		(3,639)	19,252	(3,155)	16,693
Financial income	7,29	3,093	3,928	2,682	3,406
Financial expenses	7,29	16,826	6,962	14,589	6,036
Loss on valuation of investments in associates	13	4,073	204	3,531	177
Gain on disposal of associates' investment		-	5,358	-	4,645
Gain on disposal of subsidiaries' investment		3,230	-	2,799	-
INCOME (LOSS) BEFORE INCOME TAX EXPENSE		(18,215)	21,372	(15,794)	18,531
INCOME TAX INCOME(EXPENSE)	30	2,753	(1,649)	2,387	(1,430)
NET INCOME (LOSS)		₩ (15,462)	₩ 19,723	$ (13,407)	$ 17,101
NET INCOME ATTRIBUTABLE TO:					
Owners of the parent company		(6,203)	19,735	(5,378)	17,112
Non-controlling interests		(9,259)	(12)	(8,029)	(11)
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY					
Basic earnings per share	31	₩ (297)	₩ 1,758	$ (258)	$ 1,524

See accompanying notes to consolidated financial statements.

GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
NET INCOME	₩ (15,462)	₩ 19,723	$ (13,407)	$ 17,101
OTHER COMPREHENSIVE INCOME(LOSS):				
Loss on AFS financial assets, net	(1,043)	-	(904)	-
Changes in valuation of equity-accounted investees, net	(297)	-	(257)	-
Overseas operations translation gain (loss)	(1,743)	(1,953)	(1,511)	(1,692)
Gain (loss) on hedging instruments entered into for cash flow hedge, net	331	(372)	287	(323)
Gain(loss) on translation from investment in foreign operations, net	(1,364)	2,121	(1,183)	1,839
Actuarial losses	(1,139)	(273)	(988)	(236)
Others	1	5	1	4
TOTAL COMPREHENSIVE INCOME	₩ (20,716)	₩ 19,251	$ (17,962)	$ 16,693
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent company	₩ (11,413)	₩ 19,234	$ (9,896)	$ 16,678
Non-controlling interests	₩ (9,303)	₩ 17	$ (8,066)	$ 14

See accompanying notes to consolidated financial statements.

GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Korean won						Translation into U.S. dollars (Note 2)
	Capital stock	Other shareholders' equity	Components of other capital	Retained earnings	Non-controlling interests	Total	Total
			(In millions)				(In thousands)
January 1, 2010, as reported	₩ 28,167	₩ 10,638	₩ (5,315)	₩ 46,514	₩ 536	₩ 80,540	$ 69,834
Changes in the scope of consolidated subsidiaries	-	-	-	-	13,492	13,492	11,699
Annual dividend	-	-	-	(5,615)	(150)	(5,765)	(4,999)
Net income(loss)	-	-	-	19,735	(12)	19,723	17,101
Loss on sale of Treasury shares disposal	-	1,531	-	(1,531)	-	-	-
Purchase of subsidiaries' investment	-	3,546	-	(3,546)	-	-	-
Loss on valuation of derivatives	-	-	(372)	-	-	(372)	(323)
Overseas operations translation gain(loss)	-	-	(1,982)	-	29	(1,953)	(1,692)
Gain on translation from investment in foreign operations, net	-	-	2,121	-	-	2,121	1,839
Changes in equity of consolidated subsidiaries	-	-	-	-	551	551	477
Actuarial losses	-	-	-	(273)	-	(273)	(236)
Others	-	-	-	5	-	5	4
As of December 31, 2010	₩ 28,167	₩ 15,715	₩ (5,548)	₩ 55,289	₩ 14,446	₩108,069	$ 93,704
January 1, 2011, as reported	₩ 28,167	₩ 15,715	₩ (5,548)	₩ 55,289	₩ 14,446	₩108,069	$ 93,704
Annual dividend	-	-	-	(5,614)	-	(5,614)	(4,868)
Net income	-	-	-	(6,203)	(9,259)	(15,462)	(13,407)
Paid-in capital increase	28,167	110,430	-	-	-	138,597	120,174
Issuance of bonds with stock warrants	-	3,012	-	-	1,318	4,330	3,756
Loss on valuation of AFS financial assets	-	-	(1,043)	-	-	(1,043)	(904)
Changes in valuation of equity-accounted investees, net	-	-	34	-	-	34	29
Equity method retained earnings	-	-	-	1	-	1	1
Loss on translation from investment in foreign operations, net	-	-	(1,364)	-	-	(1,364)	(1,183)
Overseas operations translation gain (loss)	-	-	(1,833)	-	90	(1,743)	(1,511)
Changes in equity of consolidated subsidiaries	-	6,443	-	-	27,066	33,509	29,055
Actuarial losses	-	-	-	(1,005)	(134)	(1,139)	(988)
As of December 31, 2011	₩ 56,334	₩ 135,600	₩ (9,754)	₩ 42,468	₩ 33,527	₩258,175	$ 223,858

See accompanying notes to consolidated financial statements.

GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
		(In millions)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income		₩ (15,462)	₩ 19,723	$ (13,407)	$ 17,101
Additions of expenses not involving cash outflows	37	41,200	16,654	35,724	14,440
Deduction of items not involving cash inflows	37	(19,785)	(15,737)	(17,155)	(13,645)
Changes in working capital:					
Decrease (increase) in current financial assets		4,007	(123,050)	3,474	(106,694)
Increase in trade receivables(current)		(115,007)	(3,333)	(99,720)	(2,890)
Decrease (increase) in other receivables (current)		(761)	369	(660)	320
Increase in current non-financial assets		(78,640)	(12,738)	(68,187)	(11,045)
Decrease (increase) in inventories		4,540	(44,051)	3,937	(38,196)
Decrease in trade receivables(non-current)		61	194	53	168
Decrease (increase) in other receivables (non-current)		167	(2,055)	145	(1,782)
Decrease(increase) in non-financial assets (non-current)		(1)	29	(1)	25
Increase in trade payables		30,522	75,290	26,465	65,282
Decrease (increase) in other current liabilities		17,287	(2,883)	14,989	(2,500)
Decrease in other current financial liabilities		(818)	(235)	(709)	(204)
Increase in current non-financial liabilities		23,187	13,478	20,105	11,686
Decrease in provision		(1,498)	-	(1,299)	-
Increase in other non-current liabilities		272	9,664	234	8,381
Changes in defined benefit obligation		(7,404)	(106)	(6,420)	(92)
Decrease in overseas operations translation gain (loss)		(6)	-	(5)	-
Interest received		2,539	973	2,202	844
Interest paid		(14,790)	(1,090)	(12,824)	(945)
Dividend received		77	-	67	-
Income tax paid		(697)	(2,159)	(604)	(1,872)
Income tax refunded		7	252	6	219
		(12,864)	(2,024)	(11,153)	(1,754)
		(131,003)	(70,811)	(113,590)	(61,399)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash inflows from investing activities:					
Proceeds from disposal of short-term loans		1,167	-	1,012	-
Proceeds from withdrawal of financial instruments		4,104	-	3,558	-
Proceeds from AFS financial assets		250	1,001	217	868
Proceeds from disposal of financial assets at FVTPL		-	2,057	-	1,784
Proceeds from disposal of long-term loans		-	106	-	92
Proceeds from disposal of property and equipment		1,408	(41)	1,221	(37)
Proceeds from disposal of investment property		-	640	-	555
Proceeds from disposal of intangible assets		436	-	378	-
Proceeds from disposal of investments in associates		10,010	13,120	8,679	11,376
Proceeds from disposal of guarantee deposit		357	17	310	15
		17,732	16,900	15,375	14,653

(Continued)

GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
		(In millions)		(In thousands)	
Cash outflows for investing activities:					
Acquisition of current portion of held-to-maturity investments		₩ -	₩ (1,000)	$ -	$ (867)
Acquisition of short-term loans		(726)	-	(629)	-
Acquisition of short-term financial instruments		(3,082)	-	(2,672)	-
Acquisition of other current financial assets		(40)	-	(35)	-
Acquisition of AFS financial assets		(2,961)	-	(2,567)	-
Acquisition of long-term loans		(4,678)	-	(4,056)	-
Acquisition of long-term financial instruments		(360)	-	(313)	-
Acquisition of other non-current financial assets		(971)	-	(843)	-
Acquisition of property and equipment		(168,171)	(5,993)	(145,817)	(5,196)
Acquisition of intangible assets		(1,521)	(3,036)	(1,319)	(2,632)
Acquisition of investments in associates		(4,217)	(5,622)	(3,656)	(4,875)
Acquisition of investments in subsidiaries		-	(74,970)	-	(65,005)
		(186,727)	(90,621)	(161,907)	(78,575)
		(168,995)	(73,721)	(146,532)	(63,922)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Cash inflows from financing activities:					
Proceeds from short-term borrowings		787,982	243,096	683,241	210,783
Proceeds from bonds with stock warrant		20,000	-	17,342	-
Proceeds from long-term borrowings		100,000	-	86,708	-
Paid-in capital increase		172,106	550	149,229	477
		1,080,088	243,646	936,520	211,260
Cash outflows for financing activities:					
Repayment of short-term borrowings		(691,489)	(109,963)	(599,574)	(95,346)
Repayment of current portion of long-term borrowings		(15,225)	-	(13,201)	-
Repayment of long-term borrowings		(109)	(2,782)	(95)	(2,412)
Dividends paid		(5,614)	(5,774)	(4,868)	(5,007)
		(712,437)	(118,519)	(617,738)	(102,765)
		367,651	125,127	318,782	108,495
CHANGES IN CASH AND CASH EQUIVALENTS IN FOREIGN CURRENCIES		1,880	691	1,630	600
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		69,533	(18,714)	60,290	(16,226)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		44,246	62,960	38,365	54,590
CASH AND CASH EQUIVALENTS, END OF YEAR		₩ 113,779	₩ 44,246	$ 98,655	$ 38,364

(Concluded)

See accompanying notes to consolidated financial statements.

GS GLOBAL CORPORATION AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL:

Organization and Description of Business

The parent company, in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1027, *Consolidated Financial Statements and Separate Financial Statements*, GS Global Corporation (the “Company”) was incorporated on July 31, 1954, under the Commercial Code of the Republic of Korea for the purpose of trading in various goods internationally. On June 26, 1976, the Company became publicly owned, with the common stock of the Company listed on the Korea Exchange (formerly, the Korea Stock Exchange). As of December 31, 2011, the Company’s authorized and issued shares of common stock are 400,000,000 and 22,533,764, respectively, and the paid-in capital amounted to ₩56,334 million ($48,846 thousand). The Company changed its name from Ssang Yong Corporation to GS Global Corporation on July 21, 2009.

As of December 31, 2011, the major shareholders of the Company are as follows:

Shareholders	Number of shares	Ownership (%)
GS Corporation	12,298,820	54.58
Others	10,234,944	45.42
	22,533,764	100.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The accompanying consolidated financial statements were approved by the board of directors on February 8, 2012.

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

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

Currently, enactments and amendments of the K-IFRSs are in progress, and the financial information presented in the consolidated financial statements may change accordingly in the future. The Group has not applied the following new and revised K-IFRSs that have been issued, but are not yet effective:

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

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

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

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

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

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

K-IFRS 1113, *Fair Value Measurement*

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

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

(1) Basis of Consolidation

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

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

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

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

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

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Details of affiliated company as of December 31, 2011, are as follows:

Affiliated company	Korean won: Assets	Korean won: Liabilities	Korean won: Sales	Korean won: Net income (loss)
	(In millions)			
GS Global Japan Co., Ltd.	₩ 100,629	₩ 94,159	₩ 396,497	₩ 1,359
Dairyu Cement	1,198	855	7,672	(72)
GS Global Australia Pty Ltd.	57,162	48,970	133,121	150
MILL-PRO PTY LIMITED	40,133	31,693	64,364	7,553
Ssangyong (U.S.A) Inc.	7,086	15,058	-	(133)
GS Global Hong Kong Ltd.	5,580	4,589	53,364	70
GS Global Europe GMBH	12,961	12,947	17,665	315
Ssangyong Resources Pty Ltd.	1,558	39,576	-	(8)
GS PLS Corp.	18,301	12,961	3,921	(653)
GS Global Guangzhou Co., Ltd.	1,055	3	12,126	(69)
GS Global Trading (Shanghai) Co., Ltd.	348	-	1,638	(28)
GS Global USA, Inc.	16,629	15,114	77,300	288
GS Global Singapore Pte Ltd.	39,554	38,496	223,339	127
PT GS Global Resource	4,583	4,989	17,317	(717)
DKT Co., Ltd.	419,834	345,617	265,499	(42,612)
GS Global (Suzhou) Steel Service Center Co., Ltd.	9,372	314	-	(340)
Total	₩ 735,983	₩ 665,341	₩ 1,273,823	₩ (34,770)
Translation into U.S. dollars (Note 2) (In thousands)	$ 638,154	$ 576,902	$ 1,104,503	$ (30,148)

(2) Business combination

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

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

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

Goodwill is measured as the excess of the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree, and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any);

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

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

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

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

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

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

(3) Foreign currencies

The individual financial statements of each Company entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Company entity are expressed in Republic of Korean won (“KRW”), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

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

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

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

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

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

In case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests in equity and not recognized in profit or loss. For all other partial disposals (i.e., associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

(4) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposit, and floating short-term investments with maturities of three months or less from acquisition.

(5) Financial assets

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

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

1) Effective interest method
The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

2) Financial assets at FVTPL
FVTPL includes the financial assets held for trading and those designated as at FVTPL at the first time of recognition. Financial assets acquired for the purpose of selling in the near term are classified as held for trading and all derivatives, including embedded ones in other financial instruments or other host contracts that are treated as separate derivatives, are classified as held for trading, unless not designated by the effective hedging instruments. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Transaction expenses related to acquisition at the time of the first recognition are recognized as current gain or loss immediately.

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item in the consolidated statements of comprehensive income.

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

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

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

AFS financial assets that are not traded in an active market and for which the fair value cannot be reliably measured, derivatives linked to non-trade equity instruments and should be settled by transferring them, are measured by the amount of acquisition cost, deducting identified impairment.

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

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

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

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

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments
- It becoming probable that the borrower will enter bankruptcy or financial reorganization
- Extinguishing of activated market due to financial difficulties

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

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

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

In case of derecognizing all financial assets, the difference between the total of disposal amount received and accumulated gain or loss recognized as other comprehensive income and book value is recognized as current gain or loss in the consolidated statements of comprehensive income.

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories, except for merchandise and in transit (specific identification method), is measured under the gross average method. It consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

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

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

An associate is an entity over which the Group has significant influence and it is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but having no control or joint control over those policies. In general, when an investor holds between 20 percent and 50 percent of the voting power of the investee, it is presumed that the investor has significant influence.

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

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

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

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

(8) Goodwill

Goodwill arising on acquisition of a business is carried at cost that is established at the date of acquisition of the business, less accumulated impairment losses, if any.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(9) Property, plant and equipment

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

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

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

Accounts	Estimated useful lives (years)	Accounts	Estimated useful lives (years)
Buildings	20–40	Vehicles	4–10
Structures	20–40	Equipment	4–10
Machinery	4–10	Tools	3-20

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

The Group derecognizes property, plant and equipment from the consolidated statements of financial position at the time of disposal and when the economic benefits are not probable through their disposal or use. Gain or loss from the disposal of property, plant and equipment is determined by the difference between disposal amount and its book value, and is recognized as current gain or loss in the consolidated statements of comprehensive income at the time of derecognition.

(10) Intangible assets

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

Intangible assets are stated at cost, less accumulated amortization, as described below:

Research and Development Costs

Expenditure on research activities, undertaken with the prospects of gaining new scientific or technical knowledge and understanding, is recognized as expense as incurred.

When the future economic benefits from disposition or use of intangible assets are not foreseeable, the related intangible assets are eliminated from the consolidated statements of financial position. Such gain or loss incurred from the elimination is the difference between the net sale price and book value that is recognized as gain or loss for that period.

(11) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(12) Equity instruments and financial liabilities

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

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

When the Group repurchases its equity instruments (treasury stock), the incremental costs, net of tax effect, are deducted from the shareholders' equity and recognized as other capital item deducted from the total equity in the consolidated statements of financial position. In addition, profits or losses from purchase, sale or retirement of treasury stocks are directly recognized in shareholders' equity and not in current profit or loss.

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

① Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as FVTPL.

A financial liability is classified as held for trading if:

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

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- The financial liability forms part of Group's financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis in accordance with the Group's documented risk management or

investment strategy, and information about the grouping is provided internally on that basis
- It forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 permits the entire combined contract (asset or liability) to be designated as at FVTPL

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

② Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.
Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

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

③ Financial guarantee contract liabilities
Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

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

④ Derecognition of financial liabilities
The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or they expire.

(13) Borrowing costs

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

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

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

(14) Derivative financial instruments

The Group manages foreign exchange risk by using currency forward.

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

A derivative with a positive fair value is recognized as a financial asset and a derivative with a negative fair value is recognized as a financial liability.

The Group designates certain derivatives as hedging instruments to hedge the risk of changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge) and the risk of changes in cash flow of a highly probable forecast transaction and the risk of changes in foreign currency exchange rates of firm commitment (cash flow hedge).

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

Derivatives are measured at fair value after the initial recognition, and the profit or loss from fair value change is recognized as follows:

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

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

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

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

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

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

The gain or loss related to the ineffective portion is recognized immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

(15) Retirement benefit costs

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

The retirement benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation, less fair value of plan assets and adjustment for unrecognized past service cost. Defined benefit obligations are calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is presented in currency to be paid and measured by discounting estimated future cash outflows by the interest rate of high-quality corporate bonds with similar maturity as the expected postemployment benefit payment date. Actuarial gain or loss from changes in actuarial assumptions or differences between actuarial assumptions and actual results is recognized in other comprehensive income in the consolidated statements of comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested and, otherwise, is amortized on the straight-line basis over the average period until the benefits become vested.

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

(16) Provisions and contingent liability

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

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

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

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

(17) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Group recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is recognized when all the following conditions are satisfied for each of the Group’s operating activities:

1)Sale of goods
The Group recognizes revenue from sale of goods when significant risks and rewards from ownership of goods have been transferred, and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods.

2)Rendering of services
Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of a transaction may be determined by a variety of methods. The Group uses the method that measures reliably the services performed. Depending on the nature of the transaction, the methods may include:

- Surveys of work performed,
- Services performed to date as a percentage of total services to be performed, or
- The proportion that costs incurred to date bear to the estimated total costs of the transaction.

3)Dividend and interest income
Dividends are recognized as revenue when the right to dividends is determined.

Interest income is recognized if it is probable that future economic benefits will flow to the Group and the amount can be measured reliably. Interest income is recognized through passage of time by effective interest rate method and when unpaid interest has accrued before the acquisition of an interest-bearing investment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(18) Construction contracts

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

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

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

For all contracts in progress for which costs incurred, plus recognized profits (less recognized losses) exceed progress billings, the surplus is shown as amounts due from customers for contract work. For all contracts in progress for which progress billings exceed costs incurred, plus recognized profits (less recognized losses), the surplus is shown as the amounts due to customers for contract work. Advances in the consolidated statements of financial position are amounts received by the contractor before the related work is performed. Trade receivables in the consolidated statements of financial position are billed amounts for work performed, but not received by the contractor.

(19) Income tax
Income tax consists of current tax and deferred tax.

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority. Also, they are offset when different taxable entities that intend either to settle current tax liabilities and assets on a net basis or realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

for a business combination, the tax effect is included in the accounting for the business combination.

(20)Correction of prior-period financial statements

DKT Co., Ltd. was acquired on December 31, 2010. The Company found errors in applying percentage-of-completion method for recognizing revenue from previously issued financial statements under accounting principles generally accepted in the Republic of Korea ("Korean GAAP" or "K-GAAP"). The effects of transition for the comparative periods in consolidated financial statements are as follows:

Description	Korean won	Translation into U.S. dollars
	(In millions)	(In thousands)
Decrease in trade receivables	₩ (45,696)	$ (39,623)
Increase in raw materials	20,254	17,562
Increase in Goodwill	22,827	19,793
Decrease in trade payables	3,599	3,121
Increase in provision for construction warranty	(10,972)	(9,513)
Decrease in equity	(9,988)	(8,660)

3. TRANSITION TO K-IFRS:

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

(1) K-IFRS 1101 – Optional exemptions

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

1) Business combinations
Business combinations that occurred before the date of transition to K-IFRS are not to be retrospectively restated.

2) Borrowing costs
Borrowing costs related to all qualifying assets are capitalized when the commencement date for capitalization is on or after the date of past special days (January 1, 2003).

3) Investments in subsidiaries, joint ventures and associates
For the investments in subsidiaries, joint ventures and associates in the consolidated statements of financial position as of the transition date, the Group uses the book value under previous Korean GAAP as deemed cost.

(2) The effect of the transition from Korean GAAP to K-IFRS on the Group's financial status.

1) Changes in the scope of consolidated subsidiaries

As at the date of transition to K-IFRS, the Company's change in scope of consolidation is as follows:
.

	Description	Company
Newly added	Under the former 'Act on External Audit of Stock companies' Article 1.3 Section 2.1 in the Republic of Korea, companies whose total assets are less than 10 billion Korean won were not subject to consideration, but subject to consolidation.	Ssangyong Singapore Pte Ltd. GS Global Trading (Shanghai) Co., Ltd. GS Global Guangzhou Co., Ltd. SSY-SWISS GMBH GS PLS Corp. Dairyu Cement MILL-PRO PTY LIMITED
Excluded	Under the former 'Act on External Audit of Stock companies' Article 1.3 Section 2.1 in the Republic of Korea, entities where the Company owns more than 30% of shares and is the largest shareholder with the largest voting rights were included in the scope.	Ssangyong Resources Pty. Ltd.

2) The principal effects on the consolidated statement of financial position at January 1, 2010 (date of transition)

Description	Assets	Liabilities	Net Assets
	Korean won		
		(In millions)	
Korean GAAP	₩ 263,800	₩ 175,900	₩ 87,900
Adjustment:			
Changes in the scope of consolidation (*1)	(36,658)	(28,869)	(7,789)
Derecognition of financial assets (*2)	25,100	25,100	-
Present value of defined benefit obligation(*3)	-	(429)	429
Other	-	-	-
Subtotal	(11,558)	(4,198)	(7,360)
K-IFRS	₩ 252,242	₩ 171,702	₩ 80,540
Translation into U.S. dollars (Note 2) (In thousands)	$ 218,713	$ 148,879	$ 69,834

(*1) Effect of transition to K-IFRS on changes in the scope of consolidation
(*2) Under previous Korean GAAP, when the Group transferred a financial asset to financial institutions and it was considered that control over the financial asset was transferred, the Group derecognized the financial asset. Under K-IFRS, if the transfer does not satisfy the criteria of derecognition, the financial asset is not derecognized and the related cash proceeds are recognized as financial liabilities.
(*3) The Group recognizes the defined benefit obligation by using actuarial assumptions.

