



DAEWOO-TPL JV

CONTRACT AGREEMENT

between

MUMBAI METROPOLITAN REGION DEVELOPMENT AUTHORITY

and

**DAEWOO - TPL JOINT VENTURE
(M/s DAEWOO ENGINEERING & CONSTRUCTION Co. Ltd. &
M/s TATA PROJECTS Ltd.)**

MUMBAI TRANS HARBOUR LINK PROJECT (MTHL)

PACKAGE-2

**Procurement of Mumbai Trans Harbour Link Project (Package 2)
Construction of 7.807 km Long Bridge Section (CH 10+380 – CH
18+187) Across the Mumbai Bay Including Shivaji Nagar
Interchange**

(JICA LOAN: Mumbai Trans-Harbour Link Project (I) ID-P255)

MADE ON 19TH JANUARY 2018

VOLUME - XIV of XXVI

PAGES 4766 TO 5121

Package-2 DAEWOO – TPL Joint Venture

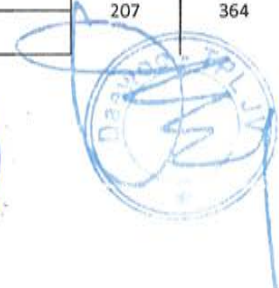
Index

Volume No.	Contents	Page No.
Volume-I	The Contract Agreement (CA)	0001 - 0168
	Performance Security	
	Power of Attorney	
	The Letter of Acceptance (LOA)	
	Letters of Clarifications (LoC)	
	The Letters of Bid (Technical & Financial)	
Volume-II	The Addenda including Attachments (Numbers 1 to 5)	0169 - 0452
Volume-III	Geotechnical Investigation Report R1 (Addendum 1 – Attachment 12)	0453 - 1474
Volume-IV	The Particular Conditions	1475 – 1768
	The General Conditions	
	The Employer's Requirements	
Volume-V	Tender Drawings	1769 - 2038
Volume-VI	Geotechnical Investigation Report (Bid Document)	2039 - 2496
Volume-VII	The Completed/Corrected Schedules	2497 - 2522
Volume-VIII	The Contractor's Proposal Volume-1	2523 - 2895
Volume-IX	The Contractor's Proposal Volume-2	2896 - 3319
Volume-X	The Contractor's Proposal Volume-3	3320 - 3657
Volume-XI	The Contractor's Proposal Volume-4	3658 - 4037
Volume-XII	The Contractor's Proposal Volume-5	4038 – 4313
Volume-XIII	The Contractor's Proposal Volume-6	4314 – 4765
Volume-XIV	The Contractor's Proposal Volume-7	4766 – 5121
Volume-XV	The Contractor's Proposal Volume-8	5122 – 5309
Volume-XVI	The Contractor's Proposal Volume-9	5310 – 5609
Volume-XVII	The Contractor's Proposal Volume-10	5610 – 5971
Volume-XVIII	The Contractor's Proposal Volume-11	5972 - 6215
Volume-XIX	The Contractor's Proposal Volume-12	6216 - 6651
Volume-XX	The Contractor's Proposal Volume-13	6652 – 6936
Volume-XXI	The Contractor's Proposal Volume-14	6937 – 7291
Volume-XXII	The Contractor's Proposal Volume-15	7292 – 7808
Volume- XXIII	The Contractor's Proposal Volume-16	7809 – 8276
Volume- XXIV	The Contractor's Proposal Volume-17	8277 – 8936
Volume- XXV	The Contractor's Proposal Price Bid	8937 – 9060
Volume- XXVI	The Acknowledgement of Compliance with Guidelines for Procurement under Japanese ODA Loans and any other documents forming part of the Contract	9061 – 9070

Mumbai Trans Harbour Link Project (Package - 02)				
Sr. No.	Description/ Document	Doc. Belongs To	Page No.	
			From	To
Cover - A - Technical Bid				
1	Covering Letter	JV	1	2
2	Letter of Technical Bid	JV	3	5
3	Bid Security - Bank Guarantee (Copy)	JV	6	10
4	Tender Fee Receipt and Tender Processing Fees Receipt	JV	11	13
5	Authorization Letter to TPL for Online Bid Submission	JV	14	15
6	Form ACK	JV	16	18
7	Joint Venture Agreement and Addendum	JV	19	27
8	Power of Attorney For Signing Bid	JV	28	31
9	Power of Attorney (Daewoo)	Daewoo	32	35
10	Power of Attorney (TPL)	TPL	36	45
Bidder's Qualification				
11	Form EIL -1 Bidder Information	Daewoo	46	49
	Joint Venture Agreement (Copy)	Daewoo	50	58
	Power of Attorney for Signing Bid & Board Resolution (Copy)	Daewoo	59	61
12	Form ELI - 2: Bidder's Party Information	Daewoo	62	64
	Article of Incorporation	Daewoo	65	108
	Certificate of Business Registration	Daewoo	109	113
	Certificate of all matters of Corporate Register	Daewoo	114	130
	Organizational Chart	Daewoo	131	132
	List of Board of Directors	Daewoo	133	134
	Details of the beneficial Ownership	Daewoo	135	136
13	Form ELI - 2: Bidder's Party Information	TPL	137	138
	Memorandum and Articles of Association along with Incorporation Certificate	TPL	139	140
	Organization Chart	TPL	141	142
	List of Board of Directors	TPL	143	144
	Details of the beneficial Ownership	TPL	145	146
	List of Bankers	TPL	147	148
14	Form EXP - 4.2 (a) - Specific Construction Experience	Daewoo	149	157
	Form Exp - 4.2 (b) - PQ Key Activity No. 02	Daewoo	158	160/2
	Experience Certificates	Daewoo	161	203
15	Applicant Party (Specialized Subcontractor) Form	JFE	204	204
	Form ELI - 2: Bidder's Party Information	JFE	205	206
	Form Exp - 4.2 (b) - PQ Key Activity No. 01	JFE		
	Form Exp - 4.2 (b) - PQ Key Activity No. 02	JFE		
	Form Exp - 4.2 (b) - PQ Key Activity No. 03	JFE		
	Form Exp - 4.2 (b) - Subcontractor Key Activity No. 01	JFE	207	364