3) The principal effects on the consolidated statement of financial position at December 31, 2010

Description	Assets	Liabilities	Net Assets
	Korean won		
		(In millions)	
Korean GAAP(*1)	₩ 586,907	₩ 479,895	₩ 107,012
Adjustment:			
Changes in the scope of consolidation (*2)	21,398	20,829	569
Derecognition of financial assets (*3)	38,735	38,735	-
Present value of defined benefit obligation(*4)	(162)	(643)	481
Investment in associate (*5)	(204)	-	(204)
Derecognition of goodwill impairment (*6)	853	410	443
Reclassification of current deferred tax assets as non-current deferred tax assets (*7)	(1,560)	(1,560)	-
Reclassification of receivables as due from customers for contract work(*8)	(12,059)	(12,059)	-
Other	24	256	(232)
Subtotal	47,025	45,968	1,057
K-IFRS	₩ 633,932	₩ 525,863	₩ 108,069
Translation into U.S. dollars (Note 2) (In thousands)	$ 549,668	$ 455,964	$ 93,704

(*1) Effect of transition for comparative periods of DKT Co., Ltd was taken into account. (Assets increased by ₩2,616 million, liabilities increased by ₩7,373 million, and equity decreased by ₩9,988 million)
(*2) Under previous Korean GAAP, when the Group transferred a financial asset to financial institutions and it was considered that control over the financial asset was transferred, the Group derecognized the financial asset. Under K-IFRS, if the transfer does not satisfy the criteria of derecognition, the financial asset is not derecognized and the related cash proceeds are recognized as financial liabilities.
(*3) Effect of changes in the scope of consolidation
(*4) Trade receivables previously recognized as sales transaction under Korean GAAP are reclassified as borrowings under K-IFRS since financial assets' derecognition criteria are not met.
(*5) The Group recognizes the defined benefit obligation by using actuarial assumptions.
(*6) Effect of changes in the scope investment in associate

(*7) Transition effect of K-IFRS on related parties and derecognition of goodwill impairment. Reclassification of current deferred tax assets as non-current assets.
(*8) Reclassification of receivables as due from customers for contracts and net effect of provision for construction and due from customers for contract

4) The principal effect on comprehensive income for the year ended December 31, 2010, is as follows:

Description	Korean won		Translation into U.S. dollars (Note 2)	
	Net income	Comprehensive income	Net income	Comprehensive income
	(In millions)		(In thousands)	
Korean GAAP	₩ 18,608	₩ 19,552	$ 16,135	$ 16,953
Adjustment:				
Changes in the scope of consolidation (*1)	752	225	652	196
Gain(loss) on translation from investment in foreign operation, net (*2)	378	-	328	-
Present value of defined benefit obligation (*3)	335	62	290	54
Investment in associate (*4)	(204)	(204)	(177)	(177)
Others	(146)	(384)	(127)	(333)
Subtotal	1,115	(301)	966	(260)
K-IFRS	₩ 19,723	₩ 19,251	$ 17,101	$ 16,693

(*1) Effect of changes in the scope of consolidation
(*2) Effect of foreign currency translation from investment in overseas operations
(*3) The Group recognizes the defined benefit obligation by using actuarial assumptions.
(*4) Effect of changes in the scope of investment in associate

5) Explanation of the effects of K-IFRS transition adjustments in the consolidated statement of cash flows
Under K-IFRS, dividends received, interest received, interest paid and income tax paid, which were not presented separately under Korean GAAP, are now separately presented and the related income (expense) and assets (liabilities) have been adjusted accordingly.

Also, under K-IFRS, foreign currency translation amounts are presented gross as part of the related transactions and deducted against the effects of foreign exchange rate changes on the balance of cash held in foreign currencies. No other significant differences between the consolidated statement of cash flows prepared under Korean GAAP compared to K-IFRS have been noted. Also, under K-IFRS, gain (loss) on foreign currency translation is presented gross and against which the gain (loss) on foreign currency translation on the cash and cash equivalent was deducted. No other significant differences between the consolidated statement of cash flows prepared under Korean GAAP compared to K-IFRS have been noted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS:

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. RESTRICTED FINANCIAL INSTRUMENTS:

	December 31, 2011		
	Korean won	Translation into U.S. dollars (Note 2)	Description
	(In millions)	(In thousands)	
Short-term financial instruments	₩ 14	$ 12	Collateralized for borrowings
Long-term financial instruments	480	416	Collateralized for borrowings

6. SEGMENT INFORMATION:

(1) The Group adopted 'K-IFRS 1108 *Segment Information*' since January 1, 2010. K-IFRS 1108 requires that the Group should recognize its operating segments based on the internal report on the Group's constituent units that are reviewed regularly by the chief executive officer to allocate resources and evaluate the performance of each unit.

(2) The Group's segments are as follows:

Description	Business
Industrial resources	Ferrous, non-ferrous metals, cement, coal, mechanical plant
Import-distribution	Custody , maintenance and checkup of imported vehicles and rent of warehouse
Manufacturing	Manufacturing facilities for oil and gas industries, producing materials for combined-cycle

(3) Sales and income before income tax by operating segments as of December 31, 2011 and 2010, are as follows:

		December 31, 2011							
		Korean won				Translation into U.S. dollars (Note 2)			
Description		Sales	Operating profit (loss)	Financial profit (loss)	Profit before tax (loss)	Sales	Operating profit (loss)	Financial profit (loss)	Profit before tax (loss)
		(In millions)				(In thousands)			
Trade	Industrial resources	₩ 3,185,891	₩ 35,815	₩ (1,756)	₩ 34,059	$ 2,762,413	$ 31,055	$ (1,522)	$ 29,533
	Import-distribution	110,926	4,332	(974)	3,358	96,181	3,756	(845)	2,911
Manufacturing		265,499	(34,951)	(11,009)	(45,960)	230,208	(30,305)	(9,546)	(39,851)
Consolidation adjustments		(665,409)	(8,835)	(837)	(9,672)	(576,960)	(7,661)	(726)	(8,387)
Total		₩ 2,896,907	₩ (3,639)	₩ (14,576)	₩ (18,215)	$ 2,511,842	($3,155)	($12,639)	($15,794)

		December 31, 2010							
		Korean won				Translation into U.S. dollars (Note 2)			
Description		Sales	Operating profit (loss)	Financial profit (loss)	Profit before tax (loss)	Sales	Operating profit (loss)	Financial profit (loss)	Profit before tax (loss)
		(In millions)				(In thousands)			
Trade	Industrial resources	₩ 1,973,983	₩ 13,558	₩ 2,272	₩ 15,830	$ 1,711,595	$ 11,756	$ 1,970	$ 13,726
	Import-distribution	26,033	5,264	41	5,305	22,573	4,564	35	4,599
Consolidation adjustments		(351,490)	430	(192)	237	(304,769)	373	(166)	206
Total		₩ 1,648,526	₩ 19,252	₩ 2,121	₩ 21,372	$ 1,429,399	$ 16,693	$ 1,839	$ 18,531

(4) Assets and liabilities by operating segments as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	December 31, 2011						
	Korean won						Translation into U.S. dollars (Note 2)
Description	Industrial	Import-distribution	Manufacturing	Other	Consolidation adjustment	Total	Total
	(In millions)						(In thousands)
Current assets	₩ 530,525	₩ 13,284	₩ 168,467	₩ 146,068	₩ (179,956)	₩ 678,388	$ 588,215
Non-current assets	51,669	18,056	260,740	169,173	(111,962)	387,676	336,145
Current liabilities	327,969	12,591	223,572	311,367	(193,470)	682,029	591,372
Non-current liabilities	1,187	107	122,359	17,264	(15,057)	125,860	109,130

	December 31, 2010						
	Korean won						Translation into U.S. dollars (Note 2)
Description	Industrial	Import-distribution	Manufacturing	Other	Consolidation adjustment	Total	Total
	(In millions)						(In thousands)
Current assets	₩ 333,672	₩ 2,630	₩ 107,841	₩ 98,527	₩ (129,644)	₩ 413,026	$ 358,125
Non-current assets	46,818	5,330	117,245	102,941	(51,428)	220,906	191,543
Current liabilities	217,753	5,177	139,157	248,177	(133,267)	476,997	413,593
Non-current liabilities	1,194	6	41,600	5,187	879	48,866	42,371

	January 1, 2010					
	Korean won					Translation into U.S. dollars (Note 2)
Description	Industrial	Import-distribution	Other	Consolidation adjustment	Total	Total
	(In millions)					(In thousands)
Current assets	₩ 166,316	₩ 5,984	₩ 57,905	₩ (26,833)	₩ 203,372	$ 176,339
Non-current assets	50,794	198	35,313	(37,435)	48,870	42,374
Current liabilities	213,962	1,822	14,523	(64,499)	165,808	143,768
Non-current liabilities	23,484	345	18,208	(36,143)	5,894	5,111

(5) Sales by region where the Group's entities are located are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
Description	2011	2010	2011	2010
	(In millions)		(In thousands)	
Korea	₩ 508,925	₩ 89,993	$ 441,277	$ 78,031
Asia	2,419,190	1,572,351	2,097,624	1,363,349
Other	634,200	337,672	549,900	292,786
Subtotal	3,562,315	2,000,016	3,088,801	1,734,166
Consolidation adjustments	(665,408)	(351,490)	(576,959)	(304,767)
Total	₩ 2,896,907	₩ 1,648,526	$ 2,511,842	$ 1,429,399

7. FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

(1) Financial assets as of December 31, 2011, consist of the following:

Financial assets

	Korean won					Translation into U.S. dollars (Note 2)
Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivative assets that are effective hedging instruments	Total	Total
			(In millions)			(In thousands)
Current financial assets	₩ 730	₩ -	₩ 1,000	₩ 225	₩ 1,955	$ 1,695
Trade receivables and other receivables	-	314,176	-	-	314,176	272,415
Non-current financial assets	-	-	7,432	-	7,432	6,444
Long-term trade receivables and other receivables	-	14,117	-	-	14,117	12,240
Total	₩ 730	₩ 328,293	₩ 8,432	₩ 225	₩ 337,680	$ 292,794

Financial liabilities

	Korean won				Translation into U.S. dollars (Note 2)
Description	Financial assets at FVTPL	Financial liabilities carried at amortized cost	Derivative assets that are effective hedging instruments	Total	Total
		(In millions)			(In thousands)
Trade payables and other current payables	₩ -	₩ 243,195	₩ -	₩ 243,195	$ 210,869
Short-term borrowings	-	358,146	-	358,146	310,540
Current portion of long-term borrowings	-	26,850	-	26,850	23,281
Other current financial liabilities	1,912	-	330	2,242	1,944
Long-term trade payables and other payables	-	1,674	-	1,674	1,451
Long-term borrowings	-	104,400	-	104,400	90,523
Bond with warrant	-	15,725	-	15,725	13,635
Total	₩ 1,912	₩ 749,990	₩ 330	₩ 752,232	$ 652,243

(2) Financial assets as of December 31, 2010, consist of the following:

Financial assets

	Korean won					Translation into U.S. dollars (Note 2)
Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivative assets that are effective hedging instruments	Total	Total
			(In millions)			(In thousands)
Current financial assets	₩ 4,257	₩ -	₩ 1,000	₩ 202	₩ 5,459	$ 4,734
Trade receivables and other receivables	-	191,766	-	-	191,766	166,276
Non-current financial assets	-	-	6,098	-	6,098	5,287
Long-term trade receivables and other receivables	-	7,991	-	-	7,991	6,929
Total	₩ 4,257	₩ 199,757	₩ 7,098	₩ 202	₩ 211,314	$ 183,226

Financial liabilities

Description	Korean won								Translation into U.S. dollars (Note 2)	
	Financial liabilities at FVTPL		Financial liabilities carried at amortized cost		Derivative assets that are effective hedging instruments		Total		Total	
	(In millions)								(In thousands)	
Trade payables and other current payables	₩	-	₩	184,986	₩	-	₩	184,986	$	160,397
Short-term borrowings		-		257,959		-		257,959		223,670
Current portion of long-term borrowings		-		10,475		-		10,475		9,083
Other current financial liabilities		850		-		761		1,611		1,397
Long-term trade payables and other payables		-		1,220		-		1,220		1,058
Long-term borrowings		-		36,000		-		36,000		31,215
Total	₩	850	₩	490,640	₩	761	₩	492,251	$	426,820

(3) Financial assets as of January 1, 2010, consist of the following:

Financial assets

Description	Korean won								Translation into U.S. dollars (Note 2)	
	Loans and receivables		AFS financial assets		Derivative assets that are effective hedging instruments		Total		Total	
	(In millions)								(In thousands)	
Current financial assets	₩	-	₩	-	₩	385	₩	385	$	334
Trade receivables and other receivables		98,225		-		-		98,225		85,168
Non-current financial assets		-		6,802		-		6,802		5,898
Long-term trade receivables and other receivables		5,056		-		-		5,056		4,384
Total	₩	103,281	₩	6,802	₩	385	₩	110,468	$	95,784

Financial liabilities

Description	Korean won						Translation into U.S. dollars (Note 2)	
	Financial liabilities carried at amortized cost		Derivative assets that are effective hedging instruments		Total		Total	
	(In millions)						(In thousands)	
Trade payables and other current payables	₩	82,193	₩	-	₩	82,193	$	71,267
Short-term borrowings		76,661		-		76,661		66,471
Other current financial liabilities		-		391		391		339
Long-term trade payables and other payables		1,157		-		1,157		1,003
Total	₩	160,011	₩	391	₩	160,402	$	139,080

(4) Income and expense by category of financial instruments for the years ended December 31, 2011 and 2010, consist of the following:

Financial assets

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Financial assets at FVTPL:				
Gain on valuation of derivatives	₩ 683	₩ -	$ 592	$ -
Gain on derivative transactions (*)	4,170	(852)	3,615	(739)
Loans and receivables:				
Interest income	2,679	1,091	2,323	946
Loss on disposal of trade receivables	(1,367)	(2,389)	(1,187)	(2,071)
AFS financial assets:				
Dividend income	77	16	67	14
Gain on disposal of AFS financial assets	11	-	9	-
Total	₩ 6,253	₩ (2,134)	$ 5,419	$ (1,850)

(*) Gain (loss) on derivative liabilities (financial liabilities at FVTPL) is included.

Financial liabilities

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Financial liabilities at FVTPL:				
Loss on valuation of derivatives	₩ 1,944	₩ 44	$ 1,685	$ 38
Financial liabilities carried at amortized cost:				
Interest expense	15,189	855	13,170	741
Loss on foreign currency transaction	240	-	207	-
Gain on foreign currency transaction	(327)	-	(282)	-
Loss on foreign currency translation	30	-	26	-
Total	₩ 17,076	₩ 899	$ 14,806	$ 779

(5) Fair value of financial instruments

Fair value measurements are those that are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. They are also derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Fair value measurements are those that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regards that the book values of financial assets (liabilities) recognized in amortized cost as of December 31, 2011 and 2010, are similar to the fair values.

8. DERIVATIVES:

(1) Details of derivatives held for trading as of December 31, 2011, are as follows:

Description	Buy position		Sell position	
	Currency	Amount (*)	Currency	Amount (*)
Contracts on currency forwards	EUR	-	EUR	22,940
	KRW	127,383	KRW	-
	USD	-	USD	80,614

(*) All currencies are in thousands.

(2) Details of derivatives held for trading as of December 31, 2010, are as follows:

Description	Buy position		Sell position	
	Currency	Amount (*)	Currency	Amount (*)
Contracts on currency forwards	EUR	-	EUR	38,900
	KRW	152,194	KRW	-
	JPY	-	JPY	72,096
	USD	874	USD	78,115

(*) All currencies are in thousands.

(3) Details of derivatives effective as a hedging instrument as of December 31, 2011, are as follows:

Description	Buy position		Sell position	
	Currency	Amount (*)	Currency	Amount (*)
Contracts on currency forwards	AUD	728	AUD	11,008
	EUR	59	EUR	812
	JPY	-	JPY	873,717
	KRW	1,676	KRW	27,901
	USD	47,436	USD	2,174

(*) All currencies are in thousands.

(4) Details of derivatives effective as a hedging instrument as of December 31, 2010, are as follows:

Description	Buy position		Sell position	
	Currency	Amount (*)	Currency	Amount (*)
Contracts on currency forwards	AUD	2,467	AUD	11,529
	EUR	821	EUR	1,031
	JPY	980,850	JPY	576,560
	KRW	1,959	KRW	10,736
	USD	27,344	USD	15,648

(*) All currencies are in thousands.

(5) Details of derivatives effective as a hedging instrument as of January 1, 2010, are as follows:

Description	Buy position		Sell position	
	Currency	Amount (*)	Currency	Amount (*)
Contracts on currency forwards	AUD	2,805	AUD	10,854
	JPY	579	JPY	204
	KRW	3,994	KRW	-
	USD	12,071	USD	12,411

(*) All currencies are in thousands.

9. AFS FINANCIAL ASSETS:

AFS financial assets as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won				
	December 31, 2011			December 31, 2010	January 1, 2010
Description	Acquisition cost	Fair value	Book value	Book value	Book value
			(In millions)		
Non-marketable equity securities:					
G&C	₩ 198	₩ 198	₩ 198	₩ 198	₩ 198
Dalian Billong Shan Corporation	414	-	-	-	-
Bharat SSY Salt	320	171	171	171	171
Han-Viet Heavy Industry & Construction Corporation	867	867	867	867	867
Daegu MBC	3,929	3,929	3,929	3,929	3,929
AEC Ssangyong Ltd.	831	-	-	-	-
Chemcross, Inc.	222	222	222	222	222
The Korea Economic Daily	73	23	23	23	23
Meiryu Cement Corporation	74	74	74	70	-
Touryu Cement Corporation(*1)	-	-	-	157	125
Japan Bicycle Network	15	15	15	14	13
POS OPC	297	297	297	279	254
A mutual aid association of capital goods	-	-	-	100	-
Yongyeon zone 4, industrial water management association	18	18	18	18	-
G&H Development Co. Limited	-	-	-	-	1,000
Subtotal	7,258	5,814	5,814	6,048	6,802
Marketable equity securities:					
Steel Strips Wheels Ltd.	2,961	1,568	1,568	-	-
Non-marketable debt securities:					
Kookmin bank subordinated bonds (*2)	50	50	50	50	-
Unguaranteed corporate bond	1,000	1,000	1,000	1,000	-
	₩ 11,269	₩ 8,432	₩ 8,432	₩ 7,098	₩ 6,802
Translation into U.S. dollars (Note 2) (In thousands)	$ 9,771	$ 7,311	$ 7,311	$ 6,155	$ 5,898

(*1) Touryu Cement Corporation was liquidated during the current accounting period.
(*2) The borrower of unsecured corporate bonds is GS EcoMetal Co., Ltd. Annual interest rate of the bond is 8% p.a. and it matures in November 2012.

10. LOANS AND RECEIVABLES:

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

Account	Description	Korean won December 31, 2011	Korean won December 31, 2010	Korean won January 1, 2010	Translation into U.S. dollars (Note 2) December 31, 2011	Translation into U.S. dollars (Note 2) December 31, 2010	Translation into U.S. dollars (Note 2) January 1, 2010
		(In millions)			(In thousands)		
	Trade receivables	₩ 307,718	₩ 186,988	₩ 96,223	$ 266,816	$ 162,133	$ 83,433
	Allowance	(342)	(1,335)	(638)	(297)	(1,158)	(553)
	Subtotal	307,376	185,653	95,585	266,519	160,975	82,880
Current loans and other receivables	Accounts receivable	3,953	4,271	843	3,427	3,704	730
	Allowance	(1)	(1)	(601)	(1)	(1)	(521)
	Accrued income	504	489	284	437	424	246
	Allowance	(166)	(164)	(182)	(144)	(142)	(157)
	Short-term loans	617	102	97	535	88	84
	Allowance	(91)	(91)	-	(79)	(79)	-
	Current portion of long-term loans	609	-	-	528	-	-
	Short-term deposits to financial institutions	14	1,026	2,057	12	889	1,783
	Short-term deposits	1,361	482	141	1,180	418	122
	Subtotal	6,800	6,114	2,639	5,895	5,301	2,287
Long-term trade receivables	Long-term trade receivables	20,881	19,643	19,852	18,106	17,032	17,213
	Allowance	(20,283)	(19,080)	(19,326)	(17,587)	(16,544)	(16,757)
	Subtotal	598	563	526	519	488	456
Non-current loans and other receivables	Long-term loans	3,841	682	783	3,330	591	680
	Allowance	(669)	(661)	(677)	(580)	(573)	(587)
	Long-term accounts receivables	2,504	-	-	2,172	-	-
	Long-term deposits	7,363	7,278	4,425	6,384	6,312	3,836
	Long-term deposits to financial institutions	480	128	-	416	111	-
	Subtotal	13,519	7,427	4,531	11,722	6,441	3,929
	Total	₩ 328,293	₩ 199,757	₩ 103,281	$ 284,655	$ 173,205	$ 89,552

(*) As of December 31, 2011, ₩ 181,502 million ($157,376 thousand) of trade receivables has been transferred. However, the equivalent book value continues to be recognized as trade receivables as the Group has guaranteed the expected loss, and the cash received through transfer was recognized as collateral loans.