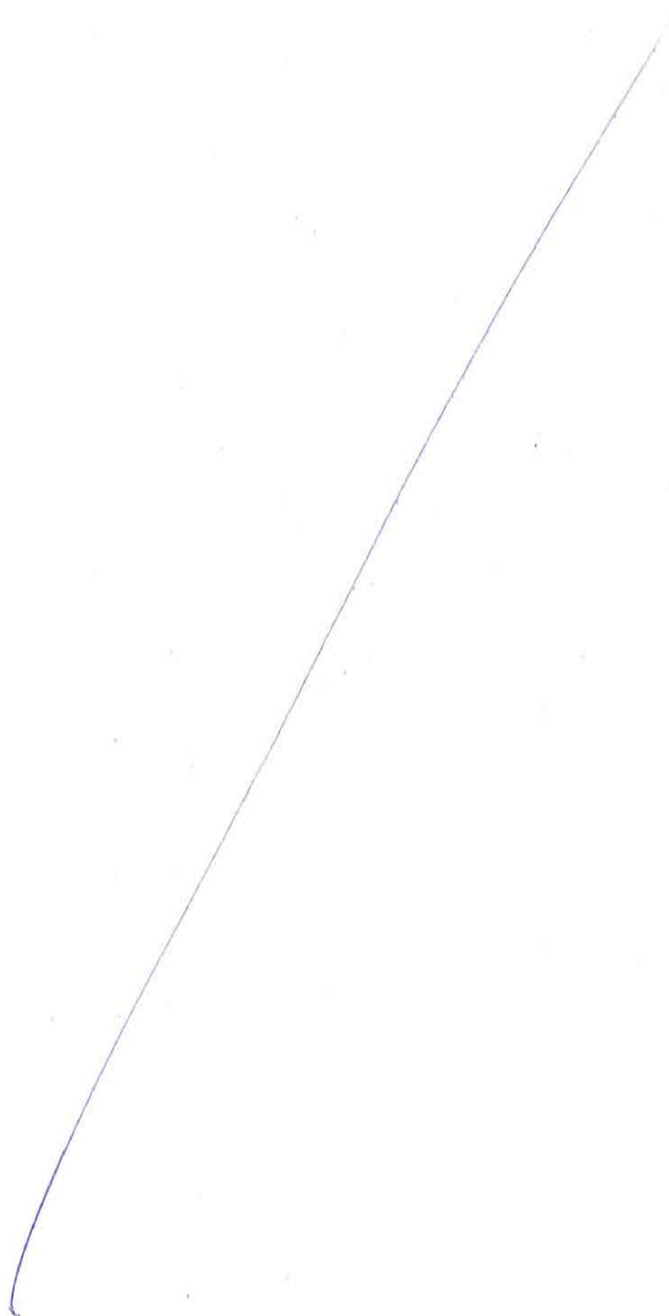


Daewoo-TPL JV



1973

4767



Mumbai Trans Harbour Link Project (Package - 02)				
Sr. No.	Description/ Document	Doc. Belongs To	Page No.	
			From	To
	Form Exp - 4.2 (b) - Subcontractor Key Activity No. 02	JFE		
	Qualifying Certificates from Subcontractor	JFE		
16	Form Exp - 4.2 (b) - PQ Key Activity No. 02	M/s VSL	365	457
	Qualifying Certificates from Subcontractor	M/s VSL		
17	Form Exp - 4.2 (b) - Subcontractor Key Activity No. 03	M/s VSL	458	503
	Qualifying Certificates from Subcontractor	M/s VSL		
18	Form Exp - 4.2 (b) - Subcontractor Key Activity No. 04	M/s Shah & Parikh	504	532
	Qualifying Certificates from Subcontractor	M/s Shah & Parikh		
19	Form Exp - 4.2 (b) - Subcontractor Key Activity No. 05	M/s Nina	533	604
	Qualifying Certificates from Subcontractor	M/s Nina		
20	Form Exp - 4.2 (b) - Subcontractor Key Activity No. 06	M/s Bauar	605	719
	Qualifying Certificates from Subcontractor	M/s Bauar		
21	Form CON: Historical Contract Non- Performance	Daewoo	720	723
22	Form CON: Historical Contract Non- Performance	TPL	724	729
23	Form FIN-1 Financial Situation	Daewoo	730	732
	Audited balance sheets of last 5 years.	Daewoo	733	1189
24	Form FIN-1 Financial Situation	TPL	1190	1193
	Audited balance sheets of last 5 years.	TPL	1194	1366
25	Form FIN-2 Average Annual Turnover	Daewoo	1367	1368
26	Form FIN-2 Average Annual Turnover	TPL	1369	1370
27	Form FIR - 1: Financial Resources	Daewoo	1371	1372
	Bank Reference Letter	Daewoo	1373	1376
28	Form FIR - 1: Financial Resources	TPL	1377	1378
	Bank Reference Letter	TPL	1379	1381
29	Form FIR - 2: Current Contract Commitments	Daewoo	1382	1402
30	Form FIR - 2: Current Contract Commitments	TPL	1403	1430
31	Forms PER -1 : Details of proposed personnel	Daewoo	1431	1432
32	Forms PER -2 : Resume of Proposed Personnels	Daewoo	1433	1448
33	Forms PER -1 : Details of proposed personnel	TPL	1449	1450
34	Forms PER -2 : Resume of Proposed Personnels	TPL	1451	1483
35	Declaration for Proposed Personnel	JV	1484	1485
36	Form SOG - Schedule of Guarantee	JV	1486	1487
37	Form MAN - Manufacturer's Authorisation for Item No.1 (Heavy duty anti corrosive)	M/s Osnar paint	1488	1508
38	Form MAN - Manufacturer's Authorisation for Item No.2 (Expansion Joints)	M/s Mageba	1509	1511
39	Form MAN - Manufacturer's Authorisation for Item No.3 (Bridge Bearing / Shoes)	M/s Mageba	1512	1514
40	Form MAN - Manufacturer's Authorisation for Item No.4 (Waterproofing)	M/s Nina	1515	1541
41	Form MAN - Manufacturer's Authorisation for Item No.5 (View Barriers & Noise Barriers)	M/s Envirotech	1542	1590
42	Form MAN - Manufacturer's Authorisation for Item No.6 (PC Cable / Wire Tensioning)	M/s Mitsui	1591	1611