(2) The allowance for doubtful accounts for the year ended December 31, 2011, is as follows:

	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Trade receivables	₩ 342	₩ 1,335	$ 297	$ 1,158
Accounts receivable	1	1	1	1
Accrued income	166	164	144	142
Short-term loans	91	91	79	79
Long-term trade receivables	20,283	19,080	17,587	16,544
Long-term loans	670	661	580	573
Total	₩ 21,553	₩ 21,332	$ 18,688	$ 18,497

(3) Aging analysis of the balances of trade receivables that are past due, but not impaired as of December 31, 2011, is as follows:

Description	Less than 60 days	More than 60 days, but less than 90 days	More than 90 days, but less than 180 days	More than 180 days, but less than 1 year	More than 1 year	Total
	Korean won					
	Overdue impaired receivables					
	(In millions)					
Trade receivables	₩ 2,525	₩ 812	₩ 756	₩ 1	₩ 42	₩ 4,136
Accounts receivable	-	1	66	-	-	67
Long-term trade receivables	-	-	-	-	598	598
Total	₩ 2,525	₩ 813	₩ 822	₩ 1	₩ 640	₩ 4,801
Translation into U.S. dollars (Note 2) (In thousands)	$ 2,189	$ 705	$ 713	$ 1	$ 555	$ 4,163

(4) Aging analysis of the balances of trade receivables that are past due, but not impaired as of December 31, 2010, is as follows:

Description	Less than 60 days	More than 60 days, but less than 90 days	More than 90 days, but less than 180 days	More than 180 days, but less than 1 year	More than 1 year	Total
	Korean won					
	Overdue impaired receivables					
	(In millions)					
Trade receivables	₩ 5,579	₩ 190	₩ 413	₩ 366	₩ 113	₩ 6,661
Accounts receivable	347	55	571	374	-	1,347
Long-term trade receivables	-	-	-	-	563	563
Total	₩ 5,926	₩ 245	₩ 984	₩ 740	₩ 676	₩ 8,571
Translation into U.S. dollars (Note 2) (In thousands)	$ 5,138	$ 212	$ 853	$ 642	$ 586	$ 7,431

(5) Aging analysis of the balances of trade receivables that are past due, but not impaired as of January 1, 2010, is as follows:

Description	Less than 60 days	More than 60 days, but less than 90 days	More than 90 days, but less than 180 days	More than 180 days, but Less than 1 year	More than 1 year	Total
	Korean won					
	Overdue impaired receivables					
	(In millions)					
Trade receivables	₩ 1,432	₩ 96	₩ 110	₩ 4	₩ 1	₩ 1,643
Accounts receivable	-	-	-	-	-	-
Long-term trade receivables	-	-	-	-	526	526
Total	₩ 1,432	₩ 96	₩ 110	₩ 4	₩ 527	₩ 2,169
Translation into U.S. dollars (Note 2) (In thousands)	$ 1,242	$ 83	$ 95	$ 3	$ 458	$ 1,881

11. CURRENT NON-FINANCIAL ASSETS:

Current non-financial assets as of December 31, 2011, December 31, 2010 and January 1, 2010, consist of the following:

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Advance payments	₩ 29,811	₩ 12,552	₩ 1,712	$ 25,849	$ 10,883	$ 1,484
Less: Impairment loss	-	(116)	(120)	-	(101)	(104)
Long-term loans	3,508	2,478	557	3,042	2,149	483
Due from customers	90,177	29,145	-	78,191	25,271	-
Prepaid value-added tax	6,205	6,487	1	5,379	5,625	1
Total	₩ 129,701	₩ 50,546	₩ 2,150	$ 112,461	$ 43,827	$ 1,864

12. INVENTORIES:

Inventories as of December 31, 2011, December 31, 2010 and January 1, 2010, consist of the following:

	Korean won								
	December 31, 2011			December 31, 2010			January 1, 2010		
Description	Amounts before evaluation	Valuation allowance	Book value	Amounts before evaluation	Valuation allowance	Book value	Amounts before evaluation	Valuation allowance	Book value
					(In millions)				
Merchandise	₩ 83,487	₩ (683)	₩ 82,804	₩ 80,369	₩ (12)	₩ 80,357	₩ 29,754	₩ (82)	₩ 29,672
Finished goods	-	-	-	161	-	161	-	-	-
Work in process	2,022	-	2,022	-	-	-	415	-	415
Raw materials	17,158	(2,917)	14,241	28,568	-	28,568	2,459	-	2,459
Materials in transit	19,398	-	19,398	11,817	-	11,817	6,658	-	6,658
Other	7	-	7	6	-	6	134	-	134
Total	₩ 122,072	₩ (3,600)	₩ 118,472	₩ 120,921	₩ (12)	₩ 120,909	₩ 39,420	₩ (82)	₩ 39,338
Translation into U.S. dollars (Note 2) (In thousands)	$ 105,846	$ (3,122)	$ 102,724	$ 104,847	$ (10)	$ 104,837	$ 34,180	$ (71)	$ 34,109

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES:

(1) Investments in subsidiaries as of December 31, 2011, December 31, 2010 and January 1, 2010, consist of the following:

	Korean won					
	December 31, 2011				December 31, 2010	January 1, 2010
Description	Ownership (%)	Acquisition Cost	Net asset value	Book value	Book value	Book value
	(In millions)					
GS BIO Co., Ltd.	50.00	₩ 2,000	₩ 917	₩ 504	₩ 1,891	₩ -
GS EcoMetal Co., Ltd.	50.00	3,187	456	643	3,082	-
Ssanyong Slag & Materials Co., Ltd.	-	-	-	-	-	7,762
SP-Tech Co., Ltd.	28.57	400	240	240	393	-
QCP1 Corporate Restructuring Private Equity Investment Company	-	-	-	-	10,000	-
USI SERVICE CENTER PRIVATE LIMITED	25.00	4,217	3,845	3,845	-	-
Total		₩ 9,804	₩ 5,458	₩ 5,232	₩ 15,366	₩ 7,762
Translation into U.S. dollars (Note 2) (In thousands)		$ 8,501	$ 4,732	$ 4,537	$ 13,323	$ 6,730

(2) Changes in values of the investments in subsidiaries for the year ended December 31, 2011, are as follows:

	Korean won					
Description	Beginning value	Acquisition	Disposal	Valuation gain (loss)	Others	Book Value
	(In millions)					
GS BIO Co., Ltd.	₩ 1,890	₩ -	₩ -	₩ (1,377)	₩ (9)	₩ 504
EcoMetal Co., Ltd.	3,083	-	-	(2,468)	28	643
SP-Tech Co., Ltd.	393	-	-	(153)	-	240
QCP1 Corporate Restructuring Private Equity Investment Company	10,000	-	(10,000)	-	-	-
USI SERVICE CENTER PRIVATE LIMITED	-	4,217	-	(75)	(297)	3,845
Total	₩ 15,366	₩ 4,217	₩ (10,000)	₩ (4,073)	₩ (278)	₩ 5,232
Translation into U.S. dollars (Note 2) (In thousands)	$ 13,323	$ 3,657	$ (8,671)	$ (3,531)	$ (241)	$ 4,537

(3) Changes in values of the investments in subsidiaries for the year ended December 31, 2010, are as follows:

Description	Beginning value	Acquisition	Disposal	Valuation gain (loss)	Others	Book Value
	Korean won (In millions)					
GS BIO Co., Ltd.	₩ -	₩ 2,000	₩ -	₩ (109)	₩ -	₩ 1,891
EcoMetal Co., Ltd.	7,762	-	(7,762)	-	-	-
SP-Tech Co., Ltd.	-	3,187	-	(87)	(18)	3,082
QCP1 Corporate Restructuring Private Equity Investment Company	-	400	-	(7)	-	393
USI SERVICE CENTER PRIVATE LIMITED	-	-	-	-	10,000	10,000
Total	₩ 7,762	₩ 5,587	₩ (7,762)	₩ (203)	₩ 9,982	₩ 15,366
Translation into U.S. dollars (Note 2) (In thousands)	$ 6,730	$ 4,844	($6,730)	($177)	$ 8,656	$ 13,323

(4) Disposition of investment gain for the year ended December 31, 2011, is as follows:

Description	Beginning balance	Increase	Decrease	Ending balance
	Korean won (In millions)			
EcoMetal Co., Ltd.	₩ 187	₩ -	₩ -	₩ 187
Translation into U.S. dollars (Note 2) (In thousands)	$ 162	$ -	$ -	$ 162

(5) Disposition of investment gain for the year ended December 31, 2010, is as follows:

Description	Beginning balance	Increase	Decrease	Ending balance
	Korean won (In millions)			
EcoMetal Co., Ltd.	₩ -	₩ 187	₩ -	₩ 187
Translation into U.S. dollars (Note 2) (In thousands)	$ -	$ 162	$ -	$ 162

(6) Changes in unrealized gain (loss) on investment for the year ended December 31, 3011, are as follows:

Description	Account	Beginning balance	Realized	Unrealized	Ending balance
	Korean won (In millions)				
EcoMetal Co., Ltd.	Inventory	₩ -	₩ -	₩ (412)	₩ (412)
Translation into U.S. dollars (Note 2) (In thousands)		$ -	$ -	$ (358)	$ (358)

(7) Financial information of the affiliated companies as of December 31, 2011, is summarized as follows:

Affiliated company	Korean won Assets	Liabilities	Sales	Net income (loss)
	(In millions)			
EcoMetal Co., Ltd.	₩ 63,199	₩ 61,366	₩ 42,558	₩ (1,894)
SP-Tech Co., Ltd.	30,226	29,313	3,778	(5,679)
GS BIO Co., Ltd.	7,474	6,635	1,622	(494)
USI SERVICE CENTER PRIVATE LIMITED	17,944	2,563	21	(301)
Total	₩ 118,843	₩ 99,877	₩ 47,979	₩ (8,368)
Translation into U.S. dollars (Note 2) (In thousands)	$ 103,046	$ 86,601	$ 41,601	$ (7,256)

14. INVESTMENT PROPERTY:

Investment property as of December 31, 2011, December 31, 2010 and January 1, 2010, is summarized as follows:

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
Acquisition cost:		(In millions)			(In thousands)	
Land	₩ -	₩ -	₩ 161	$ -	$ -	$ 140
Buildings	-	773	1,238	-	671	1,073
Subtotal	-	773	1,399	-	671	1,213
Less accumulated depreciation:						
Buildings	-	(273)	(380)	-	(237)	(329)
Total	₩ -	₩ 500	₩ 1,019	$ -	$ 434	$ 884

15. PROPERTY AND EQUIPMENT:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
Acquisition cost:		(In millions)			(In thousands)	
Land	₩ 163,344	₩ 37,192	₩ 16	$ 141,632	$ 32,249	$ 14
Buildings	55,002	32,526	1,535	47,691	28,202	1,331
Structures	11,512	11,339	150	9,981	9,832	130
Machinery and equipment	41,009	34,521	463	35,558	29,933	402
Vehicles	2,456	2,203	879	2,129	1,910	762
Tools	2,224	1,972	9	1,929	1,710	8
Equipment	6,289	5,252	4,109	5,453	4,554	3,564
Construction in progress	14,623	5,153	-	12,679	4,468	-
Subtotal	296,459	130,158	7,161	257,052	112,858	6,211
Less accumulated depreciation:						
Buildings	(4,710)	(3,261)	(582)	(4,084)	(2,828)	(505)
Structures	(1,441)	(978)	(146)	(1,250)	(848)	(127)
Machinery and equipment	(9,729)	(8,091)	(444)	(8,436)	(7,016)	(385)
Vehicles	(1,605)	(1,338)	(570)	(1,391)	(1,160)	(494)
Tools	(1,562)	(1,308)	(5)	(1,354)	(1,134)	(4)
Equipment	(4,162)	(3,874)	(2,991)	(3,608)	(3,360)	(2,595)
Subtotal	(23,209)	(18,850)	(4,738)	(20,123)	(16,346)	(4,110)
Total	₩ 273,250	₩ 111,308	₩ 2,423	$ 236,929	$ 96,512	$ 2,101

(2) Changes in property and equipment for the year ended December 31, 2011, are as follows:

Description	Beginning balance	Acquisition	Disposal	Depreciation	Transfer(*1)	Other(*2)	Ending balance
				(In millions)			
Land	₩ 37,192	₩ 5	₩ -	₩ -	₩ 120,611	₩ -	₩ 163,344
Buildings	29,265	10,974	(493)	(1,173)	11,718	1	50,292
Structures	10,361	554	(751)	(638)	544	-	10,070
Machinery and equipment	26,430	2,418	(268)	(2,092)	4,788	4	31,280
Vehicles	865	494	(134)	(376)	-	2	851
Tools	665	231	-	(262)	23	5	662
Equipment	1,377	665	(74)	(479)	668	(30)	2,127
Construction in progress	5,153	147,294	-	-	(137,852)	29	14,624
	₩ 111,308	₩ 168,171	₩ (1,720)	₩ (5,020)	₩ 500	₩ 11	₩ 273,250
Translation into U.S. dollars (Note 2) (In thousands)	$ 96,512	$ 145,817	$ (1,491)	$ (4,353)	$ 434	$ 10	$ 236,929

(*1) Buildings include KRW 500 million (USD 434 thousand) transferred from investment property.
(*2) Others reflect the effect of changes in exchange rates.

(3) Changes in property and equipment for the year ended December 31, 2010, are as follows:

Description	Beginning balance	Acquisition	Disposal	Depreciation	Other(*)	Ending balance
				(In millions)		
Land	₩ 16	₩	₩	₩	₩ 37,176	₩ 37,192
Buildings	953	-	-	(41)	28,353	29,265
Structures	4	9	(1)	(2)	10,351	10,361
Machinery and equipment	19	3	(6)	(9)	26,423	26,430
Vehicles	309	168	(28)	(171)	587	865
Tools	4	3	-	-	658	665
Equipment	1,118	752	(3)	(661)	171	1,377
Construction in progress	-	5,058	-	-	95	5,153
	₩ 2,423	₩ 5,993	₩ (38)	₩ (884)	₩ 103,814	₩ 111,308
Translation into U.S. dollars (Note 2) (In thousands)	$ 2,101	$ 5,196	$ (33)	$ (766)	$ 90,014	$ 96,512

(*) Others include the effects of changes in scope of consolidation and changes in exchange rates.

16. INTANGIBLE ASSETS:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Goodwill	₩ 50,418	₩ 50,418	₩ -	$ 43,716	$ 43,716	$ -
Intellectual property rights	11	16	19	9	14	16
Development costs	2,111	2,383	1,748	1,830	2,067	1,516
Software	916	560	56	794	486	49
Membership	5,152	5,328	3,255	4,467	4,620	2,822
Other intangible assets	3,127	590	-	2,713	511	-
	₩ 61,735	₩ 59,295	₩ 5,078	$ 53,529	$ 51,414	$ 4,403

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

Description	Beginning balance	Acquisition	Disposal	Transfer(*1)	Depreciation	Impairment	Others(*2)	Ending balance
				(In millions)				
Goodwill	₩ 50,418	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 50,418
Intellectual property rights	16	-	-	-	(5)	-	-	11
Development costs	2,383	-	-	-	(285)	-	13	2,111
Software	560	3	-	-	(72)	-	425	916
Membership	5,328	913	(602)	-	-	(498)	10	5,151
Other intangible assets	590	605	-	2,370	(463)	-	26	3,128
	₩ 59,295	₩ 1,521	₩ (602)	₩ 2,370	₩ (825)	₩ (498)	₩ 474	₩ 61,735
Translation into U.S. dollars (Note 2) (In thousands)	$ 51,414	$ 1,319	$ (522)	$ 2,055	$ (716)	$ (431)	$ 410	$ 53,529

(*1) Other intangible assets are transfers from advanced expenses.

(*2) Overseas branch membership's currency conversion.

(3) Changes in intangible assets for the year ended December 31, 2010, are as follows:

Description	Beginning balance	Acquisition	Disposal	Depreciation	Impairment	Others(*)	Ending balance
				(In millions)			
Goodwill	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 50,418	₩ 50,418
Intellectual property rights	19	2	-	(5)	-	-	16
Development costs	1,748	2,150	-	(246)	(1,269)	-	2,383
Software	56	533	-	(29)	-	-	560
Membership	3,255	1,623	(865)	-	-	1,315	5,328
Other intangible assets	-	198	-	(4)	-	396	590
	₩ 5,078	₩ 4,506	₩ (865)	₩ (284)	₩ (1,269)	₩ 52,129	₩ 59,295
Translation into U.S. dollars (Note 2) (In thousands)	$ 4,403	$ 3,907	$ (750)	$ (246)	$ (1,100)	$ 45,200	$ 51,414

(*) Others include the effects of changes in scope of consolidation and changes in exchange rates.

17. OTHER NON-CURRENT FINANCIAL ASSETS:

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

Account	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Prepaid expenses	₩ 57	₩ 54	₩ 61	$ 50	$ 47	$ 53
Retirement benefit plan assets	15	367	-	13	318	-
Total	₩ 72	₩ 421	₩ 61	$ 63	$ 365	$ 53

18. TRADE PAYABLES AND OTHER LIABILITIES:

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

Account	Description	Korean won			Translation into U.S. dollars (Note 2)		
		December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
			(In millions)			(In thousands)	
Trade payables and other current liabilities	Trade payables	₩ 188,488	₩ 153,151	₩ 67,514	$ 163,433	$ 132,793	$ 58,540
	Accounts payable	28,252	14,450	5,452	24,497	12,529	4,727
	Accrued expenses	26,455	17,385	9,227	22,939	15,075	8,000
	Subtotal	243,195	184,986	82,193	210,869	160,397	71,267
Long-term trade receivables and other liabilities	Long-term deposits received	1,674	1,220	1,157	1,451	1,058	1,003
Total		₩ 244,869	₩ 186,206	₩ 83,350	$ 212,320	$ 161,455	$ 72,270

19. BORROWINGS:

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

			Korean won			Translation into U.S. dollars (Note 2)		
Description	Lender	Annual interest rate (%)	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
				(In millions)			(In thousands)	
Accounts receivable loan	Shinhan Bank	LIBOR + 0.75–2.10	₩ 181,502	₩ 105,052	₩ 66,200	$ 157,376	$ 91,088	$ 57,400
General loan	Shinhan Bank	1.67–7.91	104,930	72,653	-	90,982	62,996	-
Purchase loan	Nonghyup	6.87–6.90	13,580	44,011	-	11,775	38,161	-
Trade loan	Woori Bank	1.57–6.47	47,134	36,243	10,461	40,869	31,425	9,071
Facility loan	Industrial Bank of Korea	5.49–5.50	11,000	-	-	9,538	-	-
Total			₩ 358,146	₩ 257,959	₩ 76,661	$ 310,540	$ 223,670	$ 66,471

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

			Korean won		Translation into U.S. dollars (Note 2)	
Description	Lender	Annual interest rate (%)	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
			(In millions)		(In thousands)	
Facility loan	Hana Bank	5.48–6.73	₩ 91,125	₩ 23,475	$ 79,013	$ 20,355
General loan	Kyungnam Bank	6.59–7.41	40,125	23,000	34,791	19,943
	Subtotal		131,250	46,475	113,804	40,298
Less: Current portion of long-term loan			(26,850)	(10,475)	(23,281)	(9,083)
	Total		₩ 104,400	₩ 36,000	$ 90,523	$ 31,215

(3) Details of bonds with stock warrants as of December 31, 2011, are as follows:

Description	Issue Date	Maturity Date	Annual interest rate (%)	Korean won	Translation into U.S. dollars (Note 2)
				(in millions)	(in thousands)
Unsecured bond with detachable stock warrant (3rd)	2011.11.09	2017.11.09	1.00	₩ 20,000	$ 17,342
Present value discount				(1)	(1)
Redemption premium				2,587	2,243
Adjustment				(6,861)	(5,949)
Total				₩ 15,725	$ 13,635

(4) Details of bond with stock warrants as of December 31, 2011, are as follows:

	DESCRIPTION
Issue price	KRW 20,000 million ($17,342 thousand)
Interest rate	Stated interest rate: 1%
Interest rate at maturity	3%
Interest payment	Paid every three months since the issue date
Redemption method	Redeemed at maturity
Early extinguishment option	Option can be exercised every three months after two years since issue date
Number of shares	11,111,111 Registered common shares (Par value - KRW 500 per share)
Exercise period	December 9, 2012–November 27, 2017
Exercise price(*)	KRW 1,800

(*) Bond with stock warrants was issued by DKT Co., Ltd. Exercise price is adjusted by capital increase, dividend payment, reserve, capital transfer, merger and acquisition, capital decrease, and decrease in price for common stocks.

20. CURRENT NON-FINANCIAL LIABILITIES:

Current non-financial liabilities as of December 31, 2011, December 31, 2010 and January 1, 2010, are as of follows:

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
	(In millions)			(In thousands)		
Advances from customers	₩ 28,162	₩ 14,486	₩ 1,009	$ 24,418	$ 12,560	$ 875
Due to customers	9,866	916	-	8,554	795	-
Deposits received	2,757	4,628	3,701	2,390	4,013	3,209
VAT withholdings	5,330	1,909	123	4,623	1,655	107
Total	₩ 46,115	₩ 21,939	₩ 4,833	$ 39,985	$ 19,023	$ 4,191

21. PROVISIONS:

(1) Changes in provisions for the year ended December 31, 2011, are as follows:

	Korean won						
	Changes during the year					Current/Non-current	
Description	Beginning balance	Increase	Reversal	Decrease	Ending balance	Current	Non-current
	(In millions)						
Provision for warranties	₩ -	₩ 1,277	₩ -	₩ (615)	₩ 662	₩ 662	₩ -
Provision for damages	883	-	(883)	-	-	-	-
Total	₩ 883	₩ 1,277	₩ (883)	₩ (615)	₩ 662	₩ 662	₩ -
Translation into U.S. dollars (Note 2) (In thousands)	$ 766	$ 1,107	$ (765)	$ (534)	$ 574	$ 574	$ -

(2) Changes in provisions for the year ended December 31, 2010, are as follows:

	Korean won				
	Changes during the year			Current/Non-current	
Description	Beginning balance	Other changes (*)	Ending balance	Current	Non-current
			(In millions)		
Provision for damages	₩ -	₩ 883	₩ 883	₩ -	₩ 883
Translation into U.S. dollars (Note 2) (In thousands)	$ -	$ 766	$ 766	$ -	$ 766

(*) Other changes represent the effect of changes in the scope of consolidation.

22. RETIREMENT BENEFIT PLAN:

(1) The amounts recognized in the consolidated statements of financial position related to retirement benefit obligation as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won			Translation into U.S. dollars		
Description	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Present value of defined benefit obligation	₩ 10,797	₩ 9,178	₩ 4,870	$ 9,363	$ 7,958	$ 4,223
Fair value of plan assets	(8,204)	(2,890)	(151)	(7,115)	(2,506)	(131)
Retirement benefit obligation (*)	₩ 2,593	₩ 6,288	₩ 4,719	$ 2,248	$ 5,452	$ 4,092

(*) Defined benefit obligation in excess of fair value of plan assets ₩15 million ($13 thousand) and ₩367 million ($318 thousand) has been classified as retirement benefit assets in December 31, 2011 and 2010.

(2) The changes in defined benefit obligation for the years ended December 31, 2011 and 2010, are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
Description	2011	2010	2011	2010
	(In millions)		(In thousands)	
Beginning balance	₩ 9,178	₩ 4,870	$ 7,958	$ 4,223
Current service cost	2,278	1,061	1,975	920
Interest cost	449	258	389	224
Transfer to affiliates	424	357	368	310
Benefits paid	(2,977)	(372)	(2,580)	(324)
Others (*)	114	2,735	99	2,372
Actuarial gains or losses	1,331	269	1,154	233
Ending balance	₩ 10,797	₩ 9,178	$ 9,363	$ 7,958

(*) Other changes represent the effect of changes in the scope of consolidation.

(3) Income and loss related to defined benefit plan for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Current service cost	₩ 2,278	₩ 1,061	$ 1,975	$ 920
Interest cost	449	258	389	224
Expected return on plan assets	(105)	(3)	(90)	(2)
Total	₩ 2,622	₩ 1,316	$ 2,274	$ 1,142

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

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Beginning balance	₩ 3,257	₩ 151	$ 2,824	$ 131
Expected return on retirement benefit assets	105	3	90	2
Benefits paid	(630)	(2)	(547)	(2)
Contributions from the employer	5,482	-	4,753	-
Others (*)	-	3,101	1	2,690
Actuarial gains or losses	6	4	6	3
Total	₩ 8,220	₩ 3,257	$ 7,127	$ 2,824

(5) Actuarial assumptions used as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

Description	December 31, 2011	December 31, 2010	January 1, 2010
Discount rate	4.74%–5.73%	5.10%–5.73%	7.06%–7.11%
Expected return on plan assets	3.56%–4.96%	3.56%–3.80%	6.00%
Expected rate of salary increase	1.22%–4.94%	0.30%–5.00%	0.01%–5.00%

23. SHAREHOLDERS' EQUITY:

(1) Capital stock as of December 31, 2011, December 31, 2010 and January 1, 2010, consists of the following:

Description	December 31, 2011	December 31, 2010	January 1, 2010
	(In millions of Korean won, except par value)		
Authorized	400,000,000 shares	400,000,000 shares	400,000,000 shares
Issued	22,533,764 shares	11,266,882 shares	11,266,882 shares
Par value	₩ 2,500	₩ 2,500	₩ 2,500
Capital stock	56,334	28,167	28,167
Translation into U.S. dollars (Note 2) (In thousands)	$ 48,846	$ 24,423	$ 24,423

(*) Since there was a paid-in capital increase in the current year, the number of shares issued and capital stock have increased by 11,266,882 shares and ₩28,167 million ($24,423 thousand), respectively, as of December 31, 2011.

(2) Details of other shareholders' equity as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Paid-in capital in excess of par value (*1)	₩ 126,854	₩ 16,424	₩ 16,425	$ 109,993	$ 14,241	$ 14,241
Consideration for stock warrant	3,012	-	-	2,611	-	-
Other capital surplus	6,443	-	-	5,587	-	-
Treasury stock (*2)	(709)	(709)	(709)	(615)	(614)	(614)
Loss on disposition of treasury stock	-	-	(1,531)	-	-	(1,327)
Other capital adjustments	-	-	(3,547)	-	-	(3,076)
	₩ 135,600	₩ 15,715	₩ 10,638	$ 117,576	$ 13,627	$ 9,224

(*1) Since there was an increase in the paid-in capital in the current year, paid-in capital in excess of par value is increased by ₩110,430 million ($95,751 thousand) as of December 31, 2011.

(*2) The Company has purchased 38,562 shares of treasury stock for ₩709 million ($614 thousand) for the purpose of stock price stability, which is accounted for as capital adjustments. Treasury shares will be liquidated, if necessary, depending on future market trends.

24. COMPONENTS OF OTHER CAPITAL:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Changes in valuation of equity-accounted investees	₩ (297)	₩ -	₩ -	$ (257)	$ -	$ -
Loss on valuation of AFS financial assets	(1,093)	(50)	(50)	(948)	(44)	(44)
Overseas operations translation gain (*)	(24,753)	(22,920)	(20,938)	(21,462)	(19,873)	(18,155)
Loss on valuation of cash flow hedge derivatives	(41)	(372)	-	(35)	(323)	-
Gain (loss) on translation from investment in foreign operation, net (*)	16,430	17,794	15,673	14,245	15,429	13,590
Total	₩ (9,754)	₩ (5,548)	₩ (5,315)	$ (8,457)	$ (4,811)	$ (4,609)

(*) Due to the liquidation of subsidiary during the current accounting period, overseas operations translation gain of ₩3,238 million ($2,808 thousands) and gain on translation from investment in foreign operation of ₩1,856 million ($1,609 thousand) are reclassified as current profit.

25. RETAINED EARNINGS:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Statutory reserves:						
Earned surplus reserve (*)	₩ 2,852	₩ 2,291	₩ 530	$ 2,473	$ 1,986	$ 460
Legal reserve-others	7	7	2	6	7	1
Unappropriated retained earning	40,888	53,264	45,982	35,453	46,184	39,870
Actuarial gain on defined benefit obligation	(1,279)	(273)	-	(1,109)	(237)	-
	₩ 42,468	₩ 55,289	₩ 46,514	$ 36,823	$ 47,940	$ 40,331

(*) The Korean Commercial Code requires the parent company to appropriate to an earned surplus reserve an amount equal to at least 10% of the cash dividends paid, until 50% of stated capital. The legal reserve may be used to reduce a deficit or transferred to capital.

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

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Beginning balance	₩ 55,289	₩ 46,514	$ 47,940	$ 40,331
Net income	(6,203)	19,735	(5,378)	17,112
Payment of dividends	(5,614)	(5,614)	(4,868)	(4,868)
Loss on disposition of treasury stock	-	(1,531)	-	(1,327)
Capital adjustments of valuation of equity method	-	(3,547)	-	(3,076)
Actuarial gains or losses	(1,006)	(273)	(873)	(236)
Equity method retained earnings	2	-	2	-
Other	-	5	-	4
Ending balance	₩ 42,468	₩ 55,289	$ 36,823	$ 47,940

(3) Annual payment of dividend for the years ended December 31, 2011 and 2010, is as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions, except per share and number of shares)		(In thousands, except per share and number of shares)	
Stock dividends per share	₩ 500	₩ 500	$ 0.43	$ 0.43
Number of shares issued and outstanding	11,228,320	11,228,320	11,228,320	11,228,320
Total dividends	₩ 5,614	₩ 5,614	$ 4,868	$ 4,868

26. CLASSIFICATION OF EXPENSES BY NATURE:

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

Description (*)	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Changes in inventory	₩ 2,681,992	₩ 1,582,356	$ 2,325,494	$ 1,372,025
Employee benefits	44,841	18,654	38,881	16,175
Depreciation and amortization	5,845	1,202	5,068	1,042
Bad debts	164	25	143	21
Transportation	8,578	2,556	7,438	2,217
Advertising	238	247	207	214
Rent	110,402	7,966	95,727	6,907
Commission	12,589	4,783	10,916	4,147
Taxes and dues	1,578	559	1,368	485
Others	19,833	14,003	17,195	12,141
	₩ 2,886,060	₩ 1,632,351	$ 2,502,437	$ 1,415,374

(*) Cost of sales and selling and administrative expenses of the consolidated statements of income are included.

27. SELLING AND ADMINISTRATIVE EXPENSES:

The details of selling and administrative expenses for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Selling:				
Transportation expenses	₩ 3,732	₩ 2,556	$ 3,236	$ 2,217
Commissions and fees	9,703	4,783	8,413	4,147
Export incidental expenses	4,567	3,050	3,960	2,644
Other	2,532	1,946	2,196	1,687
Subtotal	20,534	12,335	17,805	10,695
Administrative expenses:				
Salaries	21,620	13,578	18,746	11,773
Bonuses	7,797	3,760	6,760	3,260
Provision for severance benefits	1,791	1,316	1,553	1,142
Other employee benefits	4,110	3,122	3,564	2,707
Travel	2,728	1,635	2,365	1,418
Training	199	107	172	93
Communication expenses	1,012	735	877	638
Rent	9,977	7,966	8,651	6,907
Depreciation	1,430	880	1,240	763
Amortization	825	284	716	246
Insurance	1,624	1,348	1,408	1,169
Auto maintenance	1,038	685	900	594
Other	2,704	2,240	2,346	1,941
Subtotal	56,855	37,656	49,298	32,651
Total	₩ 77,389	₩ 49,991	$ 67,103	$ 43,346

28. OTHER OPERATING INCOME AND EXPENSES:

(1) The details of other operating income for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Gain on foreign exchange transaction	₩ 68,942	₩ 26,114	$ 59,778	$ 22,643
Gain on foreign currency translation	11,992	5,408	10,398	4,689
Gain on disposal of investment property	-	154	-	134
Gain on disposal of investment	-	-	-	-
Gain on disposal of property and equipment	87	20	76	18
Gain on disposal of intangible assets	-	290	-	252
Gain on valuation of derivatives	683	-	592	-
Gain on derivatives transactions	16,374	-	14,197	-
Reversal of allowance for doubtful accounts	997	3,411	864	2,957
Rental income	36	-	31	-
Reversal of impairment loss on advance payment	29	4	25	4
Reversal of provision for damages	883	-	765	-
Miscellaneous income	5,141	1,599	4,460	1,385
Total	₩ 105,164	₩ 37,000	$ 91,186	$ 32,082

(2) The details of other operating expenses for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Loss on foreign exchange transaction	₩ 70,202	₩ 23,363	$ 60,870	$ 20,257
Loss on foreign currency translation	9,938	4,882	8,617	4,233
Loss on disposal of property and equipment	348	14	302	13
Loss on disposal of investment property	8	207	7	180
Other bad debt expenses	-	2,589	-	2,245
Loss on disposal of intangible assets	166	-	144	-
Loss on impairment of intangible assets	498	1,269	431	1,100
Increase in provision for warranty	1,277	-	1,107	-
Loss on valuation of derivatives	1,944	-	1,685	-
Loss on derivative transactions	12,204	-	10,582	-
Donations	255	150	221	130
Miscellaneous expense	22,810	1,449	19,780	1,256
Total	₩ 119,650	₩ 33,923	$ 103,746	$ 29,414

(3) Other operating income (expenses) that were classified as non-operating income (expenses) under Korean GAAP.

29. FINANCIAL INCOME AND EXPENSES:

(1) The details of financial income for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Interest income	₩ 2,679	₩ 1,091	$ 2,323	$ 946
Gain on foreign currency transaction	326	-	283	-
Dividend income	77	15	67	13
Gain on valuation of derivatives	-	-	-	-
Gain on derivatives transactions	-	2,822	-	2,447
Gain on disposal of AFS financial assets	11	-	9	-
Total	₩ 3,093	₩ 3,928	$ 2,682	$ 3,406

(2) The details of financial expenses for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Interest expense	₩ 15,189	₩ 855	$ 13,170	$ 741
Loss on disposal of trade receivables	1,367	2,389	1,185	2,071
Loss on foreign currency transaction	240	-	208	-
Loss on foreign currency translation	30	-	26	-
Loss on valuation of derivatives	-	44	-	38
Loss on derivatives transactions	-	3,674	-	3,186
Total	₩ 16,826	₩ 6,962	$ 14,589	$ 6,036

30. INCOME TAX EXPENSE:

(1) Income tax expense for the years ended December 31, 2011 and 2010, consists of the following:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Income tax currently payable	₩ 4,887	₩ 425	$ 4,238	$ 368
Additional income tax payments	26	(10)	21	(8)
Changes in deferred income taxes	(8,918)	(1,922)	(7,732)	(1,666)
Deferred tax directly charged to equity	537	(8)	466	(7)
Changes in deferred tax assets - others	715	3,164	620	2,743
Income tax	₩ (2,753)	₩ 1,649	$ (2,387)	$ 1,430

(2) The components of income tax expense for the years ended December 31, 2011 and 2010, are summarized as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Net income before income tax payable	₩ 7	₩ 21,373	$ (15,794)	$ 18,532
Income tax	1,399	5,093	1,213	4,416
Adjustments:				
Tax effect of non-deductible expenses	2,823	(157)	2,448	(137)
Unrecognized prior-period income tax	(481)	(10)	(417)	(8)
Unrecognized deferred income taxes from temporary differences	(7,200)	(3,277)	(6,243)	(2,841)
Others (*)	706	-	612	-
Income tax expense	₩ (2,753)	₩ 1,649	$ (2,387)	$ 1,430

(3) The tax effects of temporary differences that result in significant portions of the deferred income tax assets and liabilities as of December 31, 2011 and 2010, are presented below:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Deferred tax assets:				
Subsidiaries and associates	₩ 39,385	₩ -	$ 34,150	$ -
Allowance for doubtful accounts	5,842	13,426	5,065	11,641
Other	2,891	9,904	2,507	8,588
	48,118	23,330	41,722	20,229
Deferred tax liabilities:				
Accrued income	(76)	(79)	(66)	(68)
Subsidiaries and associates	-	(410)	-	(356)
Other	(8,065)	(6,626)	(6,993)	(5,745)
	(8,141)	(7,115)	(7,059)	(6,169)
Subtotal	39,977	16,215	34,663	14,060
Accumulated deficit and tax benefit	19,777	8,379	17,148	7,265
Unforeseeable realization of deferred tax assets	(35,384)	(9,142)	(30,680)	(7,927)
Net deferred tax assets	₩ 24,370	₩ 15,452	$ 21,131	$ 13,398

(4) The components of items charged to equity as of December 31, 2011, are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Income tax charged or credited to:				
Gain on valuation of AFS financial assets, net	₩ 349	₩ -	$ 303	$ -
Overseas operations translation gain (loss)	(9)	-	(8)	-
Gain on hedging instruments entered into for cash flow hedge, net	12	-	10	-
Actuarial gains or losses	185	(8)	161	(7)
Total	₩ 537	₩ (8)	$ 466	$ (7)

31. EARNINGS PER SHARE:

The details of computation for the years ended December 31, 2011 and 2010, are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions, except earnings per share)		(In thousands, except earnings per share)	
Net income	₩ (6,203)	₩ 19,735	$ (5,378)	$ 17,112
Weighted-average number of shares of common stock outstanding	20,890,057	11,228,320	20,890,057	11,228,320
Earnings per share in Korean won and U.S. dollars	₩ (297)	₩ 1,758	$ (257.52)	$ 1,524.00

The Group does not compute diluted earnings per common share for the year ended December 31, 2011, as there are no dilutive items during the periods.

32. TRANSACTIONS AND BALANCES WITH RELATED COMPANIES:

(1) Significant transactions between the Company and related parties for the years ended December 31, 2011 and 2010, are as follows:

	Korean won			
	2011		2010	
Company	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)			
HOLDING COMPANY:				
GS Corporation	₩ -	₩ 2,676	₩ -	₩ 1,563
ASSOCIATES:				
GS BIO Co., Ltd.	67,085	526	1,052	-
EcoMetal Co., Ltd.	1,023	-	-	-
USI SERVICE CENTER PRIVATE LIMITED	3,059	-	-	-
Meiryu Cement Corporation	12,740	7,301	8,590	4,891
Touryu Cement Corporation	-	-	4,077	4,972
OTHER:				
GS-Caltex Corporation	13,710	85,455	1,985	12,452
GS Retail Co., Ltd.	91	-	-	-
Shareholders, executives and employees	-	-	104	-
Total	₩ 97,708	₩ 95,958	₩ 15,808	₩ 23,878
Translation into U.S. dollars (Note 2) (In thousands)	$ 84,720	$ 83,203	$ 13,707	$ 20,704

(2) Significant balances related to the transactions between the Company and related parties as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won					
	December 31, 2011		December 31, 2010		January 1, 2010	
Description	Receivables	Payables	Receivables	Payables	Receivables	Payables
	(In millions)					
HOLDING COMPANY:						
GS Corporation	₩ 1,377	₩ -	₩ 1,325	₩ 46	₩ 885	₩ -
ASSOCIATES:						
GS BIO Co., Ltd.	25,847	-	366	2,656	-	-
EcoMetal Co., Ltd.	1,000	-	1,000	-	-	-
USI SERVICE CENTER	3,125	-	-	-	-	-

Description	Korean won					
	December 31, 2011		December 31, 2010		January 1, 2010	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
	(In millions)					
PRIVATE LIMITED						
OTHER:						
GS-Caltex Corporation	5,426	14,815	-	-	-	-
GS Retail Co., Ltd.	2	14	-	-	-	-
Touryu Cement Corporation	-	-	-	-	962	625
Meiryu Cement Corporation	389	642	-	398	501	366
Shareholders, executives and employees	2,818	-	-	-	196	-
Total	₩ 39,984	₩ 15,471	₩ 2,691	₩ 3,100	₩ 2,544	₩ 991
Translation into U.S. dollars (Note 2) (In thousands)	$ 34,669	$ 13,415	$ 2,333	$ 2,688	$ 2,206	$ 859

(3) Compensation details for executive officers for the years ended December 31, 2011 and 2010, are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Salaries for short-term employees	₩ 7,786	₩ 2,299	$ 6,751	$ 1,993
Retirement pay	476	886	412	768

33. ACCEPTANCES AND GUARANTEES:

(1) As of December 31, 2011, the debt guarantees provided by the Group to others are as follows:

Provided for	For guarantees	Provided to	Guaranteed amount	
			(In thousands)	
PT. Arthayasa	Conrad Project	Kingleigh	USD	14,000
OZTON	BANK GUARANTEE	WESTPAC	AUD	122

(2) Guarantees received by the Group from third parties as of December 31, 2011, are as follows:

Guarantor	Description	Guaranteed amount
		(In thousands)
Kyungnam Bank	Guarantee for contract	$ 2,300
Kookmin Bank	Guarantee for contract	860
	Guarantee for contract and warranties	2,380
Nonghyup	Guarantee for contract and warranties	5,840
	Guarantee for contract and warranties	21,571
Bank Mellat	Guarantee for contract	119
Seoul Guarantee Insurance Company	Guarantee for contract and warranties	39,018
Export-Import Bank of Korea	Guarantee for contract	15,445
	Guarantee for contract	2,961
Shinhan Bank	Guarantee for contract	15
Woori Bank	Guarantee for contract	173
	Guarantee for contract and warranties	5,100
	Construction warranties	1,896
Korea trade insurance cooperation	Guarantee for contract	5,083

(3) Details of the Group's assets pledged as collateral as of December 31, 2011, are as follows:

Pledged assets	Book value	Pledged amount	Debtor	Details
	(KRW in millions)			
Long-term deposits to financial institutions	₩ 390	₩ 1,140	Kyungnam Bank	Collateral for borrowing
Land	163,328			
Buildings	48,942		Hana Bank and others	Collateral for borrowing
Machinery	30,956	239,570		
Total	₩ 243,616	₩ 240,710		
Translation into U.S. dollars (Note 2) (In thousands)	$ 211,234	$ 208,714		

34. COMMITMENTS AND CONTINGENCIES:

(1) As of December 31, 2011, the commitments associated with financing are as follows:

Description	Currency	Limit	Financial Institutions
	(KRW in millions, USD in thousands and EUR in thousands)		
Overdraft commitments	JPY	500,000	Shinhan Bank
Credit Line and other comprehensive commitments	JPY	800,000	MITSUBISI TOKYO UFJ 외
	KRW	265,101	Shinhan Bank and others
	USD	245,000	Industrial Bank of Korea and others
Trade Finance	EUR	30,000	Deutsche Bank
	JPY	400,000	Industrial Bank of Korea
	KRW	58,880	Woori Bank and others
	USD	368,500	Shinhan Bank and others
B2B Loan	KRW	15,000	Korea Exchange Bank and others
	USD	65,000	United Overseas Bank and others

(2) As of December 31 2011, pending litigations that the Group is involved in are summarized below:

	Plaintiff	Defendant	Currency	Amount
				(KRW in millions and USD in thousands)
Plaintiff:				
Damage compensation	GS Global	UNIMARINE	USD	1,530
Other one litigation	GS Global	AKRAM and others	USD	61
Total			USD	1,591
Defendant:				
Damage compensation	D.O.T.	GS Global	USD	1,692
Confirmation of negation of debt	El Dorado	GS Global	USD	2,662
Damage	Park Kil-su	GS Global	USD	2,680
Other eight litigations	NASCO	GS Global	KRW	432
			USD	598
Total			USD	7,632
			KRW	432

35. CONSTRUCTION CONTRACTS:

(1) Changes in the balances for the construction contracts during the current accounting period are as follows:

Details	Korean won			
	Beginning Balance	Contract Increase	Construction revenue recognized	Ending Balance
	(In millions)			
December 31, 2011 (*)	₩ 254,023	₩ 247,245	₩ (265,499)	₩ 235,769
Translation into U.S. dollars (Note 2) (In thousands)	$ 220,257	$ 214,380	$ (230,208)	$ 204,430

(*) Construction contracts were incurred as a result of the acquisition of DKT Co., Ltd. on December 31, 2010.

(2) Profit recognized from construction contracts for the years ended December 31, 2011 and 2010, are as follows:

	Korean won			Translation into U.S. dollars (Note 2)		
	Revenue Recognized	Cost Incurred	Recognized Profit	Revenue Recognized	Cost Incurred	Recognized Profit
	(In millions)			(In thousands)		
December 31, 2011	₩ 150,656	₩ 155,486	₩ (4,830)	$ 130,630	$ 134,819	$ (4,188)
December 31, 2010	125,028	130,532	(5,504)	108,409	113,182	(4,772)

(3) Details of receivables and payables outstanding for construction contracts as of December 31, 2011 and 2010, are as follows:

	Korean won				Translation into U.S. dollars (Note 2)			
	Receivables			Payables	Receivables			Payables
Description	Billed	Unbilled	Total	Billed	Billed	Unbilled	Total	Billed
	(In millions)				(In thousands)			
December 31, 2011	₩ 40,087	₩ 90,177	₩ 130,264	₩ 9,866	$ 34,758	$ 78,191	$ 112,949	$ 8,554
December 31, 2010	26,644	29,144	55,788	916	23,102	25,271	48,373	795

36. RISK MANAGEMENT:

(1) Capital risk management
The Group performs capital management to maintain its ability to continuously provide profits to shareholders and parties in interest and to maintain optimum capital structure. The overall capital risk management policy is consistent with that of the prior year.

Debt-to-equity ratio is calculated as total liabilities divided by equity and is used as an index to manage the Group's capital. Debt-to-equity ratios as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won			Translation into U.S. dollars (Note 2)		
Description	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Total liabilities	₩ 807,889	₩ 525,862	₩ 171,702	$ 700,502	$ 455,963	$ 148,879
Cash and cash equivalents	(113,779)	(44,246)	(62,960)	(98,655)	(38,364)	(54,591)
Liabilities, net	694,110	481,616	108,742	601,847	417,599	94,288
Total equity	₩ 258,175	₩ 108,069	₩ 80,540	$ 223,858	$ 93,704	$ 69,834
Liabilities ratio	268.9%	445.7%	135.0%			

(2) Financial risk management
The Group is exposed to various financial risks, such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to financial instruments. The purpose of risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate and evade those risks to a degree acceptable to the Group. Overall financial risk management policy of the Group is the same as the prior period.

1) Foreign exchange risk management
The Group is exposed to various foreign currencies' risk in which it makes transactions. The Group is mainly exposed to USD, EUR, AUD and JPY risk.

The Group manages foreign exchange risk by matching the inflow and outflow of foreign currencies according to each currency and maturity, and by adjusting the foreign currency settlement day according to the exchange rate forecast. The Group uses foreign currency derivatives, such as currency forward, currency swap and currency option, as hedging instruments; however, speculative foreign exchange trade on derivative financial instruments is basically prohibited.

Assets and liabilities denominated in foreign currencies as of December 31, 2011, December 31, 2010 and January 1, 2010, are summarized as follows:

		Foreign currencies			Korean won equivalent		
	Currency	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
			(In thousands)			(In millions)	
Assets							
	AUD	43,989	35,926	20,049	₩ 51,434	₩ 41,601	₩ 15,185
	EUR	33,243	51,180	5,615	49,669	77,467	9,404
	JPY	3,344,893	2,911,732	256,094	49,677	40,679	3,234
	USD	252,824	189,160	33,721	291,582	215,434	38,219
	CNY	396	152	147	72	26	25
	MYR	5	7	4	2	2	1
	THB	60	60	145	2	2	5
	AED	72	-	-	23	-	-
	VND	319,550	-	-	18	-	-
	INR	1,818	1,818	-	40	-	-
					₩ 442,519	₩ 375,211	₩ 66,073
Liabilities							
	USD	266,393	147,107	39,126	₩ 307,231	₩ 167,540	₩ 45,684
	JPY	3,530,311	3,078,369	550,895	52,431	43,007	6,957

Currency	Foreign currencies December 31, 2011	December 31, 2010	January 1, 2010	Korean won equivalent December 31, 2011	December 31, 2010	January 1, 2010
	(In thousands)			(In millions)		
EUR	13,679	12,313	6,084	20,437	18,637	10,186
AUD	14,202	7,405	-	16,606	8,575	-
CNY	203	34	34	37	6	6
MYR	-	10	-	-	4	-
INR	356	975	-	8	-	-
				₩ 396,750	₩ 237,769	₩ 62,833

The Group's sensitivity to a 10% change in exchange rate of the functional currency (Korean won) against each foreign currency on income before income tax as of December 31, 2011, is as follows:

Currency	Korean won Increase by 10%	Decrease by 10%	Translation into U.S. dollars (Note 2) 2011	2010
	(In millions)		(In thousands)	
USD	₩ (1,565)	₩ 1,565	$ (1,357)	$ 1,357
JPY	(275)	275	(238)	238
EUR	2,923	(2,923)	2,534	(2,534)
AUD	3,483	(3,483)	3,020	(3,020)
Other	11	(11)	10	(10)
	₩ 4,577	₩ (4,577)	$ 3,969	$ (3,969)

2) Market interest rate variable risk
The Group is exposed to financial risks arising from the interest rates. Risk aversion activity is evaluated regularly with adjusting conditions and natures of its interest rates.

3) Credit risk
Credit risk refers to risk of financial losses to the Group if the counterpart defaults on the obligations of the contract. The Group operates a policy to transact only with counterparties that have more than a certain level of credit rating, based on the counterparty's financial conditions, default history and other factors. The credit risk on liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit ratings assigned by international credit rating agencies.

Except for below, the book value of financial assets in the consolidated financial statements represents the maximum amount of exposure to credit risk.

Description	Korean won December 31, 2011	December 31, 2010	January 1, 2010
	(In millions)		
Total amount that the Group has guaranteed	₩ 16,289	₩ 16,085	₩ 16,370
Translation into U.S. dollars (In thousands)	$ 14,124	$ 13,947	$ 14,194

(*) This is the total amount that the Group has guaranteed, and as of December 31, 2011, December 31, 2010 and January 1, 2010, the used commitments are ₩143 million ($124 thousand), ₩141 million ($122 thousand) and ₩144 million ($125 thousand), respectively.