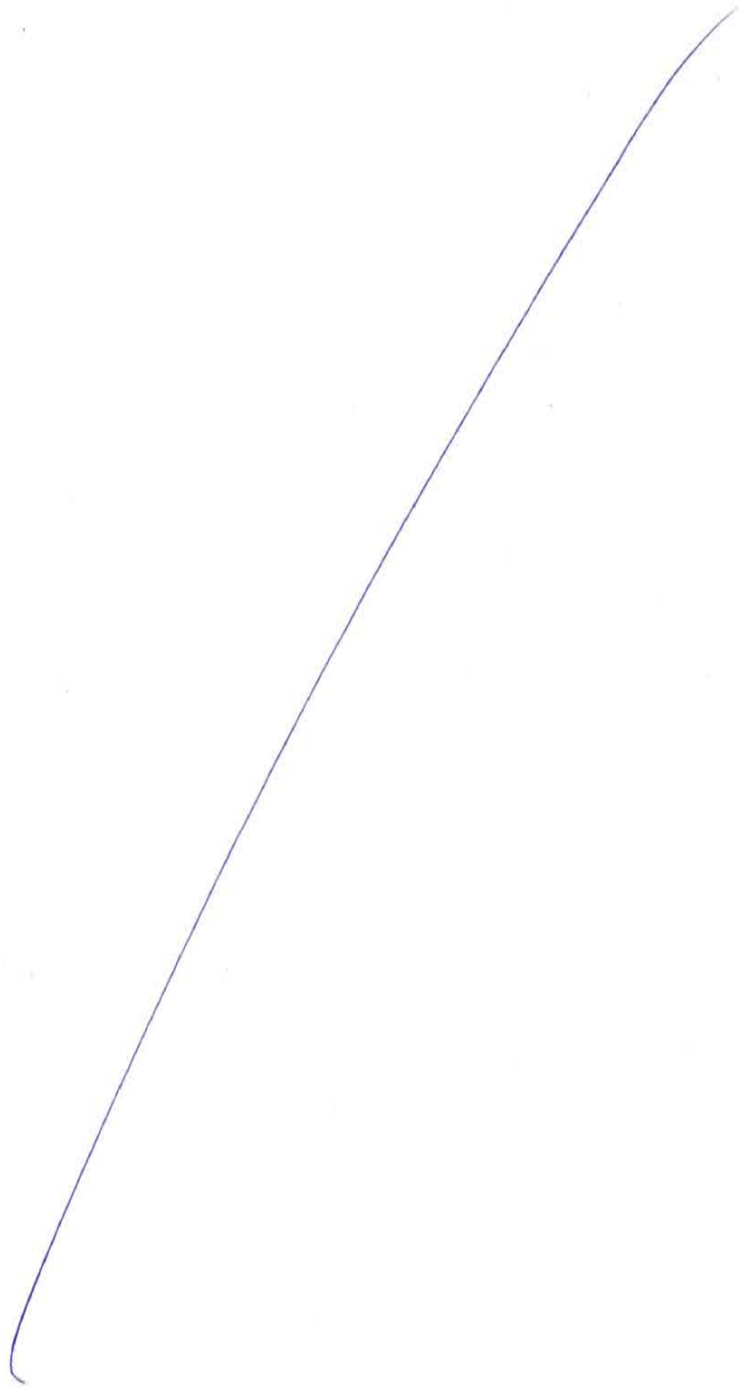


Daewoo-TPL JV



153

4769

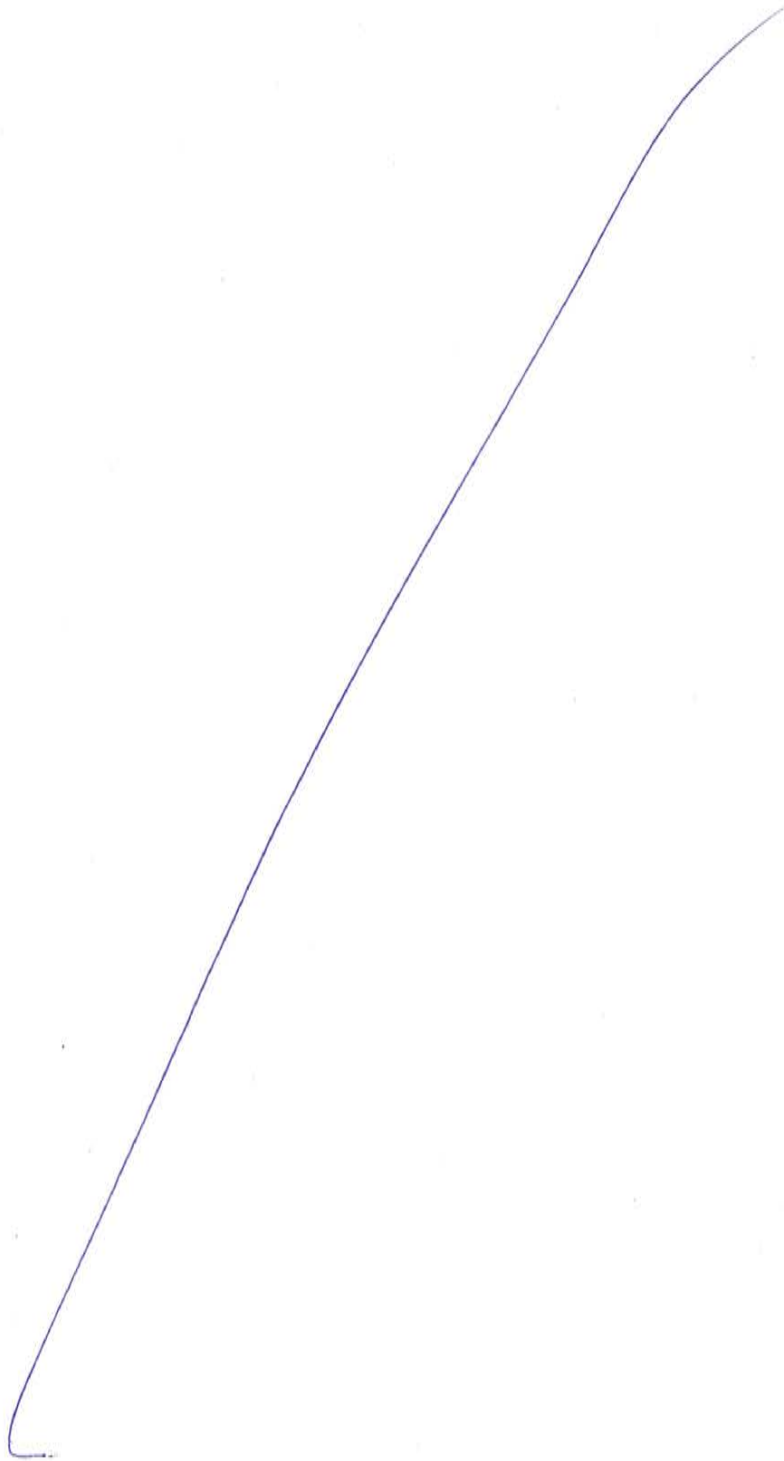


Mumbai Trans Harbour Link Project (Package - 02)				
Sr. No.	Description/ Document	Doc. Belongs To	Page No.	
			From	To
43	Form MAN - Manufacturer's Authorisation for Item No.7 (PC Cable / Wire Tensioning)	M/s Shinko	1612	1617
44	Form EQU : Equipment	JV	1618	1665
	Declaration for Key Equipment	JV	1666	1667
45	Form SUB - Proposed Sub Contractors	JV	1668	1670
46	Acknowledgement to Tender documents, Addendum and Pre-bid replies	JV	1671	1672
47	Acknowledgement to Addendum No. 1, 2, 3, 4 and 5	JV	1673	1678
48	Form CHK - Check Sheet for Technical Bid	JV	1679	1682
49	Other Documents			
	ISO 14001 : 2004, OHSAS 18001:2007 & ISO 9001 : 2008	Daewoo	1683	1687
	ISO 14001 : 2004, OHSAS 18001:2008 & ISO 9001 : 2008	TPL	1688	1693
	Change of Daewoo - TPL JV Representative	JV	1694	1697
	Bank details for Refund	JV	1698	1700
Technical Proposal				
50	Site Organization Chart	JV	1701	1702
51	Mobilization Schedule	JV	1703	1704
52	Safety Plan	JV	1705	1805
53	Environment Management Plan	JV	1806	1840
54	Health Plan	JV	1841	1869
55	Quality Assurance Plan	JV	1870	1920
56	Designer's details	M/s Ramboll	1921	2015
57	Independent Checker for Concrete Design	M/s Ch2M, M/s ARUP	2016	2270
58	Method Statement	JV	2271	2491
59	Construction Schedule	JV	2492	2494
60	Preliminary / Bidding Design	JV	2495	2824
COVER -B - Financial Bid				
1	Letter of Price Bid	JV	Enclosed In Financial Bid	
2	Schedule of Price Adjustment	JV		
3	Price Schedule	JV		
4	Proposed Schedule of Rates for Variation	JV		
5	Others as per ITB 11.3	JV		
6	Form CHK - Check Sheet for Price Bid	JV		



4771

224



**DAEWOO ENGINEERING &
CONSTRUCTION CO., LTD. and Subsidiaries**
Consolidated Financial Statements
December 31, 2015 and 2014



957-A

4773

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Index
December 31, 2015 and 2014

	Page(s)
Independent Auditor's Report	1 - 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Income	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Changes in Equity	7 - 8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 116





RESPECTED
TRUSTED
PROFESSIONAL **SAMIL**

Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.

We have audited the accompanying consolidated financial statements of DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and its subsidiaries (collectively "the Group"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Samil PricewaterhouseCoopers, LS Yongsan Tower 02 Yangang-daero, Yongsan-gu, Seoul 04386, Korea
www.samil.com



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with the Korean IFRS.

Other Matters

The accompanying consolidated financial statements as of and for the years ended December 31, 2015 and 2014, have been translated into US dollars solely for the convenience of the reader and have been translated on the basis set forth in Note 4 to the consolidated financial statements.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

Samil PricewaterhouseCoopers

Seoul, Korea
March 17, 2016

This report is effective as of March 17, 2016, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2015 and 2014

(in millions of Korean won and thousands of US dollars (Note 4))

	Notes	2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	5,6,9,37	₩ 539,046	₩ 325,690	\$ 459,938	\$ 277,892
Financial instrument assets	5,6,12,13,24,37	226,372	196,564	193,150	167,717
Trade receivables	5,6,8,10,37	2,822,566	3,263,114	2,408,333	2,784,227
Other receivables	5,6,10,37	604,706	619,349	515,961	528,455
Advance payments		495,749	527,535	422,994	450,115
Prepaid expenses		220,849	255,816	188,436	218,271
Inventories	11	1,285,202	1,231,598	1,096,589	1,050,852
Assets held for sale	14,24	505,375	568,248	431,207	484,853
		<u>6,699,865</u>	<u>6,987,914</u>	<u>5,716,608</u>	<u>5,962,382</u>
Non-current assets					
Investments in associates	15,24	137,732	54,003	117,519	46,078
Financial instrument assets	5,6,13,24,37	63,133	73,184	53,868	62,444
Investments in securities	5,6,12,24,37	307,281	351,144	262,185	299,611
Other receivables	5,6,8,10,37	1,017,028	969,635	867,771	827,334
Prepaid expenses		22,864	39,863	19,509	34,013
Investment property	18,24	171,902	178,460	146,674	152,270
Property, plant and equipment	16,24	936,319	797,642	798,907	680,582
Intangible assets	17,24	120,349	115,191	102,687	98,286
Deferred income tax assets	33	675,585	693,181	576,438	591,451
		<u>3,452,193</u>	<u>3,272,303</u>	<u>2,945,558</u>	<u>2,792,069</u>
Total assets		<u>₩ 10,152,058</u>	<u>₩ 10,260,217</u>	<u>\$ 8,662,166</u>	<u>\$ 8,754,451</u>