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

The Group's maturity analysis of its financial liabilities according to their remaining contract expiration as of December 31, 2011, is as follows:

Description	Korean won Less than 1 year	1–5 years	More than 5 years	Total
	(In millions)			
Current financial liabilities				
Trade payables and other current payables	₩ 243,195	₩ -	₩ -	₩ 243,195
Short-term borrowings	358,146	-	-	358,146
Current portion of long-term borrowings	26,850	-	-	26,850
Short-term derivative financial assets	2,242	-	-	2,242
Non-current financial liabilities				
Long-term trade payables and other payables	-	1,674	-	1,674
Long-term borrowings	-	104,400	-	104,400
Bond with warrant	-	-	15,725	15,725
Financial guarantee	-	143	16,146	16,289
Total	₩ 630,433	₩ 106,217	₩ 31,871	₩ 768,521
Translation into U.S. dollars (Note 2) (In thousands)	$ 546,634	$ 92,098	$ 27,634	$ 666,367

(3) The fair value of financial instruments

The Group estimates the fair value and book value of financial assets and liabilities to be close.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3, based on the degree to which the fair value is observable as described below:

- Level 1: Fair value measurements are those that are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Fair value measurements are those that are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: Fair value measurements are those that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2011, are as follows:

Description	Korean won December 31, 2011 Level 1	Level 2	Level 3	Total	Translation into U.S. dollars (Note 2) December 31, 2011 Total
	(In millions)				(In thousands)
Financial assets:					
AFS financial assets	₩ 1,568	₩ -	₩ 6,864	₩ 8,432	$ 7,311
Derivatives assets	-	955	-	955	828
Subtotal	₩ 1,568	₩ 955	₩ 6,864	₩ 9,387	$ 8,139
Financial liabilities:					
Derivatives liabilities	₩ -	₩ 2,242	₩ -	₩ 2,242	$ 1,944

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2010, are as follows:

Description	Korean won December 31, 2010 Level 1	Level 2	Level 3	Total	Translation into U.S. dollars (Note 2) December 31, 2010 Total
	(In millions)				(In thousands)
Financial assets:					
AFS financial assets	₩ -	₩ -	₩ 7,098	₩ 7,098	$ 6,155
Derivatives assets	-	4,459	-	4,459	3,866
Subtotal	₩ -	₩ 4,459	₩ 7,098	₩ 11,557	$ 10,021
Financial liabilities:					
Derivatives liabilities	₩ -	₩ 1,611	₩ -	₩ 1,611	$ 1,397

Fair value measurements of financial instruments by fair value hierarchy levels as of January 1, 2010, are as follows:

Description	Korean won January 1, 2010 Level 1	Level 2	Level 3	Total	Translation into U.S. dollars (Note 2) January 1, 2010 Total
	(In millions)				(In thousands)
Financial assets:					
AFS financial assets	₩ -	₩ -	₩ 6,802	₩ 6,802	$ 5,898
Derivatives assets	-	385	-	385	334
Subtotal	₩ -	₩ 385	₩ 6,802	₩ 7,187	$ 6,232
Financial liabilities:					
Derivatives liabilities	₩ -	₩ 391	₩ -	₩ 391	$ 339

37. CASH FLOWS:

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

(2) Add-back of non-cash transactions for the years ended December 31, 2011 and 2010, is as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Retirement benefits	₩ 2,622	₩ 1,316	$ 2,274	$ 1,142
Depreciation	5,020	884	4,353	766
Investment property depreciation	-	34	-	29
Amortization of intangible assets	825	284	716	246
Loss on disposal of other investment assets	8	207	7	180
Bad debts	164	25	143	21
Loss on foreign currency translation	9,968	4,882	8,643	4,233
Loss on disposal of property and equipment	348	14	302	13
Loss on disposal of intangible assets	166	-	144	-
Impairment loss on intangible assets	498	1,269	431	1,100
Increase in provision for warranty	1,277	-	1,107	-
Loss on valuation of derivatives	1,944	44	1,685	38
Other bad debts	-	2,589	-	2,245
Interest expense	15,189	855	13,170	741
Other losses	485	9	421	8
Loss on valuation of equity method investees	4,073	204	3,531	177
Income tax expense	(2,754)	1,649	(2,388)	1,430
Loss on disposal of trade receivables	1,367	2,389	1,185	2,071
Total	₩ 41,200	₩ 16,654	$ 35,724	$ 14,440

(3) Deduction of non-cash transactions for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Gain on foreign currency translation	₩ (11,992)	₩ (5,409)	$ (10,398)	$ (4,689)
Gain on disposal of property and equipment	(87)	(20)	(76)	(18)
Gain on disposal of investment property	-	(154)	-	(134)
Gain on disposal of other investment assets	-	(290)	-	(252)
Gains on valuation of derivatives	(683)	-	(592)	-
Reversal of impairment loss on advance payment	(29)	(4)	(25)	(4)
Reversal of allowance for bad debt	(997)	(3,411)	(864)	(2,957)
Interest income	(2,679)	(1,091)	(2,323)	(946)
Dividend income	(77)	-	(67)	-
Gain on disposal of AFS financial assets	(11)	-	(9)	-
Gain on disposal of subsidiaries' investment	(3,230)	-	(2,801)	-
Gain on disposal of associates' investment	-	(5,358)	-	(4,645)
Total	₩ (19,785)	₩ (15,737)	$ (17,155)	$ (13,645)

(4) Investing and financing activities of non-cash transactions for the year ended December 31, 2011, are as follows:

Description	2011 Korean won	2011 Translation into U.S. dollars (Note 2)
	(In millions)	(In thousands)
Transfer of advance payment to AFS financial assets	₩ 2,960	$ 2,566
Alternative between advance payments and other intangible asset	2,795	2,423
Alternative between property (building) and investment property (building)	500	434
Alternative between construction in progress and furniture	137,852	119,528
Reclassification of long-term borrowings as current liability	26,850	23,281
Reclassification of long-term provisions as current liability	883	766
Total	₩ 171,840	$ 148,998

GS GLOBAL CORPORATION

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

Deloitte.

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Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors of
GS Global Corporation

We have audited the accompanying separate statements of financial position of GS Global Corporation (the "Company") as of December 31, 2011, and the related separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, all expressed in Korean won. These separate financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these separate financial statements based on our audits.

We have audited the separate financial statements as of December 31, 2010, and we expressed that the separate financial statements are in conformity with the accounting principles generally accepted in the Republic of Korea on March 7, 2011, which are not adjusted in transition effect to Korean International Financial Reporting Standards ("K-IFRS") (see Note 3). However, the separate financial statements as of December 31, 2010, for the accompanying comparative period are adjusted to these differences.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall separate financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Our audits also comprehended the translation of Korean won amounts into U.S. dollar amounts, and in our opinion, such translation has been made in conformity with the basis in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside of the Republic of Korea.

Deloitte Anjin LLC

March 12, 2012

Notice to Readers

This report is effective as of March 12, 2012, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying separate financial statements and may result in modifications to the auditors' report.

SEPARATE FINANCIAL STATEMENTS

THE 61ST

FROM JANUARY 1, 2011
TO DECEMBER 31, 2011

THE 60TH

FROM JANUARY 1, 2010
TO DECEMBER 31, 2010

THE 59TH PERIOD STARTS

AS OF JANUARY 1, 2010

The accompanying separate financial statements including all footnote disclosures were prepared by and are the responsibility of the Company.

Taik-Keun Jung
President and CEO, GS Global Corporation

GS GLOBAL CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010

		Korean won			Translation into U.S. dollars (Note 2)		
ASSETS	Notes	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
			(In millions)			(In thousands)	
Current assets:							
Cash and cash equivalents		₩ 82,399	₩ 23,347	₩ 46,789	$ 71,446	$ 20,244	$ 40,569
Current financial assets	6,7,8,12	1,225	1,202	2,426	1,062	1,042	2,104
Trade receivables and other Receivables	6,9,29,32	275,123	174,042	94,236	238,553	150,908	81,710
Current non-financial assets	10	20,636	10,517	574	17,893	9,119	498
Prepaid income tax payments		283	90	61	246	78	53
Inventories	11	50,700	43,611	18,157	43,960	37,815	15,743
Total current assets		430,366	252,809	162,243	373,160	219,206	140,677
Non-current assets:							
Non-current financial assets	6,8,32	6,978	5,410	6,410	6,050	4,691	5,558
Investments in subsidiaries and associates	12	154,398	105,896	20,008	133,875	91,820	17,348
Investment property	13	-	500	1,019	-	434	884
Property and equipment	14	2,424	2,068	1,912	2,102	1,794	1,658
Intangible assets	15	8,022	6,217	4,419	6,956	5,391	3,832
Long-term trade receivables and other receivables	6,9,29	11,107	8,907	8,941	9,631	7,721	7,753
Other non-current and non- financial assets	19	15	-	-	13	-	-
Income tax assets	27	19,619	15,097	15,097	17,011	13,090	13,090
Total non-current assets		202,563	144,095	57,806	175,638	124,941	50,123
Total assets		₩ 632,929	₩ 396,904	₩ 220,049	$ 548,798	$ 344,147	$ 190,800

(Continued)

GS GLOBAL CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Korean won December 31, 2011	Korean won December 31, 2010	Korean won January 1, 2010	Translation into U.S. dollars (Note 2) December 31, 2011	Translation into U.S. dollars (Note 2) December 31, 2010	Translation into U.S. dollars (Note 2) January 1, 2010
			(In millions)			(In thousands)	
Current liabilities:							
Trade payables and other current payables	6,16,29, 32	₩ 186,529	₩ 119,862	₩ 63,195	$ 161,735	$ 103,930	$ 54,795
Short-term borrowings	6,17,32	178,964	165,620	67,642	155,175	143,605	58,651
Other current financial Liabilities	6,7,32	1,136	761	391	985	660	339
Current non-financial liabilities	18	24,328	14,218	3,902	21,095	12,328	3,384
Accrued income taxes		-	-	1,109	-	-	961
Total current liabilities		390,957	300,461	136,239	338,990	260,523	118,130
Non-current liabilities:							
Long-term trade payables and other current payables	6,16,32	10	13	58	9	11	50
Defined benefit obligations	19	-	4,860	3,581	-	4,214	3,106
Total non-current liabilities		10	4,873	3,639	9	4,225	3,156
Total liabilities		390,967	305,334	139,878	338,999	264,748	121,286
SHAREHOLDERS' EQUITY							
Capital stock	20	56,334	28,167	28,167	48,846	24,423	24,423
Other shareholders' equity	20	126,146	15,715	10,638	109,377	13,627	9,224
Components of other capital	7,21	(1,107)	(377)	(38)	(960)	(327)	(33)
Retained earnings	22	60,589	48,065	41,404	52,536	41,676	35,900
Total shareholders' equity		241,962	91,570	80,171	209,799	79,399	69,514
Total liabilities and shareholders' equity		₩ 632,929	₩ 396,904	₩ 220,049	$ 548,798	$ 344,147	$ 190,800

(Concluded)

See accompanying notes to separate financial statements.

GS GLOBAL CORPORATION

SEPARATE STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
		(In millions, except for per share amounts)		(In thousands, except for per share amounts)	
SALES	5,29	₩ 2,288,494	₩ 1,400,513	$ 1,984,301	$ 1,214,353
COST OF SALES (Note 17)	23,29	2,231,582	1,356,958	1,934,953	1,176,588
GROSS PROFIT		56,912	43,555	49,348	37,765
Selling expenses	23,24	10,714	7,301	9,290	6,331
Administrative expenses	23,24	29,323	23,053	25,425	19,989
Other operating income	25	85,275	32,096	73,940	27,830
Other operating expenses	25	86,042	30,461	74,605	26,412
OPERATING INCOME	5	16,108	14,836	13,968	12,863
Finance income	5,26	2,176	3,414	1,887	2,960
Finance expenses	5,26	3,845	5,892	3,334	5,109
Gain on disposal of associates Investment	5	-	5,358	-	4,646
Loss on disposal of subsidiaries Investment	5	(6)	-	(5)	-
INCOME BEFORE INCOME TAX EXPENSE	5	14,433	17,716	12,516	15,360
INCOME TAX EXPENSE	27	(3,989)	-	(3,459)	-
NET INCOME		₩ 18,422	₩ 17,716	$ 15,975	$ 15,360
NET INCOME PER SHARE	28	₩ 882	₩ 1,578	$ 765	$ 1,368

See accompanying notes to separate financial statements.

GS GLOBAL CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions, except for per share amounts)		(In thousands, except for per share amounts)	
NET INCOME	₩ 18,422	₩ 17,716	$ 15,973	$ 15,361
OTHER COMPREHENSIVE INCOME(LOSS):				
Loss on AFS financial assets, net	(1,392)	-	(1,207)	-
Overseas operations translation gain (loss)	(9)	33	(8)	29
Gain (loss) on hedging instruments entered into for cash flow hedge, net	319	(372)	277	(322)
Actuarial losses	(464)	(283)	(402)	(245)
Tax effect of other comprehensive income (loss)	533	(80)	462	(70)
TOTAL COMPREHENSIVE INCOME	₩ 17,409	₩ 17,014	$ 15,095	$ 14,753

See accompanying notes to separate financial statements.

GS GLOBAL CORPORATION

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Korean won					Translation into U.S. dollars (Note 2)
	Capital stock	Other shareholders' equity	Components of other capital	Retained earnings	Total	Total
			(In millions)			(In thousands)
January 1, 2010, as reported	₩ 28,167	₩ 10,638	₩ (38)	₩ 41,404	₩ 80,171	$ 69,514.00
Annual dividend	-	-	-	(5,614)	(5,614)	(4,868)
Net income	-	-	-	17,716	17,716	15,361
Loss on sale of treasury shares disposal	-	1,531	-	(1,531)	-	-
Purchase of subsidiaries investment	-	3,547	-	(3,547)	-	-
Loss on valuation of derivatives	-	-	(372)	-	(372)	(322)
Overseas operations translation gain	-	-	33	-	33	29
Actuarial losses	-	-	-	(283)	(283)	(245)
Other	-	-	-	(80)	(80)	(70)
As of December 31, 2010	₩ 28,167	₩ 15,716	₩ (377)	₩ 48,065	₩ 91,571	$ 79,398
January 1, 2010, as reported	₩ 28,167	₩ 15,716	₩ (377)	₩ 48,065	₩ 91,571	$ 79,398
Annual dividend	-	-	-	(5,615)	(5,615)	(4,868)
Net income	-	-	-	18,422	18,422	15,973
Paid-in capital increase	28,167	110,430	-	-	138,597	120,174
Loss on valuation of AFS financial assets	-	-	(1,043)	-	(1,043)	(905)
Overseas operations translation gain	-	-	331	-	331	287
Actuarial losses	-	-	(18)	-	(18)	(16)
As of December 31, 2011	₩ 56,334	₩ 126,146	₩ (1,107)	₩ 60,589	₩ 241,962	$ 209,797

See accompanying notes to separate financial statements.

GS GLOBAL CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
		(In millions)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income		₩ 18,422	₩ 17,716	$ 15,973	$ 15,361
Additions of expenses not involving cash outflows	33	10,766	10,390	9,335	9,009
Deduction of items not involving cash inflows	33	(9,452)	(11,562)	(8,196)	(10,025)
Changes in working capital:					
Decrease (increase) in current financial assets		(72)	369	(62)	320
Increase in trade receivables		(100,498)	(80,540)	(87,140)	(69,834)
Increase in other receivables (current)		(735)	(1,420)	(637)	(1,231)
Increase in current non-financial assets		(11,586)	(9,981)	(10,046)	(8,654)
Increase in inventories		(7,087)	(25,456)	(6,145)	(22,072)
Increase in other receivables (non-current)		(101)	-	(88)	-
Increase in trade payables		62,984	53,574	54,612	46,453
Increase in other current liabilities		2,840	4,040	2,462	3,503
Decrease in other current financial liabilities		(172)	(235)	(149)	(204)
Increase in current non-financial liabilities		10,140	10,348	8,792	8,973
Decrease in retirement benefit obligation		(1,360)	(271)	(1,179)	(235)
Transfer to affiliates		183	227	159	197
Contributions from the employer		(5,384)	(4)	(4,668)	(3)
Decrease in other payables (non-current)		(3)	(45)	(3)	(39)
Increase (decrease) in overseas operations translation gain (loss)		(8)	33	(7)	29
Interest received		2,937	653	2,547	566
Interest paid		(2,676)	(202)	(2,320)	(175)
Income tax paid		(283)	(1,109)	(245)	(962)
		(22)	(658)	(19)	(571)
		(31,145)	(33,475)	(27,005)	(29,023)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash inflows from investing activities:					
Proceeds from withdrawal of short-term financial Instruments		-	2,057	-	1,784
Proceeds from AFS financial assets		-	1,000	-	867
Proceeds from disposal of investments in associates		9	13,120	8	11,376
Proceeds from disposal of short-term loans		952	-	825	-
Proceeds from disposal of long-term loans		-	106	-	92
Proceeds from disposal of property and equipment		70	20	61	16
Proceeds from disposal of investment property		-	640	-	555
Proceeds from disposal of intangible assets		-	948	-	822
Proceeds from disposal of guarantee deposit		-	95	-	82
		1,031	17,986	894	15,594

(Continued)

GS GLOBAL CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
		(In millions)		(In thousands)	
Cash outflows for investing activities:					
Acquisition of investments in associates		₩ (48,517)	₩ (86,840)	$ (42,068)	$ (75,297)
Acquisition of investments in subsidiaries		-	(6,810)	-	(5,905)
Acquisition of guarantee deposit		-	(623)	-	(540)
Acquisition of AFS financial assets		(2,961)	-	(2,567)	-
Acquisition of held-to-maturity investments		-	(1,000)	-	(867)
Acquisition of long-term loans		(3,918)	-	(3,397)	-
Acquisition of property and equipment		(357)	(901)	(310)	(781)
Acquisition of intangible assets		(78)	(4,142)	(68)	(3,591)
		(55,831)	(100,316)	(48,410)	(86,981)
		(54,800)	(82,330)	(47,516)	(71,387)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Cash inflows from financing activities:					
Proceeds from short-term borrowings		182,711	147,533	158,425	127,922
Paid-in capital increase		138,597	-	120,174	-
		321,308	147,533	278,598	127,922
Cash outflows for financing activities:					
Repayment of short-term borrowings		(170,697)	(49,556)	(148,007)	(42,969)
Dividends paid		(5,614)	(5,614)	(4,868)	(4,868)
		(176,311)	(55,170)	(152,875)	(47,837)
		144,997	92,363	125,723	80,085
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		59,052	(23,442)	51,202	(20,325)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		23,347	46,789	20,244	40,569
CASH AND CASH EQUIVALENTS, END OF YEAR		₩ 82,399	₩ 23,347	$ 71,446	$ 20,244

(Concluded)

See accompanying notes to separate financial statements.

GS GLOBAL CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS

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

1. THE COMPANY:

Organization and Description of Business

GS Global Corporation (the "Company") was incorporated on July 31, 1954, under the Commercial Code of the Republic of Korea for the purpose of trading in various goods internationally. On June 26, 1976, the Company became publicly owned, with the common stock of the Company listed on the Korea Exchange (formerly, the Korea Stock Exchange). As of December 31, 2011, the Company's authorized and issued shares of common stock are 400,000,000 and 22,533,764, respectively, and the paid-in capital amounts to ₩56,334 million ($48,846 thousand). The Company changed its name from Ssang Yong Corporation to GS Global Corporation on July 21, 2009.

As of December 31, 2011, the major shareholders of the Company are as follows:

Shareholders	Number of shares	Ownership (%)
GS Corporation	12,298,820	54.58
Others	10,234,944	45.42
	22,533,764	100.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company has adopted the Korean International Financial Reporting Standards ("K-IFRS") for the annual period beginning on January 1, 2011. In accordance with K-IFRS 1101 *First-time adoption of International Financial Reporting Standards*, the transition date to K-IFRS is January 1, 2010. The significant accounting policies under K-IFRS followed by the Company in the preparation of its separate financial statements are summarized in Note 3

The accompanying separate financial statements were approved by the board of directors on February 8, 2012.

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

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

Currently, enactments and amendments of the K-IFRSs are in progress, and the financial information presented in the separate financial statements may change accordingly in the future. The Company has not applied the following new and revised K-IFRSs that have been issued, but are not yet effective:

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

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

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

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

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

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

K-IFRS 1113 *Fair Value Measurement*

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

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

(1) Functional currency and presentation currency

The separate financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Company's functional currency and the presentation currency for the separate financial statements is Korean won.

(2) Foreign currency translation

Transactions that occur in currencies other than the Company's functional currency will be recorded in translated amount using the exchange rate on the day of the transaction. At the end of reporting period, all monetary assets and liabilities will be translated using the exchange rate at the end of reporting date. Meanwhile, non-monetary assets and liabilities measured at fair value will be retranslated using the exchange rate on the day of fair value evaluation, whereas non-monetary assets and liabilities measured at historical cost will not be translated.

The accompanying separate financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operated. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers outside of the Republic of Korea and has been made at the rate of ₩1,153.30 to USD 1.00 at December 31, 2011. Such translations should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

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

1) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings and
2) Exchange differences arising from the transactions to avoid certain currency risk.

(3) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposit, and floating short-term investments with maturities of three months or less from acquisition.

(4) Financial assets

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

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

1) Effective interest method

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

2) Financial assets at FVTPL

FVTPL includes the financial assets held for trading and those designated as at FVTPL at the first time of recognition. Financial assets acquired for the purpose of selling in the near term are classified as held for trading and all derivatives, including embedded one in other financial instruments or other host contracts that are treated as separate derivatives, are classified as held for trading, unless it is not designated by the effective hedging instruments. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Transaction expenses related to acquisition at the time of the first recognition are recognized as current gain or loss immediately.

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item in the separate statement of comprehensive income.

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

4) Financial assets AFS
Non-derivative financial assets that are not classified as held to maturity, held for trading, designated as at FVTPL or loans and receivables are classified as financial assets AFS. Financial assets can be designated as sale on initial recognition. Financial assets AFS are initially recognized at fair value, plus directly related transaction costs. They are subsequently measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses; interest calculated using the effective interest method; and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. Dividends on AFS equity instruments are recognized in profit or loss when the Company’s right to receive the dividends is established.

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

AFS that are not not traded in an active market and for which the fair value cannot be reliably measured, derivatives linked to non-trade equity instruments and should be settled by transferring them, are measured by the amount of acquisition cost deducting identified impairment.

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

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

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

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

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments
- It becoming probable that the borrower will enter bankruptcy or financial reorganization
- Extinguishing of activated market due to financial difficulties

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

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

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

7) Derecognition of financial assets

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

In case of derecognizing the whole financial assets, the difference between the total of disposal amount received and accumulated gain or loss recognized as other comprehensive income and book value is recognized as current gain or loss in the separate statement of comprehensive income.

(5) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories, except for merchandise and in transit (specific identification method), is measured under the gross average method. It consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

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

(6) Subsidiaries and investments in associates

The separate financial statements are the financial statements in accordance with K-IFRS 1027, which are presented by a parent, an investor or an associate in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and the net assets of the investees. In accordance with K-IFRS 1027, the investments in subsidiaries and associates are recorded at cost. Dividends on the investments in subsidiaries, joint ventures and associates are recognized in profit or loss when the Company's right to receive the dividend is established.

(7) Property, plant and equipment

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

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

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

Accounts	Estimated useful lives (years)	Accounts	Estimated useful lives (years)
Buildings	20–40	Vehicles	4–10
Structures	20–40	Tools	4–10
Machinery	4–10		

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

The Company derecognizes property, plant and equipment from the separate statement of financial position at the time of disposal and when the economic benefits are not probable through their disposal or use. Gain or loss from the disposal of property, plant and equipment is determined by the difference between disposal amount and its book value, and it is recognized as current gain or loss in the separate statement of comprehensive income at the time of derecognition.

(8) Intangible assets

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

Intangible assets are stated at cost, less accumulated amortization, as described below:

Research and Development Costs

Expenditure on research activities, undertaken with the prospects of gaining new scientific or technical knowledge and understanding, is recognized as expense as incurred.

When the future economic benefits from disposition or use of intangible assets are not foreseeable, the relating intangible assets are eliminated from the separate statement of financial position. Such gain or loss incurred from the elimination is the difference between the net sale price and book value that is recognized as gain or loss for that period.