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2015 and 2014

(in millions of Korean won and thousands of US dollars (Note 4))

	Notes	2015	2014	2015	2014
Liabilities					
Current liabilities					
Financial instrument liabilities	5,6,13,20,37	₩ 1,648,417	₩ 1,569,890	\$ 1,406,499	\$ 1,339,497
Trade payables	5,6,37	459,419	480,967	391,996	410,381
Other payables	5,6,19,37	1,346,590	1,124,446	1,148,968	959,425
Advances received	8,19	998,759	830,175	852,183	708,340
Withholdings		133,373	149,395	113,800	127,471
Guarantee deposits received	5,6	57,341	61,079	48,926	52,115
Income tax payable	33	27,632	17,750	23,577	15,145
		<u>4,671,531</u>	<u>4,233,702</u>	<u>3,985,949</u>	<u>3,612,374</u>
Non-current liabilities					
Financial instruments liabilities	5,6,13,20,37	1,016,810	1,319,551	867,585	1,125,897
Other payables	5,6,19	-	250	-	213
Advances received	8,19	853,997	923,250	728,666	787,756
Provisions	22	355,200	572,417	303,072	488,410
Guarantee deposits received	5,6	235,258	271,163	200,732	231,368
Defined benefit liabilities	21	172,325	198,029	147,035	168,967
Deferred income tax liabilities	33	16,258	16,262	13,871	13,875
		<u>2,649,848</u>	<u>3,300,922</u>	<u>2,260,961</u>	<u>2,816,486</u>
Total liabilities		<u>7,321,379</u>	<u>7,534,624</u>	<u>6,246,910</u>	<u>6,428,860</u>
Equity attributable to owners of the Parent Company					
Capital stock	1,25	2,078,113	2,078,113	1,773,134	1,773,134
Capital surplus	25	549,538	548,906	468,889	468,349
Other components of equity	26	(99,174)	(99,174)	(84,620)	(84,620)
Accumulated other comprehensive income	26	(150,980)	(154,967)	(128,823)	(132,225)
Retained earnings	27	395,417	256,819	337,387	219,129
		<u>2,772,914</u>	<u>2,629,697</u>	<u>2,365,967</u>	<u>2,243,767</u>
Non-controlling interest		<u>57,765</u>	<u>95,896</u>	<u>49,289</u>	<u>81,824</u>
Total equity		<u>2,830,679</u>	<u>2,725,593</u>	<u>2,415,256</u>	<u>2,325,591</u>
Total liabilities and equity		<u>₩ 10,152,058</u>	<u>₩ 10,260,217</u>	<u>\$ 8,662,166</u>	<u>\$ 8,754,451</u>

The U.S. dollars figures are provided for information purpose only and do not form part of the consolidated financial statements. Refer to Note 4.

The accompanying notes are an integral part of these consolidated financial statements



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2015 and 2014

(in millions of Korean won and thousands of US dollars,
except per share amounts (Note 4))

	Notes	2015	2014	2015	2014
Sales	7,8	W 9,935,734	W 9,995,023	\$ 8,477,589	\$ 8,528,177
Cost of sales	8,29	9,207,717	9,231,385	7,856,414	7,876,608
Gross profit		728,017	763,638	621,175	651,569
Selling and administrative expenses	29,30	384,584	336,665	328,143	287,258
Operating income (loss)	7	343,433	426,973	293,032	364,311
Income from associates	15	(19,119)	12,757	(16,313)	10,885
Other income	31	411,819	467,000	351,381	398,464
Other expenses	31	491,556	627,804	419,416	535,669
Financial income	32	21,460	28,304	18,311	24,150
Financial costs	32	97,248	123,445	82,976	105,328
Profit before income tax		168,789	183,785	144,019	156,813
Income tax expense	33	26,752	54,075	22,827	46,139
Profit (loss) for the year		W 142,037	W 129,710	\$ 121,192	\$ 110,674
Profit (loss) for the year attributable to:					
Equity holders of the Parent Company		143,292	132,403	122,263	112,972
Non-controlling interest		(1,255)	(2,693)	(1,071)	(2,298)
Earnings (loss) per share attributable to the equity holders of the Parent Company during the year	28				
Basic earnings (loss) per share		W 349	W 322	\$ 0.30	\$ 0.27
Diluted earnings (loss) per share		348	322	0.30	0.27



The U.S. dollars figures are provided for information purpose only and do not form part of the consolidated financial statements. Refer to Note 4.
The accompanying notes are an integral part of these consolidated financial statements.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2015 and 2014

(in millions of Korean won and thousands of US dollars (Note 4))

	Notes	2015	2014	2015	2014
Profit (loss) for the year		W 142,037	W 129,710	\$ 121,192	\$ 110,674
Other comprehensive loss, net of tax		433	(73,420)	369	(62,646)
Items not to be reclassified to profit or loss					
Remeasurements of net defined benefit liabilities	21	(4,694)	(29,804)	(4,005)	(25,430)
Items to be reclassified to profit or loss subsequently					
Gain (loss) on valuation of available-for-sale financial assets	6,12,26	(12,909)	3,100	(11,015)	2,645
Loss on overseas operations translation	26	18,122	(51,298)	15,462	(43,771)
Other comprehensive income (loss) from associates	6,15,26	(86)	4,582	(73)	3,910
Total comprehensive income (loss) for the year		W 142,470	W 56,290	\$ 121,561	\$ 48,028
Equity holders of the Parent Company		W 142,585	W 60,235	\$ 121,659	\$ 51,395
Non-controlling interest		(115)	(3,945)	(98)	(3,367)

The U.S. dollars figures are provided for information purpose only and do not form part of the consolidated financial statements. Refer to Note 4.
The accompanying notes are an integral part of these consolidated financial statements.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2015 and 2014

(in millions of Korean won)

Notes	Attributable to equity holders of the Parent Company						Non-controlling interest	Total
	Capital stock	Capital surplus	Other Components of Equity	Accumulated other comprehensive income (loss)	Retained earnings			
Balance as of January 1, 2014	₩ 2,078,113	₩ 548,200	₩ (99,289)	₩ (112,603)	₩ 154,220	₩ 57,353	₩ 2,625,994	
Comprehensive income (loss)								
Loss for the year	-	-	-	-	132,403	(2,693)	129,710	
Loss on valuation of available-for-sale financial assets	6,12,26	-	-	3,100	-	-	3,100	
Loss on overseas operations translation	26	-	-	(50,046)	-	(1,252)	(51,298)	
Remeasurements of net defined benefit liabilities	21	-	-	-	(29,804)	-	(29,804)	
Other comprehensive loss of associates	-	-	-	4,582	-	-	4,582	
Total comprehensive income (loss)	-	-	-	(42,364)	102,599	(3,945)	56,290	
Transactions with equity holders of the Parent Company:								
Increase in paid-in capital of the subsidiaries	-	-	-	-	-	43,900	43,900	
Dividends paid	-	-	-	-	-	(706)	(706)	
Changes in scope of subsidiaries	-	706	115	-	-	(706)	115	
Total transactions with equity holders of the Parent Company	-	706	115	-	-	42,488	43,309	
Balance as of December 31, 2014	25,26,27 ₩ 2,078,113	₩ 548,906	₩ (99,174)	₩ (154,967)	₩ 256,819	₩ 95,896	₩ 2,725,593	
Balance as of January 1, 2015	₩ 2,078,113	₩ 548,906	₩ (99,174)	₩ (154,967)	₩ 256,819	₩ 95,896	₩ 2,725,593	
Comprehensive income (loss)								
Profit (loss) for the year	-	-	-	-	143,292	(1,255)	142,037	
Gain on valuation of available-for-sale financial assets	6,12,26	-	-	(12,909)	-	-	(12,909)	
Loss on overseas operations translation	26	-	-	16,982	-	1,140	18,122	
Remeasurements of net defined benefit liabilities	21	-	-	-	(4,694)	-	(4,694)	
Other comprehensive income of associates	-	-	-	(86)	-	-	(86)	
Total comprehensive income (loss)	-	-	-	3,987	138,598	(115)	142,470	
Transactions with equity holders of the Parent Company:								
Increase in paid-in capital of the subsidiaries	-	-	-	-	-	737	737	
Decrease in paid-in capital of the subsidiaries	-	-	-	-	-	(495)	(495)	
Changes in ownership interest of subsidiaries	-	832	-	-	-	(38,258)	(37,626)	
Total transactions with equity holders of the Parent Company	-	832	-	-	-	(38,016)	(37,384)	
Balance as of December 31, 2015	25,26,27 ₩ 2,078,113	₩ 549,538	₩ (99,174)	₩ (150,980)	₩ 395,417	₩ 57,765	₩ 2,830,679	



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

Notes	Attributable to equity holders of the Parent Company						Total
	Capital stock	Capital surplus	Other Components of Equity	Accumulated other comprehensive income (loss)	Retained earnings	Non-controlling interest	
Balance as of January 1, 2014	\$ 1,773,134	\$ 487,747	\$ (84,718)	\$ (96,078)	\$ 131,587	\$ 48,936	\$ 2,240,808
Comprehensive income (loss)							
Loss for the year	-	-	-	-	112,972	(2,298)	110,674
Loss on valuation of available-for-sale financial assets 6,12,26	-	-	-	2,645	-	-	2,645
Loss on overseas operations translation 26	-	-	-	(42,702)	-	(1,069)	(43,771)
Remeasurements of net defined benefit liabilities 21	-	-	-	-	(25,430)	-	(25,430)
Other comprehensive loss of associates	-	-	-	3,910	-	-	3,910
Total comprehensive income (loss)	-	-	-	(36,147)	87,542	(3,367)	48,028
Transactions with equity holders of the Parent Company:							
Increase in paid-in capital of the subsidiaries	-	-	-	-	-	37,458	37,458
Dividends paid	-	-	-	-	-	(601)	(601)
Changes in scope of subsidiaries	-	602	98	-	-	(602)	98
Total transactions with equity holders of the Parent Company	-	602	98	-	-	36,255	36,955
Balance as of December 31, 2014	25,26,27 \$ 1,773,134	\$ 488,349	\$ (84,820)	\$ (132,225)	\$ 219,129	\$ 81,824	\$ 2,325,591
Balance as of January 1, 2015	\$ 1,773,134	\$ 488,349	\$ (84,820)	\$ (132,225)	\$ 219,129	\$ 81,824	\$ 2,325,591
Comprehensive income (loss)							
Profit (loss) for the year	-	-	-	-	122,263	(1,071)	121,192
Gain on valuation of available-for-sale financial assets 6,12,26	-	-	-	(11,015)	-	-	(11,015)
Loss on overseas operations translation 26	-	-	-	14,490	-	972	15,462
Remeasurements of net defined benefit liabilities 21	-	-	-	-	(4,005)	-	(4,005)
Other comprehensive income of associates	-	-	-	(73)	-	-	(73)
Total comprehensive income (loss)	-	-	-	3,402	118,258	(99)	121,561
Transactions with equity holders of the Parent Company:							
Increase in paid-in capital of the subsidiaries	-	-	-	-	-	630	630
Dividends paid	-	-	-	-	-	(422)	(422)
Changes in ownership interest of subsidiaries	-	540	-	-	-	(32,644)	(32,104)
Total transactions with equity holders of the Parent Company	-	540	-	-	-	(32,436)	(31,896)
Balance as of December 31, 2015	25,26,27 \$ 1,773,134	\$ 488,889	\$ (84,820)	\$ (128,823)	\$ 337,387	\$ 49,289	\$ 2,415,258



The U.S. dollars figures are provided for information purpose only and do not form part of the consolidated financial statements. Refer to Note 4.
 The accompanying notes are an integral part of these consolidated financial statements.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2015 and 2014

(in millions of Korean won and thousands of US dollars (Note 4))

	Notes	2015		2014	
Cash flows from operating activities					
Cash generated from operations	36	₩	737,645	₩	404,912
Interest received			23,079		23,106
Interest paid			(93,867)		(120,847)
Income tax paid			6,316		(50,781)
Dividends received			11,869		8,726
Dividends paid			-		(706)
Net cash inflow from operating activities			685,042		264,410
Cash flows from investing activities					
Decrease in current financial instrument assets			85,794		73,116
Increase in current financial instrument liabilities (derivatives)			18,829		16,932
Decrease in current other receivables			22,089		20,713
Disposal of assets held for sale			87,519		68,055
Decrease in investments in securities			147,247		151,572
Disposal of investments in associates			-		1,192
Decrease in non-current other receivables			96,682		51,826
Disposal of investment property			5,394		9,501
Disposal of property, plant and equipment			6,410		3,035
Disposal of intangible assets			8		1,313
Increase in current financial instrument assets			(126,698)		(90,674)
Decrease in current financial instrument liabilities (derivatives)			(16,339)		(27,670)
Increase in current other receivables			(36,267)		(33,977)
Acquisition of investments in securities			(126,444)		(48,151)
Acquisition of investments in associates			(30,359)		(1,987)
Increase in non-current financial instrument assets			(4,400)		(1,400)
Increase in non-current other receivables			(222,706)		(93,797)
Acquisition of property, plant and equipment			(440,552)		(156,004)
Acquisition of intangible assets			(5,332)		(4,338)
Net cashflow by changes in ownership interest of subsidiaries			(1,992)		-
Net cash inflow from investing activities			(541,117)		(60,743)
Cash flows from financing activities					
Increase in current financial instrument liabilities			4,572,226		3,672,666
Increase in non-current financial instrument liabilities			847,142		867,201
Increase in paid-in capital of the non-controlling interest			48,295		43,899
Decrease in current financial instrument liabilities			(5,397,699)		(4,872,895)
Decrease in non-current financial instrument liabilities			(495)		-
Decrease in paid-in capital of the non-controlling interest			(495)		-
Net cash inflow (outflow) from financing activities			68,974		(289,129)
Exchange gain on cash and cash equivalents			457		1,554
Net increase (decrease) in cash and cash equivalents			213,356		(83,908)
Cash and cash equivalents at the beginning of year	9		325,690		409,598
Cash and cash equivalents at the end of year	9	₩	539,046	₩	325,690
		\$	459,938	\$	277,892

The U.S. dollars figures are provided for information purpose only and do not form part of the consolidated financial statements. Refer to Note 4.
The accompanying notes are an integral part of these consolidated financial statements.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

1. General information

General information about DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. ("the Parent Company") and its subsidiaries (collectively referred to "the Group") is as follows.

General information of the parent company

The Parent Company was incorporated on December 27, 2000, upon the split-up of the former Daewoo Corporation. The Parent Company is engaged in the engineering and construction business including civil works (construction of infrastructures such as roads, railroads), architectural (construction of office and commercial buildings), housing (construction of residential buildings), plants (construction of petrochemical and gas plants), and power plants (construction of energy-related plants).

	Number of shares	Par value (in millions)	Percentage of ownership (%)
KDB Value VI LLC	210,931,209	W 1,054,656	50.75
SEBT Investment LLC	51,042,007	255,210	12.28
Kumho Tire Co., Inc.	18,277,029	91,385	4.40
Kumho Petrochemical Co., LTD.	14,621,622	73,108	3.52
Asiana Airlines Inc.	9,138,514	45,693	2.20
Others	111,612,257	558,061	26.85
Total	415,622,638	W 2,078,113	100.00



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

General information of the subsidiaries

The Parent Company's consolidated subsidiaries as of December 31, 2015 and 2014, are as follows:

	Location	Type of business	Percentage of ownership (%)		Year end
			2015	2014	
DW Steel Tech Co., Ltd.	Korea	Construction	100	100	December 31
Daewoo Songdo Hotel Co., Ltd.	Korea	Hotel	100	100	December 31
Prugio Service Co., Ltd.	Korea	Construction Warranties	100	100	December 31
Korea Infrastructure Management Co., Ltd.	Korea	Management	100	100	December 31
Foodream Ltd.	Korea	Food service	100	100	December 31
Busan Hi Tech Industrial Complex Co., Ltd.	Korea	Real estate	85	85	December 31
Gangdong Project Financing Investment Co., Ltd.	Korea	Real estate	89.5	85	December 31
Daewoo Power Co., Ltd. ¹	Korea	Service	100	-	December 31
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.) ²	-	-	-	67.4	December 31
DW AMERICA DEVELT INC.	U.S.A.	Real estate	100	100	December 31
Daewoo Tripoli Investment & Development Co.	Libya	Hotel	60	60	December 31
SAIPAN LAULAU DEVELOPMENT, INC.	Saipan	Golf resort	100	100	December 31
THT DEVELOPMENT CO., LTD	Vietnam	Real estate	100	100	December 31
Daewoo E&C Nigeria Limited ³	Nigeria	Construction	49	-	December 31

¹ The entity was recognized as a consolidated subsidiary as it was newly established during the current year.