(9) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value, less costs to sell, or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount; in which case, the impairment loss is treated as a revaluation decrease.

(10) Equity instruments and financial liabilities

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

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

When the Company repurchases its equity instruments (treasury stock), the incremental costs, net of tax effect, are deducted from the shareholders’ equity and recognized as other capital item deducted from the total equity in the separate statements of financial position. In addition, profits or losses from purchase, sale or retirement of treasury stocks are directly recognized in shareholders’ equity and not in current profit or loss.

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

① Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as FVTPL.

A financial liability is classified as held for trading if:

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

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

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

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

② Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.
Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

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

③ Financial guarantee contract liabilities
Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

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

④ Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, canceled or they expire.

(11) Borrowing costs

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

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

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

(12) Derivative financial instruments

The Company manages foreign exchange risk by using currency forward

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

A derivative with a positive fair value is recognized as a financial asset and a derivative with a negative fair value is recognized as a financial liability.

The Company designates certain derivatives as hedging instruments to hedge the risk of changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge) and the risk of changes in cash flow of a highly probable forecast transaction and the risk of changes in foreign currency exchange rates of firm commitment (cash flow hedge).

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

Derivatives are measured at fair value

Derivatives are measured at fair value after the initial recognition, and the profit or loss from fair value change is recognized as follows:

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

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

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

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

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

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

The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

(13) Retirement benefit costs

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

The retirement benefit obligation recognized in the separate statements of financial position represents the present value of the defined benefit obligation, less fair value of plan assets and adjustment for unrecognized past service cost. Defined benefit obligations are calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is presented in currency to be paid and measured by discounting estimated future cash outflows by the interest rate of high-quality corporate bonds with similar maturity as the expected postemployment benefit payment date. Actuarial gain or loss from changes in actuarial assumptions or differences between actuarial assumptions and actual results is recognized in other comprehensive income in the separate statements of comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested and, otherwise, is amortized on the straight-line basis over the average period until the benefits become vested.

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

(14) Provisions and contingent liability

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

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

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

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

(15) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is recognized when all the following conditions are satisfied for each of the Company's operating activities:

1) Sale of goods
The Company recognizes revenue from sale of goods when significant risks and rewards from ownership of goods have been transferred, and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods.

2) Dividend and interest income
Dividends are recognized as revenue when the right to dividends is determined.

Interest income is recognized if it is probable that future economic benefits will flow to the Company and the amount can be measured reliably. Interest income is recognized through passage of time by effective interest rate method and when unpaid interest has accrued before the acquisition of an interest-bearing investment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(16) Income tax

Income tax consists of current tax and deferred tax.

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority. Also, they are offset when different taxable entities that intend either to settle current tax liabilities and assets on a net basis or realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

3. TRANSITION TO K-IFRS:

Transition adjustments from previous accounting principles generally accepted in the Republic of Korea ("Korean GAAP") to K-IFRSs that affected the Company's financial position, financial performance and cash flows are as follows.

(1) K-IFRS 1101 – Optional exemptions

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

1) Business combination
Business combinations that occurred before the date of transition to K-IFRS are not to be retrospectively restated.

2) Borrowing costs
Borrowing costs relating to all qualifying assets are capitalized when the commencement date for capitalization is on or after the date of past special days (January 1, 2003).

3) Investments in subsidiaries, joint ventures and associates
For the investments in subsidiaries, joint ventures and associates on the separate statement of financial position as of the transition date, the Company uses the book value under previous Korean GAAP as deemed cost.

(2) The effect of the transition from Korean GAAP to K-IFRS on the Company's financial status.

1) The principal effects on the separate statement of financial position at January 1, 2010 (date of transition)

Description	Korean won		
	Asset	Liability	Net Asset
	(In millions)		
Korean GAAP	₩ 152,505	₩ 72,447	₩ 80,058
Adjustment:			
Derecognition of financial assets (*1)	67,549	67,549	-
Present value of defined benefit obligation	-	(113)	113
Other	(4)	(4)	-
Subtotal	67,545	67,432	113
K-IFRS	₩ 220,050	₩ 139,879	₩ 80,171
Translation into U.S. dollars (Note 2) (In thousands)	$ 190,800	$ 121,286	$ 69,514

(*1) Under previous Korean GAAP, when the Company transferred a financial asset to financial institutions and it was considered that control over the financial asset was transferred, the Company derecognized the financial asset. Under K-IFRS, if the transfer does not satisfy the criteria of derecognition, the financial asset is not derecognized and the related cash proceeds are recognized as financial liabilities.
(*2) The Company recognizes the defined benefit obligation by using actuarial assumptions.

2) The principal effects on the separate statement of financial position at December 31, 2010

Description	Korean won		
	Asset	Liability	Net Asset
	(In millions)		
Korean GAAP	₩ 300,007	₩ 206,167	₩ 93,840
Adjustment:			
Derecognition of financial assets (*1)	99,337	99,337	-
Equity method	(2,433)	-	(2,433)
Present value of defined benefit obligation	-	(164)	164
Other	(6)	(6)	-
Subtotal	96,898	99,167	(2,269)
K-IFRS	₩ 396,905	₩ 305,334	₩ 91,571
Translation into U.S. dollars (Note 2) (In thousands)	$ 344,147	$ 264,748	$ 79,399

(*1) Under previous Korean GAAP, when the Company transferred a financial asset to financial institutions and it was considered that control over the financial asset was transferred, the Company derecognized the financial asset. Under K-IFRS, if the transfer does not satisfy the criteria of derecognition, the financial asset is not derecognized and the related cash proceeds are recognized as financial liabilities.
(*2) The Company uses the carrying amount of investments in subsidiaries and associates under previous Korean GAAP as deemed cost at the date of transition.
(*3) The Company recognizes the defined benefit obligation by using actuarial assumptions.

(3) The principal effects on the separate statement of comprehensive income.

1) The principal effects on the results of operations at December 31, 2010

Description	Korean won		Translation into U.S. dollars (Note 2)	
	Net income	Comprehensive income	Net income	Comprehensive income
	(In millions)		(In thousands)	
Korean GAAP	₩ 18,358	₩ 19,396	$ 15,918	$ 16,818
Adjustment:				
Canceled equity method (*1)	(977)	(2,433)	(847)	(2,110)
Present value of defined benefit obligation (*2)	335	51	290	44
Subtotal	(643)	(2,382)	(557)	(2,066)
K-IFRS	₩ 17,716	₩ 17,014	$ 15,918	$ 16,818

(*1) Associates were accounted for using the equity method under previous Korean GAAP. However, under K-IFRSs, those were accounted for at cost.
(*2) The Company recognizes the defined benefit obligation by using actuarial assumptions.

(4) Explanation of the effects of K-IFRS transition adjustments in the separate statement of cash flows
Under K-IFRS, dividends received, interest received, interest paid and income tax paid, which were not presented separately under Korean GAAP, are now separately presented and the related income (expense) and assets (liabilities) have been adjusted accordingly.

Also, under K-IFRS, foreign currency translation amounts are presented gross as part of the related transactions and deducted against the effects of foreign exchange rate changes on the balance of cash held in foreign currencies. No others significant differences between the separate statement of cash flows prepared under Korean GAAP compared to K-IFRS have been noted. Also, under K-IFRS, gain (loss) on foreign currency translation is presented gross and against which the gain (loss) on foreign currency translation on the cash and cash equivalent was deducted. No other significant differences between the separate statement of cash flows prepared under Korean GAAP compared to K-IFRS have been noted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS:

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. SEGMENT INFORMATION:

(1) The Company adopted 'K-IFRS 1108 *Segment Information*' since January 1, 2010. K-IFRS 1108 requires that the Company should recognize its operating segments based on the internal report on the Company's constituent units that are reviewed regularly by chief executive officer to allocate resources and evaluate the performance of each unit.

(2) The Company's segments are as follows:

Description	Business
Industrial resources	Ferrous, non-ferrousmetals, cement, coal, mechanical plant
Import-distribution	Custody , maintenance and checkup of imported vehicles and rent of warehouse

(3) Sales and income before income tax by operating segments as of December 31, 2011 and 2010, are as follows:

	December 31, 2011					
	Korean won			Translation into U.S. dollars (Note 2)		
Description	Industrial	Import-distribution	Total	Industrial	Import-distribution	Total
		(In millions)			(In thousands)	
Sales	₩ 2,215,716	₩ 72,778	₩ 2,288,494	$ 1,921,196	$ 63,105	$ 1,984,301
Operating income	13,179	2,929	16,108	11,427	2,540	13,967
Financial expenses	(1,439)	(236)	(1,675)	(1,248)	(204)	(1,452)
Income before income tax	11,740	2,693	14,433	10,180	2,335	12,515

(*1) Loss on disposal of investments in associates, ₩6 million ($5 thousand), is included.

	December 31, 2010					
	Korean won			Translation into U.S. dollars (Note 2)		
Description	Industrial	Import-distribution	Total	Industrial	Import-distribution	Total
		(In millions)			(In thousands)	
Sales	₩ 1,375,847	₩ 24,666	₩ 1,400,513	$ 1,192,965	$ 21,388	$ 1,214,353
Operating income	9,537	5,299	14,836	8,269	4,595	12,864
Financial income	2,735	145	2,880	2,372	125	2,497
Income before income tax	12,272	5,444	17,716	10,641	4,720	15,361

(*1) Loss on disposal of investments in associates, ₩5,358 million ($4,646 thousand), is included.

(4) Assets and liabilities by operating segments as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	December 31, 2011				
	Korean won				Translation into U.S. dollars (Note 2)
Description	Industrial	Import-distribution	Other	Total	Total
	(In millions)				(In thousands)
Current assets	₩ 317,401	₩ 5,478	₩ 107,487	₩ 430,366	$ 373,160
Non-current assets	38,261	718	163,585	202,564	175,638
Current liabilities	167,505	5,082	218,370	390,957	338,990
Non-current liabilities	10	-	-	10	9

	December 31, 2010				
	Korean won				Translation into U.S. dollars (Note 2)
Description	Industrial	Import-distribution	Other	Total	Total
	(In millions)				(In thousands)
Current assets	₩ 212,691	₩ 2,465	₩ 37,653	₩ 252,809	$ 219,205
Non-current assets	32,421	313	111,361	144,095	124,941
Current liabilities	107,417	1,331	191,713	300,461	260,523
Non-current liabilities	10	3	4,860	4,873	4,225

	January 1, 2010				
	Korean won				Translation into U.S. dollars (Note 2)
Description	Industrial	Import-distribution	Other	Total	Total
	(In millions)				(In thousands)
Current assets	₩ 113,745	₩ 1,710	₩ 46,788	₩ 162,243	$ 140,677
Non-current assets	47,280	112	10,414	57,806	50,123
Current liabilities	134,881	1,265	93	136,239	118,130
Non-current liabilities	3,591	48	-	3,639	3,156

(5) Sales by region where the Company’s entities are located in are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
Description	2011	2010	2011	2010
	(In millions)		(In thousands)	
Korea	₩ 239,506	₩ 89,993	$ 207,670	$ 78,031
Asia	1,707,238	1,111,129	1,480,307	963,435
Other	341,750	199,391	296,324	172,887
	₩ 2,288,494	₩ 1,400,513	$ 1,984,301	$ 1,214,353

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

(1) Financial assets as of December 31, 2011, consist of the following:

Financial assets

	Korean won				Translation into U.S. dollars (Note 2)
Description	Loans and receivables	AFS financial assets	Derivative assets that are effective hedging instruments	Total	Total
			(In millions)		(In thousands)
Current financial assets	₩ -	₩ 1,000	₩ 225	₩ 1,225	$ 1,062
Trade receivables and other receivables	275,123	-	-	275,123	238,553
Non-current financial assets	-	6,978	-	6,978	6,050
Long-term trade receivables and other receivables	11,108	-	-	11,108	9,631
Total	₩ 286,231	₩ 7,978	₩ 225	₩ 294,434	$ 255,296

Financial liabilities

	Korean won			Translation into U.S. dollars (Note 2)
Description	Financial liabilities carried at amortized cost	Derivative assets that are effective hedging instruments	Total	Total
		(In millions)		(In thousands)
Trade payables and other current payables	₩ 186,529	₩ -	₩ 186,529	$ 161,735
Short-term borrowings	178,964	-	178,964	155,175
Other current financial liabilities	882	254	1,136	985
Long-term trade payables and other payables	10	-	10	9
Total	₩ 366,385	₩ 254	₩ 366,639	$ 317,904

(2) Financial assets as of December 31, 2010, consist of the following:

Financial assets

	Korean won				Translation into U.S. dollars (Note 2)
Description	Loans and receivables	AFS financial assets	Derivative assets that are effective hedging instruments	Total	Total
			(In millions)		(In thousands)
Current financial assets	₩ -	₩ 1,000	₩ 202	₩ 1,202	$ 1,042
Trade receivables and other receivables	174,042	-	-	174,042	150,908
Non-current financial assets	-	5,410	-	5,410	4,691
Long-term trade receivables and other receivables	8,906	-	-	8,906	7,722
Total	₩ 182,948	₩ 6,410	₩ 202	₩ 189,560	$ 164,363

Financial liabilities

Description	Korean won: Financial liabilities carried at amortized cost		Korean won: Derivative assets that are effective hedging instruments		Korean won: Total		Translation into U.S. dollars (Note 2): Total	
			(In millions)				(In thousands)	
Trade payables and other current payables	₩	119,862	₩	-	₩	119,862	$	103,930
Short-term borrowings		165,620		-		165,620		143,605
Other current financial liabilities		-		761		761		660
Long-term trade payables and other payables		13		-		13		11
Total	₩	285,495	₩	761	₩	286,256	$	248,206

(3) Financial assets as of January 1, 2010, consist of the following:

Financial assets

Description	Korean won: Loans and receivables		Korean won: AFS financial assets		Korean won: Derivative assets that are effective hedging instruments		Korean won: Total		Translation into U.S. dollars (Note 2): Total	
					(In millions)				(In thousands)	
Current financial assets	₩	2,057	₩	-	₩	369	₩	2,426	$	2,103
Trade receivables and other receivables		94,236		-		-		94,236		81,710
Non-current financial assets		-		6,410		-		6,410		5,558
Long-term trade receivables and other receivables		8,941		-		-		8,941		7,753
Total	₩	105,234	₩	6,410	₩	369	₩	112,013	$	97,124

Financial liabilities

Description	Korean won: Financial liabilities carried at amortized cost		Korean won: Derivative assets that are effective hedging instruments		Korean won: Total		Translation into U.S. dollars (Note 2): Total	
			(In millions)				(In thousands)	
Trade payables and other current payables	₩	63,195	₩	-	₩	63,195	$	54,795
Short-term borrowings		67,642		-		67,642		58,651
Other current financial liabilities		-		391		391		339
Long-term trade payables and other payables		58		-		58		50
Total	₩	130,895	₩	391	₩	131,286	$	113,835

(4) Income and expense by category of financial instruments for the years ended December 31, 2011 and 2010, consist of the following:

Financial assets

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Derivative assets that are effective hedging instruments:				
Gain on valuation of derivatives	₩ 86	₩ -	$ 75	$ -
Gain on derivatives transactions (*)	2,843	(734)	2,465	(636)
Loans and receivables:				
Interest income	2,116	775	1,834	672
Loss on disposal of trade receivables	1,178	2,281	1,022	1,977
AFS financial assets:				
Dividend income	60	15	52	13
Total	₩ 6,283	₩ 2,337	$ 5,448	$ 2,026

(*) Gain (loss) on derivative liabilities (financial liabilities at FVTPL) is included.

Financial liabilities

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Derivative assets that are effective hedging instruments:				
Loss on valuation of derivatives	₩ 118	₩ 32	$ 102	$ 27
Financial liabilities carried at amortized cost:				
Interest expense	2,666	220	2,312	191
Total	₩ 2,784	₩ 252	$ 2,414	$ 218

(5) Fair value of financial instrument

Fair value measurements are those that are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities and fair value measurements are those that are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Fair value measurements are those that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regards that the book values of financial assets (liabilities) recognized in amortized cost as of December 31, 2011 and 2010, are similar to the fair values.

7. DERIVATIVES:

(1) The Company's derivative instrument contracts, including forwards to hedge the exposure to changes in foreign exchange rate and price of goods as of December 31, 2011, are as follows:

Description	Buy position		Sell position	
	Currency	Amount (*)	Currency	Amount (*)
Contracts on currency forwards	AUD	728	AUD	11,008
	EUR	59	EUR	812
	KRW	1,675	KRW	27,902
	USD	36,247	USD	2,174

(*) All currencies are in thousands.

(2) The Company's derivative instrument contracts, including forwards to hedge the exposure to changes in foreign exchange rate and price of goods as of December 31, 2010, are as follows:

Description	Buy position		Sell position	
	Currency	Amount (*)	Currency	Amount (*)
Contracts on currency forwards	AUD	2,467	AUD	11,529
	EUR	821	EUR	1,031
	KRW	1,959	KRW	10,736
	JPY	980,850	JPY	576,560
	USD	27,344	USD	15,648

(*) All currencies are in thousands.

(3) The Company's derivative instrument contracts, including forwards to hedge the exposure to changes in foreign exchange rate and price of goods as of January 1, 2010, are as follows:

Description	Buy position		Sell position	
	Currency	Amount (*)	Currency	Amount (*)
Contracts on currency forwards	AUD	2,805	AUD	10,854
	USD	12,071	USD	11,931
	JPY	535,756	JPY	204,073
	KRW	3,994	KRW	-

(*) All currencies are in thousands.

8. AFS FINANCIAL ASSETS:

AFS financial assets as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won				
	December 31, 2011			December 31, 2010	January 1, 2010
Description	Acquisition cost	Fair value	Book value	Book value	Book value
			(In millions)		
Non-marketable equity securities:					
G&C (*1)	₩ 198	₩ 198	₩ 198	₩ 198	₩ 198
Dalian Billong Shan Corporation (*1)	414	-	-	-	-
Bharat SSY Salt	320	171	171	171	171
Han-Viet Heavy Industry & Construction Corporation	867	867	867	867	867
Daegu MBC	3,929	3,929	3,929	3,929	3,929
AEC Ssangyong Ltd.	831	-	-	-	-
Chemcross, Inc.	222	222	222	222	222
The Korea Economic Daily	73	23	23	23	23
G&H Development Co. Limited (*2)	-	-	-	-	1,000
Subtotal	6,854	5,410	5,410	5,410	6,410
Marketable equity securities:					
Steel Strips Wheels Ltd.	2,961	1,568	1,568	-	-
Non-marketable debt securities:					
Unguaranteed corporate bond	1,000	1,000	1,000	1,000	-
	₩ 10,815	₩ 7,978	₩ 7,978	₩ 6,410	₩ 6,410
Translation into U.S. dollars (Note 2) (In thousands)	$ 9,377	$ 6,917	$ 6,917	$ 5,558	$ 5,558

(*) The debtor of non-guaranteed corporate bond is GS EcoMetal Co., Ltd., and the annual interest rate is 8% and the maturity is November 2012.

9. LOANS AND RECEIVABLES:

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

Account	Description	Korean won December 31, 2011	Korean won December 31, 2010	Korean won January 1, 2010	Translation into U.S. dollars (Note 2) December 31, 2011	Translation into U.S. dollars (Note 2) December 31, 2010	Translation into U.S. dollars (Note 2) January 1, 2010
		(In millions)			(In thousands)		
	Trade receivables	₩ 272,350	₩ 171,700	₩ 94,639	$ 236,148	$ 148,877	$ 82,060
	Allowance	(170)	(156)	(1,053)	(147)	(135)	(913)
	Subtotal	272,180	171,544	93,586	236,001	148,742	81,147
Current loans and other receivables	Short-term loans	91	91	91	79	79	79
	Allowance	(91)	(91)	-	(79)	(79)	-
	Current portion of long-term loans	609	-	-	528	-	-
	Accounts receivable	1,943	2,212	1,271	1,685	1,918	1,103
	Allowance	(1)	(1)	(866)	(1)	(1)	(751)
	Accrued income	489	393	284	424	340	246
	Allowance	(166)	(164)	(181)	(144)	(142)	(157)
	Short-term deposits to financial institutions	-	-	2,057	-	-	1,783
	Short-term deposits	70	58	50	60	50	43
	Subtotal	2,944	2,498	2,706	2,552	2,165	2,346
Long-term trade receivables	Long-term trade receivables	685	704	-	594	610	-
	Allowance	(685)	(704)	-	(594)	(610)	-
	Subtotal	-	-	-	-	-	-
Non-current loans and other receivables	Long-term accounts receivables	37,201	38,283	2,500	32,256	33,194	32,604
	Allowance	(30,001)	(31,036)	1,641,809	(26,013)	(26,911)	(25,923)
	Long-term loans	30,181	38,738		26,169	33,589	32,267
	Allowance	(27,972)	(38,683)		(24,254)	(33,541)	(32,127)
	Leasehold and other deposits	1,699	1,604	3,809,481	1,473	1,391	932
	Subtotal	11,108	8,906	5,453,790	9,631	7,722	7,753
	Total	₩ 286,232	₩ 182,948	₩ 105,233	$ 248,184	$ 158,629	$ 91,246

(*) As of December 31, 2011, ₩170,123 million ($ 147,510 thousand) of trade receivables has been transferred. However, the equivalent book value continues to be recognized as trade receivables as the Company has guaranteed the expected loss, and the cash received through transfer was recognized as collateral loans.