² The entity was derecognized from the consolidated financial statements since the Group lost control as percentage of ownership decreased due to paid-in capital increase during the current year.

³ The entity was newly established during the current year. Although the Group's ownership does not exceed 50%, it is classified as a consolidated subsidiary since the Group is considered to have control of the entity.



969

4785

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The financial information of consolidated subsidiaries as of and for the years ended December 31, 2015 and 2014, is as follows:

(in millions of Korean won)

	2015					
	Assets	Liabilities	Equity	Sales	Net Profit (loss)	Comprehensive Income (loss)
DW Steel Tech Co., Ltd.	₩ 81,940	₩ 28,845	₩ 53,095	₩ 124,862	₩ 4,833	₩ 4,747
Daewoo Songdo Hotel Co., Ltd.	167,644	142,180	25,464	28,850	(7,480)	(7,644)
Prugio Service Co., Ltd.	19,478	12,259	7,219	62,959	1,921	1,947
Korea Infrastructure Management Co., Ltd.	12,268	4,235	8,033	21,831	3,144	3,062
Foodream Ltd.	4,956	3,340	1,616	16,333	250	210
Busan Hi Tech Industrial Complex Co., Ltd.	1,146	1	1,145	-	(115)	(115)
Gangdong Project Financing ¹ Investment Co., Ltd.	5,824	3,727	2,097	69,485	2,367	2,367
DAEWOO ENERGY Co., Ltd.	381	9	372	-	(128)	(128)
DW AMERICA DEVEL'T INC. ¹	5,197	20,069	(14,872)	-	(161)	(1,080)
Daewoo Tripoli Investment & Development Co., Ltd. ¹	176,005	32,932	143,073	-	(2,743)	110
SAIPAN LAULAU DEVELOPMENT, INC.	66,616	24,314	42,302	7,010	(4,084)	(1,309)
THT DEVELOPMENT CO., LTD.	354,077	258,635	95,442	-	(3,434)	2,601
Daewoo E&C Nigeria Limited ¹	476	211	265	-	(242)	(275)

(in thousands of US dollars (Note 4))

	2015					
	Assets	Liabilities	Equity	Sales	Net Profit (loss)	Comprehensive Income (loss)
DW Steel Tech Co., Ltd.	\$ 69,915	\$ 24,612	\$ 45,303	\$ 106,538	\$ 4,124	\$ 4,050
Daewoo Songdo Hotel Co., Ltd.	143,041	121,314	21,727	24,616	(6,382)	(6,522)
Prugio Service Co., Ltd.	16,619	10,460	6,160	53,719	1,639	1,661
Korea Infrastructure Management Co., Ltd.	10,468	3,613	6,854	18,627	2,683	2,613
Foodream Ltd.	4,229	2,850	1,379	13,936	213	179
Busan Hi Tech Industrial Complex Co., Ltd.	978	1	977	-	(98)	(98)
Gangdong Project Financing ¹ Investment Co., Ltd.	4,969	3,180	1,789	59,288	2,020	2,020
DAEWOO ENERGY Co., Ltd.	325	8	317	-	(109)	(109)
DW AMERICA DEVEL'T INC. ¹	4,434	17,124	(12,689)	-	(137)	(922)
Daewoo Tripoli Investment & Development Co., Ltd. ¹	150,175	28,099	122,076	-	(2,340)	94
SAIPAN LAULAU DEVELOPMENT, INC.	56,840	20,746	36,094	5,981	(3,485)	(1,117)
THT DEVELOPMENT CO., LTD.	302,113	220,678	81,435	-	(2,930)	2,219
Daewoo E&C Nigeria Limited ¹	406	180	226	-	(206)	(235)

¹ The Group prepared its consolidated financial statements based on the unaudited financial statements of consolidated subsidiaries and reviewed the reliability of these financial statements.



4786 970

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2014					
	Assets	Liabilities	Equity	Sales	Net Profit (loss)	Comprehensive Income (loss)
DW Steel Tech Co., Ltd.	₩ 81,916	₩ 33,094	₩ 48,822	₩ 123,544	₩ 1,707	₩ 1,558
Daewoo Songdo Hotel Co., Ltd.	168,123	135,015	33,108	31,675	(6,470)	(6,463)
Prugio Service Co., Ltd.	15,682	10,412	5,270	48,989	1,438	1,452
Korea Infrastructure Management Co., Ltd.	7,572	2,602	4,970	18,400	1,863	1,845
Foodream Ltd.	4,458	3,052	1,406	20,418	1,135	1,202
Busan Hi Tech Industrial Complex Co., Ltd.	1,571	311	1,260	65,120	8,577	8,577
Gangdong Project Financing Investment Co., Ltd.	40,478	35,798	4,680	54,612	776	776
DAEWOO ENERGY Co., Ltd.	188,726	69,596	119,130	-	(1,747)	(1,747)
DW AMERICA DEVEL'T INC. ¹	5,688	19,480	(13,792)	-	(108)	(658)
Daewoo Tripoli Investment & Development Co., Ltd.	180,913	39,791	141,122	-	(10,144)	(13,271)
SAIPAN LAULAU DEVELOPMENT, INC.	66,278	22,667	43,611	6,838	(3,588)	(1,914)
THT DEVELOPMENT CO., LTD.	206,597	113,756	92,841	-	(1,893)	1,807

(in thousands of US dollars (Note 4))

	2014					
	Assets	Liabilities	Equity	Sales	Net Profit (loss)	Comprehensive Income (loss)
DW Steel Tech Co., Ltd.	\$ 69,894	\$ 28,237	\$ 41,657	\$ 105,413	\$ 1,456	\$ 1,329
Daewoo Songdo Hotel Co., Ltd.	143,450	115,201	28,249	27,026	(5,520)	(5,515)
Prugio Service Co., Ltd.	13,381	8,884	4,497	41,799	1,227	1,239
Korea Infrastructure Management Co., Ltd.	6,461	2,220	4,241	15,700	1,590	1,574
Foodream Ltd.	3,804	2,604	1,200	17,422	968	1,026
Busan Hi Tech Industrial Complex Co., Ltd.	1,340	265	1,075	55,563	7,318	7,318
Gangdong Project Financing Investment Co., Ltd.	34,538	30,544	3,993	46,597	662	662
DAEWOO ENERGY Co., Ltd.	161,029	59,382	101,647	-	(1,491)	(1,491)
DW AMERICA DEVEL'T INC. ¹	4,853	16,621	(11,768)	-	(92)	(561)
Daewoo Tripoli Investment & Development Co., Ltd.	154,363	33,951	120,411	-	(8,655)	(11,323)
SAIPAN LAULAU DEVELOPMENT, INC.	56,551	19,340	37,211	5,834	(3,061)	(1,633)
THT DEVELOPMENT CO., LTD.	176,277	97,061	79,216	-	(1,615)	1,542

¹ The Group prepared its consolidated financial statements based on the unaudited financial statements of consolidated subsidiaries and reviewed the reliability of these financial statements.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean 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.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group newly applied the following amended and enacted standards for the annual period beginning on January 1, 2015:

- Amendment to Korean IFRS 1019, *Employee Benefits*

Amendment to Korean IFRS 1019, *Employee Benefits*, permits a practical expedient for companies that operate defined benefit plans when contributions are made by employees or third parties. The application of this amendment does not have a material impact on the consolidated financial statements.

- Annual Improvements to Korean IFRS 2010-2012 Cycle
- Amendment to Korean IFRS 1102, *Share-based Payment*



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Korean IFRS 1102, *Share-based Payment*, clarifies the definition of 'vesting condition', 'performance condition', and a 'service condition'

- Amendment to Korean IFRS 1103, *Business Combination*

Korean IFRS 1103, *Business Combination*, clarifies the classification and measurement of contingent consideration in the business combination.

- Amendment to Korean IFRS 1108, *Operating Segments*

Korean IFRS 1108, *Operating Segments*, requires disclosures of the judgments made by management in aggregating operating segments and a reconciliation of the reportable segments' assets to the entity's assets.

- Amendment to Korean IFRS 1016, *Property, plant and equipment*, and Korean IFRS 1038, *Intangible assets*

Korean IFRS 1016, *Property, plant and equipment*, and Korean IFRS 1038, *Intangible assets*, clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model

- Amendment to Korean IFRS 1024, *Related Party Disclosures*

Korean IFRS 1024, *Related Party Disclosures*, includes, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

- Annual Improvements to Korean IFRS 2011-2013 Cycle

- Amendment to Korean IFRS 1103, *Business Combination*

Korean IFRS 1103, *Business Combination*, clarifies that Korean IFRS 1103 does not apply to the accounting for the formation of any joint arrangement.

- Amendment to Korean IFRS 1113, *Fair Value Measurement*

Korean IFRS 1113, *Fair Value Measurement*, clarifies that the portfolio exception, which allows an entity to measure the fair value of a group of financial instruments on a net basis, applies to all contracts (including non-financial contracts) within the scope of Korean IFRS 1039

- Amendment to Korean IFRS 1040, *Investment property*

Korean IFRS 1040, *Investment property*, clarifies that Korean IFRS 1040 and Korean IFRS 1103 are not mutually exclusive.

Other standards and amendments which are effective for the annual period beginning on January 1, 2015, do not have a material impact on the consolidated financial statements.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(b) New standards and interpretations not yet adopted

New standards and amendments issued but not effective for the financial year beginning January 1, 2015, and not early adopted are enumerated below. The Group expects that these standards, amendments and interpretations issued would not have a material impact on its consolidated financial statements.

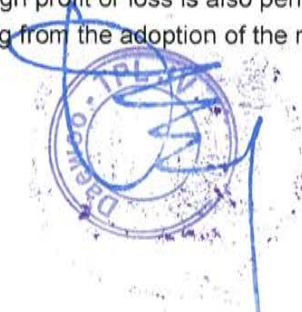
- Amendment to Korean IFRS 1001, *Presentation of Financial Statements*
- Korean IFRS 1016, *Property, plant and equipment*, and Korean IFRS 1041, *Agriculture and fishing: Productive plants*
- Korean IFRS 1016, *Property, plant and equipment*, and Korean IFRS 1038, *Intangible assets: Amortization based on revenue*
- Korean IFRS 1110, *Consolidated Financial Statements*, Korean IFRS 1028, *Investments in Associates and Joint Ventures*, and Korean IFRS 1112, *Disclosures of Interests in Other Entities: Exemption for consolidation of investee*
- Korean IFRS 1111, *Joint Agreements*
- Annual Improvements to Korean IFRS 2012-2014 Cycle
- Amendment to Korean IFRS 1027, *Separate Financial Statements*

Amendment to Korean IFRS 1027, *Separate Financial Statements*, requires that the accounting for investments in subsidiaries, jointly controlled entities and associates be accounted for under one of the following methods by each category: at cost, in accordance with the Korean IFRS 1039, or the equity method in Korean IFRS 1028. This amendment is effective for the financial year initially beginning on or after January 1, 2016, but early adoption is allowed. The Group is in the process of determining the effects resulting from the adoption of the amendment.

- Korean IFRS 1109, *Financial Instruments*

The new Standard issued in December 2015 regarding financial instruments replaces Korean IFRS 1039, *Financial Instruments: Recognition and Measurement*.

Korean IFRS 1109, *Financial Instruments*, requires financial assets to be classified and measured on the basis of the holder's business model and the instrument's contractual cash flow characteristics. The Standard requires a financial instrument to be classified and measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, and provides guidance on accounting for related gains and losses. The impairment model is changed into an expected credit loss model, and changes in those expected credit losses are recognized in profit or loss. The new Standard is effective for the financial year initially beginning on or after January 1, 2018, but early adoption is allowed. Early adoption of only the requirements related to financial liabilities designated at fair value through profit or loss is also permitted. The Group is in the process of determining the effects resulting from the adoption of the new Standard.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

- Korean IFRS 1115, *Revenue from Contracts with Customers*

The new Standard for the recognition of revenue issued in December 2015 will replace Korean IFRS1018, Revenue, Korean IFRS 1011, *Construction Contracts*, and related Interpretations.

Korean IFRS 1115, *Revenue from Contracts with Customers*, will replace the risk-and-reward model under the current standards and is based on the principle that revenue is recognized when control of goods or services transfer to the customer by applying the five-step process. Key changes to current practices include guidance on separate recognition of distinct goods or services in any bundled arrangement, constraint on recognizing variable consideration, criteria on recognizing revenue over time, and increased disclosures. The new Standard is effective for annual reporting beginning on or after January 1, 2018, but early application is permitted. The Group is in the process of determining the effects resulting from the adoption of the new Standard.

Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110, *Consolidated Financial Statements*.

(a) Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidation of a subsidiary begins from the date the Company obtains control of a subsidiary and ceases when the Company loses control of the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are expensed as incurred.

Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Group subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(b) Associates

Associates are all entities over which the Group has significant influence, and investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is any objective evidence that the investment in the associate is impaired, the Group recognizes the difference between the recoverable amount of the associate and its book value as impairment loss.

(c) Joint Arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company (except for foreign branches)'s functional and presentation currency.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 profit or loss.

Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and available-for-sale equity instruments are recognized in profit or loss and included in other comprehensive income, respectively, as part of the fair value gain or loss.

Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity financial assets. Regular purchases and sales of financial assets are recognized on the trade date.

At initial recognition, financial assets are measured at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of income. After the initial recognition, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables, and held-to-maturity investments are subsequently carried at amortized cost using the effective interest rate method.

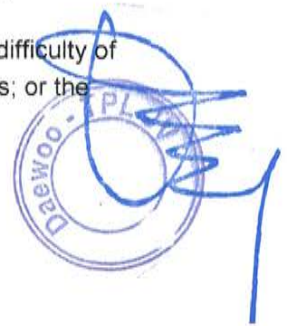
Changes in fair value of financial assets at fair value through profit or loss are recognized in profit or loss and changes in fair value of available-for-sale financial assets are recognized in other comprehensive income. When the available-for-sale financial assets are sold or impaired, the fair value adjustments recorded in equity are reclassified into profit or loss.

(b) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly deducted from their carrying amount. The Group writes off financial assets when the assets are determined to be no longer recoverable.

The objective evidence that a financial asset is impaired includes significant financial difficulty of the issuer or obligor; a delinquency in interest or principal payments over three months; or the



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

disappearance of an active market for that financial asset because of financial difficulties. A significant or prolonged decline in the fair value of an available-for-sale equity instrument significantly from its cost is also objective evidence of impairment.

(c) Derecognition

If the Group transfers a financial asset and the transfer does not result in derecognition because the Group has retained substantially of all risks and rewards of ownership of the transferred asset due to a recourse in the event the debtor defaults, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The related financial liability is classified as 'financial instrument liabilities' in the statement of financial position.

(d) Offsetting of financial instruments

Financial assets and liabilities are off set and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Derivative financial instruments and hedging activities

The Group designates the derivatives that hedges of the fair value of recognized assets or liabilities or a firm commitment (as fair value hedge).