(2) The allowance for doubtful accounts for year ended December 31, 2011, is as follows:

	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Trade receivables	₩ 170	₩ 156	$ 147	$ 135
Short-term loans	91	91	79	79
Accounts receivables	1	1	1	1
Accrued income	166	164	144	142
Long-term trade receivables	685	702	594	610
Long-term accounts receivables	30,001	31,036	26,013	26,911
Long-term loans	27,972	38,683	24,254	33,541
Total	₩ 59,086	₩ 70,833	$ 51,232	$ 61,419

(3) Aging analysis of the balances of trade receivables that are past due, but not impaired as of December 31, 2011, is as follows:

Description	Korean won					
	Impaired receivables due to overdue					
	Less than 60 days	Over 60 days, but less than 90 days	Over 90 days, but less than 180 days	Over 180 days, but less than 1 year	Over 1 year	Total
	(In millions)					
Trade receivables	₩ 2,453	₩ 701	₩ 746	₩ 1	₩ 52	₩ 3,953
Other receivables	-	1	66	-	-	67
Total	₩ 2,453	₩ 702	₩ 812	₩ 1	₩ 52	₩ 4,020
Translation into U.S. dollars (Note 2) (In thousands)	$ 2,127	$ 609	$ 703	$ 1	$ 45	$ 3,485

(4) Aging analysis of the balances of trade receivables that are past due, but not impaired as of December 31, 2010, is as follows:

Description	Korean won					
	Impaired receivables due to overdue					
	Less than 60 days	Over 60 days, but less than 90 days	Over 90 days, but less than 180 days	Over 180 days, but less than 1 year	Over 1 year	Total
	(In millions)					
Trade receivables	₩ 1,483	₩ 262	₩ 139	₩ 364	₩ 113	₩ 2,361
Other receivables	347	244	383	374	-	1,348
Total	₩ 1,830	₩ 506	₩ 522	₩ 738	₩ 113	₩ 3,709
Translation into U.S. dollars (Note 2) (In thousands)	$ 1,586	$ 438	$ 453	$ 641	$ 98	$ 3,216

(5) Aging analysis of the balances of trade receivables that are past due, but not impaired as of January 1, 2010, is as follows:

Description	Korean won					
	Impaired receivables due to overdue					
	Less than 60 days	Over 60 days, but less than 90 days	Over 90 days, but less than 180 days	Over 180 days, but Less than 1 year	Over 1 year	Total
	(In millions)					
Trade receivables	₩ 1,432	₩ 96	₩ 110	₩ 4	₩ 1	₩ 1,643
Translation into U.S. dollars (Note 2) (In thousands)	$ 1,242	$ 83	$ 95	$ 4	$ 1	$ 1,425

10. CURRENT NON-FINANCIAL ASSETS:

Current non-financial assets as of December 31, 2011, December 31, 2010 and January 1, 2010, consist of the following:

	Korean won			Translation into U.S. dollars (Note 2)		
	2011	2010	2009	2011	2010	2009
		(In millions)			(In thousands)	
Advance payments	₩ 18,092	₩ 9,702	₩ 454	$ 15,687	$ 8,413	$ 394
Long-term loans	1,965	815	120	1,704	706	104
Prepaid value-added tax	579	-	-	502	-	-
Total	₩ 20,636	₩ 10,517	₩ 574	$ 17,893	$ 9,119	$ 498

11. INVENTORIES:

Inventories as of December 31, 2011, December 31, 2010 and January 1, 2010, consist of the following:

	Korean won								
	December 31, 2011			December 31, 2010			January 1, 2010		
Description	Amounts before evaluation	Valuation allowance	Book value	Amounts before evaluation	Valuation allowance	Book value	The amounts before evaluation	Valuation allowance	Book value
					(In millions)				
Merchandise	₩ 43,573	₩ (683)	₩ 42,890	₩ 42,785	₩ (12)	₩ 42,773	₩ 14,622	₩ (82)	₩ 14,540
Finished goods	-	-	-	161	-	161	-	-	-
Work in process	2,022	-	2,022	-	-	-	415	-	415
Raw materials	127	-	127	-	-	-	2,459	-	2,459
Materials in transit	5,653	-	5,653	672	-	672	608	-	608
Other	7	-	7	6	-	6	134	-	134
Total	₩ 51,382	₩ (683)	₩ 50,699	₩ 43,624	₩ (12)	₩ 43,612	₩ 18,238	₩ (82)	₩ 18,156
Translation into U.S. dollars (Note 2) (In thousands)	$ 44,553	$ (593)	$ 43,960	$ 37,825	$ (10)	$ 37,815	$ 15,814	$ (71)	$ 15,743

12. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES:

(1) Investment securities classified as AFS as of December 31, 2010 and 2009, are summarized as follows:

Description	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Subsidiaries	₩ 144,594	₩ 100,309	₩ 12,246	$ 125,374	$ 86,976	$ 10,618
Associates	9,804	5,587	7,762	8,501	4,844	6,730
Total	₩ 154,398	₩ 105,896	₩ 20,008	$ 133,875	$ 91,820	$ 17,348

(2) Investments in subsidiaries as of December 31, 2011, December 31, 2010 and January 1, 2010, consist of the following:

Affiliated company	Ownership (%)	Korean won		
		December 31, 2011	December 31, 2010	January 1, 2010
			(In millions)	
GS Global Japan Co, Ltd.	100.00	₩ 2,788	₩ 2,788	₩ 2,788
GS Global Australia Pty. Ltd.	100.00	6,565	6,565	6,565
Ssangyong (U.S.A.) Inc.	100.00	-	-	-
GS Global Hong Kong Ltd.	100.00	1,130	1,130	1,130
GS Global Europe GmbH	100.00	-	-	-
Ssangyong Singapore Pte. Ltd. (*)	100.00	-	-	-
GS PLS Corp.	90.00	5,400	5,400	450
GS Global Guangzhou Co., Ltd.	100.00	1,062	1,062	-
GS Global Trading (Shanghai) Co., Ltd.	100.00	574	574	236
GS Global USA, Inc.	100.00	1,130	1,130	-
Ssangyong Singapore Pte. Ltd. (*)	-	-	-	-
SSY-SWISS GmbH (*)	-	-	15	15
GS Global Singapore Pte. Ltd.	100.00	878	89	-
PT GS Global Resource	100.00	304	304	-
DKT Co., Ltd.	61.23	116,353	81,252	-
GS Global (Suzhou) Steel Service Center Co., Ltd.	100.00	8,410	-	-
Ssangyong Information Technology Co., Ltd.	-	-	-	1,062
Total		₩ 144,594	₩ 100,309	₩ 12,246
Translation into U.S. dollars (Note 2) (In thousands)		$ 125,374	$ 86,976	$ 10,618

(*) Ssangyong Singapore Pte. Ltd. and SSY-SWISS GmbH have been liquidated in the current year.

(3) Investments in associates as of December 31, 2011, December 31, 2010 and January 1, 2010, consist of the following:

Affiliated company	Ownership (%)	Korean won December 31, 2011	December 31, 2010	January 1, 2010
			(In millions)	
EcoMetal Co., Ltd.	50.00	₩ 3,187	₩ 3,187	₩ -
SP-Tech Co., Ltd.	28.60	400	400	-
GS BIO Co., Ltd.	50.00	2,000	2,000	-
USI SERVICE CENTER PRIVATE LIMITED	25.00	4,217	-	-
Ssanyong Slag & Materials Co., Ltd.	-	-	-	7,762
Total		₩ 9,804	₩ 5,587	₩ 7,762
Translation into U.S. dollars (Note 2) (In thousands)		$ 8,501	$ 4,844	$ 6,730

(4) Condensed financial information of the subsidiaries and associates as of and for the year ended December 31, 2011, is as follows:

Affiliated company	Korean won Assets	Liabilities	Sales	Net income (loss)
		(In millions)		
GS Global Japan Co, Ltd.	₩ 100,629	₩ 94,159	₩ 396,497	₩ 1,359
GS Global Australia Pty. Ltd.	57,162	48,970	133,121	150
Ssangyong (U.S.A.) Inc.	7,086	15,058	-	(133)
GS Global Hong Kong Ltd.	5,580	4,589	53,364	70
GS Global Europe GmbH	12,961	12,947	17,665	315
Ssangyong Resources Pty. Ltd.	1,558	39,576	-	(8)
GS PLS Corp.	18,301	12,961	3,921	(653)
GS Global Guangzhou Co., Ltd.	1,055	3	12,126	(69)
GS Global Trading (Shanghai) Co., Ltd.	348	-	1,638	(28)
GS Global USA, Inc.	16,629	15,114	77,300	288
Ssangyong Singapore Pte. Ltd. (*)	-	-	-	10,059
GS Global Singapore Pte. Ltd.	39,554	38,496	223,339	127
PT GS Global Resource	4,583	4,989	17,317	(717)
DKT Co., Ltd.	419,834	345,617	265,499	(42,612)
GS Global (Suzhou) Steel Service Center Co., Ltd.	9,372	314	-	(340)
EcoMetal Co., Ltd.	30,226	29,313	3,778	(5,679)
SP-Tech Co., Ltd.	-	-	1,622	(494)
GS BIO Co., Ltd.	63,199	61,366	42,558	(1,894)
USI SERVICE CENTER PRIVATE LIMITED	17,944	2,563	21	(301)
Total	₩ 806,021	₩ 726,035	₩ 1,249,766	₩ (40,560)
Translation into U.S. dollars (Note 2) (In thousands)	$ 698,882	$ 629,529	$ 1,083,643	$ (35,168)

13. INVESTMENT PROPERTY:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
Acquisition cost:		(In millions)			(In thousands)	
Land	₩ -	₩ -	₩ 161,270	$ -	$ -	$ 139,834
Buildings	-	773,400	1,237,595	-	670,598	1,073,090
Subtotal	-	773,400	1,398,865	-	670,598	1,212,924
Less accumulated depreciation:						
Buildings	-	(273,347)	(379,559)	-	(237,013)	(329,107)
Total	₩ -	₩ 500,053	₩ 1,019,306	$ -	$ 433,585	$ 883,817

14. PROPERTY AND EQUIPMENT:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
Acquisition cost:		(In millions)			(In thousands)	
Land	₩ 16	₩ 16	₩ 16	$ 14	$ 14	$ 14
Buildings	2,025	1,252	1,252	1,756	1,085	1,085
Structures	-	145	145	-	126	126
Machinery and equipment	19	447	444	16	387	385
Vehicles	851	747	706	738	648	612
Tools	4,067	3,889	3,232	3,526	3,372	2,803
Construction in progress	-	57	-	-	49	-
Subtotal	6,978	6,553	5,795	6,050	5,681	5,025
Less accumulated depreciation:						
Buildings	(797)	(472)	(440)	(691)	(409)	(382)
Structures	-	(144)	(143)	-	(125)	(124)
Machinery and equipment	(16)	(439)	(430)	(14)	(380)	(373)
Vehicles	(577)	(511)	(475)	(500)	(443)	(412)
Tools	(3,164)	(2,919)	(2,395)	(2,743)	(2,530)	(2,076)
Subtotal	(4,554)	(4,485)	(3,883)	(3,948)	(3,887)	(3,367)
Total	₩ 2,424	₩ 2,068	₩ 1,912	$ 2,102	$ 1,794	$ 1,658

(2) The changes in property and equipment for the year ended December 31, 2011, are as follows:

Description	Beginning balance	Acquisition	Disposal	Depreciation	Transfer	Ending balance
			(In millions)			
Land	₩ 16	₩ -	₩ -	₩ -	₩ -	₩ 16
Buildings	780	-	-	(51)	499	1,228
Structures	1	-	(1)	-	-	-
Machinery and equipment	8	-	(3)	(2)	-	3
Vehicles	236	143	-	(105)	-	274
Tools	970	215	-	(339)	57	903
Construction in progress	57	-	-	-	(57)	-
	₩ 2,068	₩ 358	₩ (4)	₩ (497)	₩ 499	₩ 2,424
Translation into U.S. dollars (Note 2) (In thousands)	$ 1,794	$ 310	$ (4)	$ (431)	$ 433	$ 2,102

(3) The changes in property and equipment for the year ended December 31, 2010 are as follows:

Description	Beginning balance	Acquisition	Disposal	Depreciation	Ending balance
			(In millions)		
Land	₩ 16	₩ -	₩ -	₩ -	₩ 16
Buildings	811	-	-	(31)	780
Structures	2	-	-	(1)	1
Machinery and equipment	13	3	-	(8)	8
Vehicles	231	147	(1)	(141)	236
Tools	839	695		(564)	970
Construction in progress	-	57	-	-	57
	₩ 1,912	₩ 902	₩ (1)	₩ (745)	₩ 2,068
Translation into U.S. dollars (Note 2) (In thousands)	$ 1,659	$ 780	$ -	$ (645)	$ 1,794

15. INTANGIBLE ASSETS:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Intellectual property rights	₩ 10	₩ 15	₩ 18	$ 9	$ 13	$ 16
Development costs	1,880	2,093	1,410	1,630	1,815	1,222
Software	491	560	56	426	486	49
Membership	3,125	3,549	2,935	2,710	3,077	2,545
Other intangible assets	2,516	-	-	2,181	-	-
	₩ 8,022	₩ 6,217	₩ 4,419	$ 6,956	$ 5,391	$ 3,832

(2) The changes in intangible assets for the year ended December 31, 2011, are as follows:

Description	Beginning balance	Acquisition	Transfer (*1)	Depreciation	Impairment	Other (*2)	Ending balance
			(In millions)				
Intellectual property rights	₩ 15	₩ -	₩ -	₩ (5)	₩ -	₩ -	₩ 10
Development costs	2,093	-	-	(213)	-	-	1,880
Software	560	3	-	(72)	-	-	491
Membership	3,549	76			(498)	(2)	3,125
Other intangible assets	-	-	2,795	(279)	-	-	2,516
	₩ 6,217	₩ 79	₩ 2,795	₩ (569)	₩ (498)	₩ (2)	₩ 8,022
Translation into U.S. dollars (Note 2) (In thousands)	$ 5,391	$ 68	$ 2,423	$ (493)	$ (432)	$ 1	$ 6,956

(*1) Other intangible assets are transfers from advanced expenses.
(*2) Overseas branch membership's currency conversion.

(3) The changes in intangible assets for the year ended December 31, 2010, are as follows:

Description	Beginning balance	Acquisition	Disposal	Depreciation	Impairment	Ending balance
			(In millions)			
Intellectual property rights	₩ 18	₩ 2	₩ -	₩ (5)	₩ -	₩ 15
Development costs	1,410	2,128	-	(176)	(1,269)	2,093
Software	56	533	-	(29)	-	560
Membership	2,935	1,478	(865)	-	-	3,548
	₩ 4,419	₩ 4,141	₩ (865)	₩ (210)	₩ (1,269)	₩ 6,216
Translation into U.S. dollars (Note 2) (In thousands)	$ 3,832	$ 3,591	$ (750)	$ (182)	$ (1,100)	$ 5,391

16. TRADE PAYABLES AND OTHER LIABILITIES:

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

		Korean won			Translation into U.S. dollars (Note 2)		
Account	Description	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
Trade payables and other current liabilities	Trade payables	₩ 172,586	₩ 108,748	₩ 56,092	$ 149,646	$ 94,293	$ 48,636
	Accounts payables	1,106	1,160	237	959	1,006	205
	Accrued expenses	12,836	9,954	6,866	11,129	8,631	5,954
	Subtotal	186,528	119,862	63,195	161,734	103,930	54,795
Long-term trade receivables and other liabilities	Long-term deposits received	10	13	58	9	11	50
Total		₩ 186,538	₩ 119,875	₩ 63,253	$ 161,743	$ 103,941	$ 54,845

17. SHORT-TERM BORROWINGS:

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

Description	Lender	Annual interest rate (%)	Korean won December 31, 2011	Korean won December 31, 2010	Korean won January 1, 2010	Translation into U.S. dollars (Note 2) December 31, 2011	Translation into U.S. dollars (Note 2) December 31, 2010	Translation into U.S. dollars (Note 2) January 1, 2010
				(In millions)			(In thousands)	
General borrowing	Kookmin Bank	5	₩ 5,000	₩ 66,200	₩ -	$ 4,335	$ 57,401	$ -
Banker's usance	Hana Bank	1.57–1.75	3,841	83	93	3,330	72	81
Loans on trade receivables collateral	Shinhan Bank	London InterBank Offered Rate, plus 0.75–2.10	170,123	99,337	67,549	147,510	86,132	58,570
Total			₩ 178,964	₩ 165,620	₩ 67,642	$ 155,175	$ 143,605	$ 58,651

18. CURRENT NON-FINANCIAL LIABILITIES:

Current non-financial liabilities as of December 31, 2011, December 31, 2010 and January 1, 2010, are as of follows:

	Korean won December 31, 2011	Korean won December 31, 2010	Korean won January 1, 2010	Translation into U.S. dollars (Note 2) December 31, 2011	Translation into U.S. dollars (Note 2) December 31, 2010	Translation into U.S. dollars (Note 2) January 1, 2010
		(In millions)			(In thousands)	
Advances from customers	₩ 22,340	₩ 10,478	₩ 1,008	$ 19,371	$ 9,085	$ 875
Deposits received	1,989	3,740	2,894	1,724	3,243	2,509
Total	₩ 24,329	₩ 14,218	₩ 3,902	$ 21,095	$ 12,328	$ 3,384

19. RETIREMENT BENEFIT PLAN:

(1) The amounts recognized in the separate statements of financial position related to retirement benefit obligation as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

Description	Korean won December 31, 2011	Korean won December 31, 2010	Korean won January 1, 2010	Translation into U.S. dollars December 31, 2011	Translation into U.S. dollars December 31, 2010	Translation into U.S. dollars January 1, 2010
		(In millions)			(In thousands)	
Present value of defined benefit obligation	₩ 5,531	₩ 5,015	₩ 3,732	$ 4,796	$ 4,348	$ 3,236
Fair value of plan assets	(5,546)	(155)	(151)	(4,809)	(134)	(131)
Retirement benefit obligation (*)	₩ (15)	₩ 4,860	₩ 3,581	$ (13)	$ 4,214	$ 3,105

(*) Defined benefit obligation in excess of fair value of plan assets ₩15 million ($13 thousands) has been classified as retirement benefit assets.

(2) The changes in defined benefit obligation for the years ended December, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Beginning balance	₩ 5,015	₩ 3,732	$ 4,348	$ 3,236
Current service cost	965	784	836	680
Interest cost	261	258	227	224
Transfer to affiliates	183	227	159	197
Benefits paid	(1,362)	(273)	(1,182)	(238)
Actuarial gains or losses	469	287	407	249
Ending balance	₩ 5,531	₩ 5,015	$ 4,795	$ 4,348

(3) Income and loss related to defined benefit plan for the years ended December 31, 2011 and 2010, are as follows:

	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Current service cost	₩ 965	₩ 784	$ 836	$ 680
Interest cost	261	258	227	224
Expected return on plan assets	(4)	(3)	(4)	(2)
Total	₩ 1,222	₩ 1,039	$ 1,059	$ 902

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

	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Beginning balance	₩ 155	₩ 151	$ 134	$ 131
Expected return on retirement benefit assets	4	3	4	2
Benefits paid	(2)	(3)	(1)	(2)
Contributions from the employer	5,384	-	4,668	-
Actuarial gains or losses	5	4	4	3
Total	₩ 5,546	₩ 155	$ 4,809	$ 134

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

	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Beginning balance	₩ 283	₩ -	$ 245	$ -
Actuarial gains or losses of defined benefit obligation	469	287	407	248
Actuarial gains or losses of plan assets	(5)	(4)	(4)	(3)
Ending balance	747	283	648	245
Tax effect	(181)	-	(157)	-
Total	₩ 566	₩ 283	$ 491	$ 245

(6) Actuarial assumptions used as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

Description	December 31, 2011	December 31, 2010	January 1, 2010
Discount rate	4.95%	5.73%	7.11%
Expected return on plan assets	4.96	3.80	6.00
Expected rate of salary increase	4.94	5.00	5.00

20. SHAREHOLDERS' EQUITY:

(1) Capital stock as of December 31, 2011, December 31, 2010 and January 1, 2010, consist of the following:

Description	December 31, 2011	December 31, 2010	January 1, 2010
	(In millions of Korean won, except par value)		
Authorized	400,000,000 shares	400,000,000 shares	400,000,000 shares
Issued	22,533,764 shares	11,266,882 shares	11,266,882 shares
Par value	₩ 2,500	₩ 2,500	₩ 2,500
Capital stock	56,334	28,167	28,167
Translation into U.S. dollars (Note 2) (In thousands)	$ 48,846	$ 24,423	$ 24,423

(*) Since there was a paid-in capital increase in the current year, the number of shares issued and capital stock have increased by 11,266,882 shares and ₩28,167 million ($ 24,423 thousand), respectively, as of December 31, 2011.

(2) Details of other shareholders' equity as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Paid-in capital in excess of par value (*1)	₩ 126,855	₩ 16,424	₩ 16,425	$ 109,993	$ 14,241	$ 14,241
Treasury stock (*2)	(709)	(709)	(709)	(615)	(615)	(615)
Loss on disposition of treasury stock	-	-	(1,531)	-	-	(1,327)
Other capital adjustments	-	-	(3,547)	-	-	(3,076)
	₩ 126,146	₩ 15,715	₩ 10,638	$ 109,378	$ 13,626	$ 9,223

(*1) Since there was an increase in the paid-in capital in the current year, paid-in capital in excess of par value is increased by ₩110,430 million ($95,751 thousand) as of December 31, 2011.

(*2) The Company has purchased 38,562 shares of treasury stock for ₩709 million ($614 thousand) for the purpose of stock price stability, which is accounted for as capital adjustments. Treasury shares will be liquidated, if necessary, depending on future market trends.

21. COMPONENTS OF OTHER CAPITAL:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Loss on valuation of AFS financial assets	₩ (1,093)	₩ (50)	₩ (50)	$ (948)	$ (44)	$ (44)
Overseas operations translation gain	27	45	12	24	39	11
Loss on valuation of cash flow hedge derivatives	(41)	(372)	-	(36)	(322)	-
	₩ (1,107)	₩ (377)	₩ (38)	$ (960)	$ (327)	$ (33)

22. RETAINED EARNINGS:

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

	Korean won			Translation into U.S. dollars (Note 2)		
	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Statutory reserves:						
Earned surplus reserve (*)	₩ 2,852	₩ 2,291	₩ 530	$ 2,473	$ 1,986	$ 460
Unappropriated retained earning	57,737	45,774	40,874	50,063	39,688	35,441
	₩ 60,589	₩ 48,065	₩ 41,404	$ 52,536	$ 41,674	$ 35,901

(*) The Korean Commercial Code requires the parent company to appropriate to an earned surplus reserve an amount equal to at least 10% of the cash dividends paid, until 50% of stated capital. The legal reserve may be used to reduce a deficit or transferred to capital.

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

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Beginning balance	₩ 48,065	₩ 41,404	$ 41,676	$ 35,900
Net income	18,422	17,716	15,973	15,361
Payment of dividend	(5,614)	(5,614)	(4,867)	(4,867)
Loss on disposition of treasury stock	-	(1,531)	-	(1,327)
Capital adjustments of valuation of equity method	-	(3,547)	-	(3,076)
Actuarial gains or losses	(284)	(283)	(246)	(245)
Other	-	(80)	-	(70)
Ending balance	₩ 60,589	₩ 48,065	$ 52,536	$ 41,676

(3) Annual payment of dividend for the years ended December 31, 2011 and 2010, are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions, except per share and number of shares)		(In thousands, except per share and number of shares)	
Stock dividends per share	₩ 500	₩ 500	$ 0.43	$ 0.43
Number of shares issued and outstanding	11,228,320	11,228,320	11,228,320	11,228,320
Total dividends	₩ 5,614	₩ 5,614	$ 4,867	$ 4,867

(4) Separate statements of appropriations of retained earnings for the years ended December 31, 2011 and 2010 are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Unappropriated retained earnings:				
Balance at beginning of year	₩ 39,598	₩ 28,341	$ 34,335	$ 24,574
Actuarial gains or losses	(283)	(284)	(246)	(245)
Net income	18,422	17,716	15,973	15,361
Balance at end of year	57,737	45,773	50,062	39,690
Appropriations:				
Legal reserve	281	561	244	487
Dividends paid	2,812	5,614	2,438	4,868
	3,093	6,175	2,682	5,355
Unappropriated retained earnings to be carried forward to subsequent year	₩ 54,644	₩ 39,598	$ 47,380	$ 34,335

23. CLASSIFICATION OF EXPENSES BY NATURE:

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

	Korean won		Translation into U.S. dollars (Note 2)	
Description (*)	2011	2010	2011	2010
	(In millions)		(In thousands)	
Changes in inventory	₩ 2,209,187	₩ 1,347,623	$ 1,915,535	$ 1,168,493
Employee benefits	17,421	12,231	15,105	10,605
Depreciation and amortization	1,067	988	925	856
Bad debts	164	-	143	-
Transportation	108	73	94	64
Advertising	163	197	141	171
Rent	3,912	3,773	3,392	3,272
Commission	4,650	2,792	4,031	2,421
Taxes and dues	353	258	306	224
Others	34,594	19,378	29,996	16,801
	₩ 2,271,619	₩ 1,387,313	$ 1,969,668	$ 1,202,907

(*) Cost of sales and selling and administrative expenses of the separate statements of income are included.

24. SELLING AND ADMINISTRATIVE EXPENSES:

The details of selling and administrative expenses for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Selling:				
Commissions and fees	₩ 4,650	₩ 2,792	$ 4,031	$ 2,421
Export incidental expenses	4,506	3,045	3,907	2,640
Other	1,559	1,464	1,352	1,270
Subtotal	10,715	7,301	9,290	6,331
Administrative expenses:				
Salaries	9,161	8,038	7,944	6,970
Bonuses	7,043	3,153	6,106	2,734
Provision for severance benefits	1,217	1,039	1,055	901
Other employee benefits	2,577	2,437	2,234	2,113
Travel	1,340	1,130	1,162	980
Training	161	103	140	90
Rent	3,912	3,773	3,392	3,272
Depreciation	497	740	431	641
Amortization	569	210	493	182
Insurance	763	752	661	652
Auto maintenance	605	509	525	441
Other	1,477	1,170	1,282	1,013
Subtotal	29,322	23,054	25,425	19,989
Total	₩ 40,037	₩ 30,355	$ 34,715	$ 26,320

25. OTHER OPERATING INCOME AND EXPENSES:

(1) The details of other operating income for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Gain on foreign exchange transaction	₩ 62,198	₩ 25,187	$ 53,931	$ 21,839
Gain on foreign currency translation	7,124	4,336	6,177	3,760
Gain on disposal of investment property	-	154	-	134
Gain on disposal of investment	-	290	-	252
Gain on disposal of property and equipment	66	20	57	18
Gain on valuation of derivatives	86	-	75	-
Gain on derivatives transactions	13,024	-	11,293	-
Reversal of allowance for doubtful accounts	-	628	-	545
Miscellaneous income	2,777	1,481	2,407	1,282
Total	₩ 85,275	₩ 32,096	$ 73,940	$ 27,830

(2) The details of other operating expenses for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Loss on foreign exchange transaction	₩ 64,718	₩ 22,873	$ 56,116	$ 19,833
Loss on foreign currency translation	7,226	1,764	6,266	1,530
Loss on disposal of investment property	-	207	-	180
Other bad debt expenses	608	2,589	528	2,245
Loss on impairment of intangible assets	498	1,269	431	1,100
Loss on valuation of derivatives	118	-	102	-
Loss on derivative transactions	10,182	-	8,828	-
Commission	-	347	-	301
Donations	221	150	192	130
Miscellaneous expense	2,471	1,262	,142	1,093
Total	₩ 86,042	₩ 30,461	$ 74,605	$ 26,412

(3) Other operating income (expenses) that were classified as non-operating income (expenses) under Korean GAAP.

26. FINANCIAL INCOME AND EXPENSES:

(1) The details of financial income for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Interest income	₩ 2,116	₩ 775	$ 1,835	$ 671
Dividend income	60	15	52	13
Gain on derivatives transactions	-	2,624	-	2,276
Total	₩ 2,176	₩ 3,414	$ 1,887	$ 2,960

(2) The details of financial expenses for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Interest expense	₩ 2,666	₩ 220	$ 2,312	$ 191
Loss on disposal of trade receivables	1,179	2,282	1,022	1,978
Loss on valuation of derivatives	-	32	-	27
Loss on derivatives transactions	-	3,358	-	2,913
Total	₩ 3,845	₩ 5,892	$ 3,334	$ 5,109

27. INCOME TAX EXPENSE:

(1) Income tax expense for the years ended December 31, 2011 and 2010, consists of the following:

Description	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
1. Income tax currently payable	₩ -	₩ -	$ -	$ -
2. Changes in deferred income taxes (*)	(4,522)	-	(3,921)	-
3. Deferred tax directly charged to equity	533	-	462	-
4. Income tax	₩ (3,989)	₩ -	₩ (3,459)	₩ -
(*) Net deferred income tax assets at end of year	₩ 19,619	₩ 15,097	₩ 17,011	₩ 15,097
Net deferred income tax assets at beginning of year	15,097	15,097	13,090	15,097
Changes in deferred income taxes	₩ 4,522	₩ -	$ 3,921	$ -

(2) The components of income tax expense for the years ended December 31, 2011 and 2010 are summarized as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Net income before income tax payable	₩ 14,433	₩ 17,716	$ 12,515	$ 15,361
Income tax	3,493	4,287	3,029	3,717
Adjustments:				
Non-taxable income	(99)	(284)	(86)	(247)
Non-deductible expense	2,820	1	2,446	1
Unrecognized deferred income taxes from temporary differences	(10,203)	(4,004)	(8,848)	(3,471)
Others (*)	-	-	-	-
Income tax expense	₩ (3,989)	₩ -	$ (3,459)	$ -

(3) The tax effects of temporary differences that result in significant portions of the deferred income tax assets and liabilities as of December 31, 2011 and 2010, are presented below:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Deferred tax assets:				
Subsidiaries and associates	₩ 39,385	₩ -	$ 34,150	$ -
Allowance for doubtful accounts	1,439	9,308	1,248	8,071
Other	1,043	3,502	904	3,037
	41,867	12,810	36,302	11,108
Deferred tax liabilities:				
Accrued income	(73)	(55)	(63)	(48)
Development expenses	-	-	-	-
Other	(2,940)	-	(2,549)	-
	(3,013)	(55)	(2,612)	(48)
Subtotal	38,854	12,755	33,690	11,060
Accumulated deficit and tax benefit	5,909	3,252	5,124	2,819
Others	45	44	39	38
Unforeseeable realization of deferred tax assets	(25,189)	(954)	(21,842)	(827)
Net deferred tax assets	₩ 19,619	₩ 15,097	$ 17,011	$ 13,090

(*) As the possibility of the vanishment of temporary differences related to the investments in associates, allowance for doubtful accounts and deemed dividends is uncertain, ₩118 million ($203 thousand) of the deferred tax assets has not been recognized.

(4) The components of items charged to equity as of December 31, 2011, are as follows:

	2011	
	Korean won	Translation into U.S. dollars
Income tax charged or credited to:	(In millions)	(In thousands)
Gain on valuation of AFS financial assets, net	₩ 349	$ 303
Translation gains and losses	(9)	(8)
Gain on hedging instruments entered into for cash flow hedge, net	12	10
Actuarial gains or losses	181	157
Total	₩ 533	$ 462

28. EARNING PER SHARE:

The details of computation for the years ended December 31, 2011 and 2010, are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions, except earnings per share)		(In thousands, except earnings per share)	
Net income	₩ 18,422	₩ 17,716	$ 15,973	$ 15,361
Weighted-average number of shares of common stock outstanding	20,890,057	11,228,320	20,890,057	11,228,320
Earnings per share in Korean won and U.S. dollars	₩ 882	₩ 1,578	$ 764.76	$ 1,368.25

The Company does not compute diluted earnings per common share for the year ended December 31, 2011, as there are no dilutive items during the periods.

29. TRANSACTIONS AND BALANCES WITH RELATED COMPANIES:

(1) Significant transactions for the years ended December 31, 2011 and 2010, between the Company and related parties are as follows:

	Korean won			
	2011		2010	
Company	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)			
HOLDING COMPANY:				
GS Corporation	₩ -	₩ 2,676	₩ -	₩ 1,563
SUBSIDIARIES:				
GS Global Japan Co., Ltd.	308,471	8,123	216,907	10,139
GS Global Australia Pty. Ltd.	118,393	-	77,421	-
Ssangyong (U.S.A.) Inc.	-	-	2,259	-
GS Global Hong Kong Ltd.	6,288	4,069	519	2,779
GS Global Europe GmbH	16,002	580	13,128	136
GS PLS Corp.	2	3,821	-	-
GS Global Guangzhou Co., Ltd.	-	-	32	-
GS Global Trading (Shanghai) Co., Ltd.	165	-	72	-
GS Global USA, Inc.	63,726	-	24,877	33
GS Global Singapore Pte. Ltd.	433	62,884	56	-
DKT Co., Ltd.	4,896	-	-	-
PT GS Global Resource	-	341	-	-
ASSOCIATES:				
GS BIO Co., Ltd.	67,085	526	1,052	-
EcoMetal Co., Ltd.	1,023	-	-	-
USI SERVICE CENTER PRIVATE LIMITED	3,059	-	-	-
OTHER:				
GS-Caltex Corporation	7,943	83,667	1,985	12,452
GS Retail Co., Ltd.	90	-	-	-
Shareholders, executives and employees	-	-	106	-
Total	₩ 597,576	₩ 166,687	₩ 338,414	₩ 27,102
Translation into U.S. dollars (Note 2) (In thousands)	$ 518,144	$ 144,530	$ 293,431	$ 23,500

(2) Significant balances related to the transactions between the Company and related parties as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won					
	December 31, 2011		December 31, 2010		January 1, 2010	
Description	Receivables	Payables	Receivables	Payables	Receivables	Payables
	(In millions)					
HOLDING COMPANY:						
GS Corporation	₩ 1,377	₩ -	₩ 1,325	₩ 46	₩ 885	₩ -
SUBSIDIARIES:						
GS Global Japan Co., Ltd.	61,352	480	43,314	218	32,479	125
GS Global Australia Pty. Ltd.	43,049	-	31,734	-	12,805	-
Ssangyong (U.S.A.) Inc.	7,436	7,200	7,247	6,997	9,611	7,545
GS Global Hong Kong Ltd.	74	54	18	175	1,111	103
GS Global Europe GmbH	10,407	814	9,151	383	8,178	325
GS PLS Corp.	-	710	-	-	-	-
GS Global Guangzhou Co., Ltd.	-	-	33	-	-	-
GS Global Trading (Shanghai) Co., Ltd.	10	-	-	-	-	-
Ssangyong Singapore Pte. Ltd.	-	-	50	62	-	-
GS Global USA, Inc.	12,426	-	4,397	692	-	-
GS Global Singapore Pte. Ltd.	64	27,812	56	-	62	62
DKT Co., Ltd.	2,130	-	-	-	-	-
Mill-Pro Pty. Ltd.	-	8,865	-	-	-	-
PT GS Global Resource	-	353	-	-	-	-
ASSOCIATES:						
GS BIO Co., Ltd.	25,847	-	366	2,656	-	-
EcoMetal Co., Ltd.	1,000	-	1,000	-	-	-
USI SERVICE CENTER PRIVATE LIMITED	3,125	-	-	-	-	-
OTHER:						
GS-Caltex Corporation	2,362	11,316	-	-	-	-
GS Retail Co., Ltd.	2	14	-	-	-	-
Shareholders, executives and employees	2,817	-	-	-	196	-
Total	₩ 173,478	₩ 57,618	₩ 98,691	₩ 11,229	₩ 65,327	₩ 8,160
Translation into U.S. dollars (Note 2) (In thousands)	$ 150,417	$ 49,959	$ 85,573	$ 9,736	$ 56,644	$ 7,075

(3) As of December 31, 2011, the Company has provided collaterals and guarantees for its related parties amounting to USD 213,050 thousand and JPY 1,570 million.
As of December 31, 2010, the Company has provided collaterals and guarantees for its related parties amounting to USD 155,600 thousand and JPY 1,620 million.

(4) Compensation details for executive officers for the years ended December 31, 2011 and 2010, are as follows:

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
Salaries for short-term employees	₩ 4,770	₩ 2,299	$ 4,136	$ 1,993
Retirement pay	302	886	262	768

30. ACCEPTANCES AND GUARANTEES:

(1) As of December 31, 2011, the debt guarantees provided by the Company to other are as follows:

Provided for	For guarantees	Provided to	Guaranteed amount
			(In thousands)
PT. Arthayasa	Conrad Project	Kingleigh	$ 14,000

The guarantees that the Company has provided for related companies (Note 29).

(2) Guarantees received by the Company from third parties as of December 31, 2011, are as follows:

Guarantor	Description	Guaranteed amount
		(In thousands)
SC H.K.	Guarantee for contract	$ 404
Shinhan Bank	Guarantee for contract	149
	Guarantee for contract	152
ANZ Japan	Guarantee for contract	6,838

31. COMMITMENTS AND CONTINGENCIES:

(1) As of December 31, 2011, the commitments associated with financing are as follows:

Description	Currency	Limit	Financial Institutions
	(KRW in millions, USD in thousands and EUR in thousands)		
Local letter of credit	KRW	40,000	Woori Bank
Import L/S	USD	117,000	Shinhan Bank
Discount of export related document against acceptance (document against payment)	USD	68,000	Citi Bank
	EUR	30,000	Deutsche Bank
B/P bond	KRW	5,000	INDUSTRIAL BANK OF KOREA
	USD	10,000	ANZ Bank
Comprehensive trade finance limit	KRW	115,000	Shinhan Bank
	USD	235,000	Hana Bank

(2) As of December 31 2011, pending litigations that the Company is involved in are summarized below:

	Plaintiff	Defendant	Currency	Amount
				(KRW in millions and USD in thousands)
Plaintiff:				
Damage compensation	GS Global	UNIMARINE	USD	1,530
Other one litigation	GS Global	AKRAM and others	USD	61
Total			USD	1,591
Defendant:				
Damage compensation	D.O.T.	GS Global	USD	1,692
Confirmation of negation of debt	El Dorado	GS Global	USD	2,662
Damage	Park Kil-su	GS Global	USD	2,680
Other seven litigations	NASCO	GS Global	KRW	382
			USD	598
Total			USD	7,632
			KRW	382

32. RISK MANAGEMENT:

(1) Capital risk management
The Company performs capital management to maintain its ability to continuously provide profits to shareholders and parties in interest and to maintain optimum capital structure. The overall capital risk management policy is consistent with that of the prior year.

Debt-to-equity ratio is calculated as total liabilities divided by equity and is used as an index to manage the Company's capital. Debt-to-equity ratios as of December 31, 2011, December 31, 2010 and January 1, 2010, are as follows:

	Korean won			Translation into U.S. dollars (Note 2)		
Description	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)			(In thousands)	
Total liabilities	₩ 390,967	₩ 305,334	₩ 139,879	$ 338,999	$ 264,748	$ 121,286
Cash and cash equivalents	(82,399)	(23,347)	(46,789)	(71,446)	(20,244)	(40,569)
Liabilities, net	308,568	281,987	93,090	267,553	244,504	80,717
Total equity	₩ 241,962	₩ 91,570	₩ 80,171	$ 209,800	$ 79,398	$ 69,514
Liabilities ratio	127.5%	308.0%	116.1%			

(2) Financial risk management
The Company is exposed to various financial risks, such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to financial instruments. The purpose of risk management of the Company is to identify potential risks related to financial performance and reduce, eliminate and evade those risks to a degree acceptable to the Company. Overall financial risk management policy of the Company is the same as the prior period.

1) Foreign exchange risk management
The Company is exposed to various foreign currencies' risk in which it makes transactions. The Company is mainly exposed to USD, EUR, AUD and JPY risk.

The Company manages foreign exchange risk by matching the inflow and outflow of foreign currencies according to each currency and maturity, and by adjusting the foreign currency settlement day according to the exchange rate forecast. The Company uses foreign currency derivatives, such as currency forward, currency swap and currency option, as hedging instruments; however, speculative foreign exchange trade on derivative financial instruments is basically prohibited.

Assets and liabilities denominated in foreign currencies as of December 31, 2011, December 31, 2010 and January 1, 2010, are summarized as follows:

		Foreign currencies			Korean won equivalent		
	Currency	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
			(In thousands)			(In millions)	
Assets							
	AUD	43,989	35,926	20,049	₩ 49,696	₩ 33,738	₩ 15,186
	EUR	9,914	8,236	5,615	14,813	12,466	9,404
	JPY	3,329,795	2,911,732	256,094	49,453	40,679	3,234
	USD	156,777	111,838	33,721	180,811	154,775	38,219
	CNY	171	152	147	31	26	25
	MYR	5	7	4	2	2	1
	THB	60	60	145	2	2	5
	AED	72	-	-	23	-	-
	VND	319,550	-	-	18	-	-
	INR	1,818	1,818	-	40	-	-
					₩ 294,889	₩ 241,688	₩ 66,074
Liabilities							
	USD	224,437	129,674	39,126	₩ 258,843	₩ 147,686	₩ 45,684
	JPY	3,529,800	3,078,369	550,895	52,423	43,007	6,957
	EUR	12,795	10,058	6,084	19,118	15,224	10,186
	AUD	14,202	7,405	-	16,044	8,575	-
	CNY	34	34	34	6	6	6
	MYR	-	10	-	-	4	-
	INR	356	975	-	8	-	-
					₩ 346,442	₩ 214,502	₩ 62,833

The Company's sensitivity to a 10% change in exchange rate of the functional currency (Korean won) against each foreign currency on income before income tax as of December 31, 2011, is as follows:

Currency	Korean won		Translation into U.S. dollars(Note 2)	
	Increase by 10%	Decrease by 10%	2011	2010
	(In millions)		(In thousands)	
USD	₩ (7,803)	₩ 7,803	$ (6,766)	$ 6,766
JPY	(297)	297	(258)	258
EUR	(430)	430	(373)	373
AUD	3,365	(3,365)	2,918	(2,918)
Other	10	(10)	9	(9)
	₩ (5,155)	₩ 5,155	$ (4,470)	$ 4,470

2) Market interest rate variable risk

The Company is exposed to financial risks arising from the interest rates. Risk-aversion activity is evaluated regularly with adjusting conditions and natures of its interest rates.

3) Credit risk

Credit risk refers to risk of financial losses to the Company if the counterpart defaults on the obligations of the contract. The Company operates a policy to transact only with counterparties that have more than a certain level of credit rating, based on the counterparty's financial conditions, default history and other factors. The credit risk on liquid funds and derivative financial instruments is limited as the Company transacts only with financial institutions with high credit ratings assigned by international credit-rating agencies.

Except for below, the book value of financial assets in the separate financial statements represents the maximum amount of exposure to credit risk.

Description	Korean won December 31, 2011	December 31, 2010	January 1, 2010
		(In millions)	
Total amount that the Company has guaranteed	₩ 285,174	₩ 215,795	₩ 94,363
Translation into U.S. dollars (In thousands)	$ 247,268	$ 187,111	$ 81,820

(*) This is the total amount that the Company has guaranteed, and as of December 31, 2011, December 31, 2010 and January 1, 2010, the used commitments are ₩53,709 million ($46,570 thousand), ₩14,323 million ($12,576 thousand) and ₩61,900 million ($53,015 thousand), respectively.

4) Liquidity risk

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

The Company's maturity analysis of its financial liabilities according to their remaining contract expiration as of December 31, 2011, is as follows:

Description	Korean won Less than 1 year	1–5 years	More than 5 years	Total
		(In millions)		
Current financial liabilities				
Trade payables and other current payables	₩ 186,529	₩ -	₩ -	₩ 186,529
Short-term borrowings	178,964	-	-	178,964
Other current financial liabilities	1,136	-	-	1,136
Non-current financial liabilities				
Long-term trade payables and other payables	-	10	-	10
Financial guarantee	269,027	-	16,146	285,173
Total	₩ 635,656	₩ 10	₩ 16,146	₩ 651,812
Translation into U.S. dollars (Note 2) (In thousands)	$ 551,164	$ 9	$ 13,999	$ 565,172

(3) The fair value of financial instruments

The Company estimates the fair value and book value of financial assets and liabilities to be close.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3, based on the degree to which the fair value is observable as described below:

- Level 1: Fair value measurements are those that are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Fair value measurements are those that are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: Fair value measurements are those that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2011, are as follows:

	Korean won				Translation into U.S. dollars (Note 2)
	December 31, 2011				December 31, 2011
Description	Level 1	Level 2	Level 3	Total	Total
	(In millions)				(In thousands)
Financial assets:					
AFS financial assets	₩ 1,568	₩ -	₩ 6,410	₩ 7,978	$ 6,918
Derivatives assets	-	225	-	225	195
Subtotal	₩ 1,568	₩ 225	₩ 6,410	₩ 8,203	$ 7,113
Financial liabilities:					
Derivatives liabilities	₩ -	₩ 254	₩ -	₩ 254	$ 220

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2010, are as follows:

	Korean won				Translation into U.S. dollars (Note 2)
	December 31, 2011				December 31, 2011
Description	Level 1	Level 2	Level 3	Total	Total
	(In millions)				(In thousands)
Financial assets:					
AFS financial assets	₩ -	₩ -	₩ 6,410	₩ 6,410	$ 5,558
Derivatives assets	-	202	-	202	175
Subtotal	₩ -	₩ 202	₩ 6,410	₩ 6,612	$ 5,733
Financial liabilities:					
Derivatives liabilities	₩ -	₩ 761	₩ -	₩ 761	$ 660

Fair value measurements of financial instruments by fair value hierarchy levels as of January 1, 2010, are as follows:

	Korean won				Translation into U.S. dollars (Note 2)
	December 31, 2011				December 31, 2011
Description	Level 1	Level 2	Level 3	Total	Total
	(In millions)				(In thousands)
Financial assets:					
AFS financial assets	₩ -	₩ -	₩ 6,410	₩ 6,410	$ 5,558
Derivatives assets	-	369	-	369	320
Subtotal	₩ -	₩ 369	₩ 6,410	₩ 6,779	$ 5,878
Financial liabilities:					
Derivatives liabilities	₩ -	₩ 391	₩ -	₩ 391	$ 339

33. CASH FLOWS:

(1) Cash and cash equivalents in the separate statement of financial position and cash and cash equivalents from the separate statement of cash flows are identical.

(2) Add-back of non-cash transactions for the years ended December 31, 2011 and 2010, is as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Retirement benefits	₩ 1,222	₩ 1,039	$ 1,060	$ 901
Loss on disposal of trade receivables	1,179	2,282	1,022	1,979
Depreciation	498	744	432	645
Investment property depreciation	-	34	-	29
Amortization of intangible assets	569	210	493	182
Bad debts	164	-	142	-
Loss on foreign currency translation	7,226	1,764	6,265	1,530
Loss on disposal of other investment assets	-	207	-	179
Impairment loss on intangible assets	498	1,269	432	1,100
Loss on valuation of derivatives	119	32	102	28
Other bad debts	608	2,589	527	2,245
Interest expense	2,666	220	2,312	191
Loss on disposal of associates investment	6	-	5	-
Income tax expense	(3,989)	-	(3,459)	-
Total	₩ 10,766	₩ 10,390	$ 9,333	$ 9,009

(3) Deduction of non-cash transactions for the years ended December 31, 2011 and 2010, are as follows:

Description	Korean won 2011	Korean won 2010	Translation into U.S. dollars (Note 2) 2011	Translation into U.S. dollars (Note 2) 2010
	(In millions)		(In thousands)	
Gain on foreign currency translation	₩ (7,124)	₩ (4,336)	$ (6,177)	$ (3,760)
Gain on disposal of investment property	-	(154)	-	(134)
Gain on disposal of other investment assets	-	(290)	-	(251)
Gain on disposal of property and equipment	(66)	(20)	(57)	(17)
Gains on valuation of derivatives	(86)	-	(75)	-
Reversal of allowance for bad debt	-	(628)	-	(545)
Interest income	(2,116)	(775)	(1,835)	(672)
Dividend income	(60)	-	(52)	-
Gain on disposal of associates' investment	-	(5,359)	-	(4,646)
Total	₩ (9,452)	₩ (11,562)	$ (8,196)	$ (10,025)

(4) Investing and financing activities of non-cash transactions for the year ended December 31, 2011, are as follows:

Description	2011 Korean won	2011 Translation into U.S. dollars (Note 2)
	(In millions)	(In thousands)
Alternative between advance payments and other intangible asset	₩ 2,795	$ 2,423
Alternative between property (building) and investment property (building)	773	670
Alternative between construction in progress and furniture	57	49
Total	₩ 3,625	$ 3,142

Independent Accountants' Review Report
on Internal Accounting Control System ("IACS")

English Translation of a Report Originally Issued in Korean

To the Representative Director of
GS Global Corporation:

We have reviewed the accompanying Report on the Management's Assessment of IACS (the "Management's Report") of GS Global Corporation (the "Company") as of December 31, 2011. 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 as of December 31, 2011, the Company's IACS has been appropriately designed and is operating effectively as of December 31, 2011, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association."

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, the 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.

The Company's IACS represents internal accounting policies and a system to manage and operate such policies to provide reasonable assurance regarding the reliability of separate 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 separate 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, 2011, and we did not review its IACS subsequent to December 31, 2011. 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 12, 2012