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Changes in the fair value of the derivatives that are not qualified for hedge accounting are recognized in the statement of income within 'other income (expenses)' according to the nature of transactions.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, on which the effective interest method is used, is amortized to profit or loss over the period to maturity.

Inventories

Inventories are stated at the lower of cost and net realizable value. Raw materials and supplies are valued at cost using first in, first out method (FIFO) and temporary materials are valued at cost less related periodic expense. Other inventories are valued at cost using the specific identification method.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Assets (or disposal group) held for sale

Non-current assets (or disposal group) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

Property, plant and equipment

Property, plant and equipment are stated at its cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

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:

	<u>Estimated useful life</u>
Buildings	18 - 60 years
Structures	4 - 40 years
Ships	5 - 12 years
Machinery	2 - 8 years
Vehicles	4 - 8 years
Tools	4 years
Furniture and fixtures	4 years

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed at each financial year-end and, if appropriate, accounted for as changes in accounting estimates.

Intangible assets

Goodwill is measured as explained in Note 2.3.(1) and carried at its cost less accumulated impairment losses.

Intangible assets, except for goodwill, are initially recognized at its historical cost and carried at its cost less accumulated amortization and accumulated impairment losses. Intangible assets with definite useful life that are amortized using the straight-line method over their estimated useful lives, are as follows:

	<u>Estimated useful life</u>
Usage rights (except for trademark rights)	Stipulated term of usage
Software	4 years

Membership rights and trademark rights are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.



858 979 4795

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Investment property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property, except for land, is depreciated using the straight-line method over their useful lives of 40 years.

Borrowing costs

Borrowing costs incurred in the acquisition or construction of a qualifying asset are capitalized in the period when it is prepared for its intended use, and investment income earned on the temporary investment of borrowings made specifically for the purpose obtaining a qualifying asset is deducted from the borrowing costs eligible for capitalization during the period. Other borrowing costs are recognized as expenses for the period in which they are incurred.

Impairment of non-financial assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

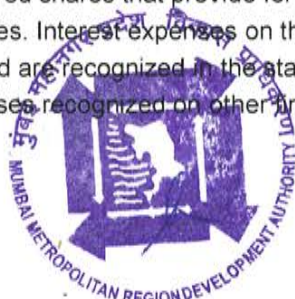
Financial liabilities

(a) Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally for the purpose of repurchasing them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'trade payables', 'financial instrument liabilities and 'other payables' in the statement of financial position.

Preferred shares that provide for a mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares calculated using the effective interest method are recognized in the statement of income as 'finance costs', together with interest expenses recognized on other financial liabilities.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

Financial guarantee contracts

Financial guarantees contracts provided by the Group are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amounts below and recognized as 'financial instrument liabilities':

- The amount determined in accordance with Korean IFRS 1037, Provisions, Contingent Liabilities and Contingent Assets;
- Or the initial amount, less accumulated amortization recognized in accordance with Korean IFRS1018, Revenue.

Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the increase in the provision due to passage of time is recognized as interest expense.

Current and deferred income tax

The tax expense for the period consists of current and deferred tax. Tax is recognized on the profit for the period in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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 the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The Group operates the defined benefit plan. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liability are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services arising from the normal activities of the Group. It is stated as net of value added taxes, returns, rebates and discounts, after elimination of intra-company transactions.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Construction contracts

A construction contract is defined by Korean IFRS 1011, *Construction Contracts*, as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion. Contract costs are recognized as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss on the



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

construction contract is immediately recognized as an expense. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured (Note 8). Contract costs are recognized as an expense in the period in which they are incurred.

The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These amounts are recognized as inventory, prepaid expenses or other assets.

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset when costs incurred plus recognized profits (less recognized losses) exceed progress billings (due from customers for contract work); and a contract represents a liability when the opposite is the case (due to customers for contract work).

(b) Sales of goods

Sales of goods are recognized when the Group delivers the products to the customer. The Group uses the percentage-of-completion method to recognize its revenues from building and selling apartment houses in accordance with "2011-I-KQA", an official opinion issued by Korea Accounting Institute. This accounting treatment is valid only under the Korean International Financial Reporting Standards as stated in sub-clause 1 of clause 1, Article 13 of the Act on External Audit of Corporations.

(c) Rendering of services

Rendering of services are recognized by reference to the stage of completion of a contract. The stage of completion of a contract is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. However, in case of the subsidiary which operates a hotel and resort business, revenue such as charge for rooms, food, drinks and service is recognized in the period the service is rendered.

(d) Interest income

Interest income is recognized using the effective interest method. When receivables are impaired, the Group reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized using the original effective interest rate.

(e) Dividend income

Dividend income is recognized when the right to receive payment is established.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Leases

A lease is an agreement, whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases where all the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Lease payments under operating leases are recognized as expenses on a straight-line basis over the lease term.

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases and recognized as lease assets and liabilities at the lower of the fair value of the leased property and the present value of the minimum lease payments on the opening date of the lease period.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership at the inception of the lease. A lease other than a finance lease is classified as an operating lease. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred by the lessor in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

Segment Reporting

Information of each operating segment is reported in a manner consistent with the business segment reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of director that makes strategic decisions.

Approval of issuance of the financial statements

The issuance of the December 31, 2015 consolidated financial statements of the Company was approved by the Board of Directors on February 4, 2016, and will be approved at the annual shareholders' meeting on March 25, 2016.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

3. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities after the end of the reporting date are addressed below.

Uncertainty of the estimated total contract revenue and contract cost

Total contract revenue is measured based on contractual amount initially agreed. The contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. Therefore, this measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The change in contract revenue is recognized when it is probable that the customer will approve the increase in revenue due to the changes in contract work, and the amount can be estimated reliably.

The measurement of contract revenue is affected by the uncertainty of the occurrence of future events. When it is expected that the Group may incur delay penalty as the completion date is delayed with the causes attributable to the Group, the Group decreases the amount of contract revenue. The delay penalty reflected in contract profit and loss because the Group did not meet the deadline for construction under contract as of December 31, 2015, amounts to W 10,703 million (equivalent to US \$ 9,132 thousand). Also, the Group makes persistent efforts to minimize the delay penalty by making an extension claim to a customer when it expects a delay in the completion and proving that the Group is not attributable for the delay.

The amount of construction sales is influenced by the stage of completion that is measured based on the contract costs incurred up to the end of the reporting period. There exists uncertainty of variability based on future estimates of material costs, labor costs, outside processing expenses and indirect costs etc. according to variations in probable changes in construction design or construction period.

The Group reviews periodically whether there is a significant variation in estimated total contract cost and reflects the variations when calculating the stage of completion as of period-end.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 5). In addition, bad debts of loans and other receivables are estimated based on historical experience and expectation of future events. There is uncertainty that may cause the significant differences with actual amount.

Provisions

The Group recognized provisions related to construction warranty, litigations and PF payment guarantee. Provisions are estimated based on historical experience and expectation. However, future events can be different significantly with historical experience and expectation, and therefore, there is uncertainty that may cause the significant differences with actual amount.

Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

4. United States dollar amounts

The Company operates primarily in Korean won and its accounting records are maintained in Korean won. The U.S. dollar amounts, provided herein, represent supplementary information, solely for the convenience of the reader. All won amounts are expressed in U.S. dollars at US \$ 1: W 1,172, the exchange rate in effect on December 31, 2015. Such presentation is not in accordance with accounting principles generally accepted in either the Republic of Korea or the United States, and should not be construed as a representation that the won amounts shown could be readily converted, realized or settled in U.S. dollars at this or any other rate.

The 2014 U.S. dollar amounts, which were previously expressed at US \$ 1: W 1,099.2, the rate in effect on December 31, 2014, have been restated to reflect the exchange rate in effect on December 31, 2015.

5. Fair Value

5.1 Fair Value of Financial Instruments by Category

Carrying amount and fair value of financial instruments by category as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	W 539,046	W 539,046	W 325,690	W 325,690
Short-term financial instrument assets	226,372	226,372	196,564	196,564
Trade receivables	2,822,566	2,822,566	3,263,114	3,263,114
Short-term other receivables	604,706	604,706	619,349	619,349
Long-term financial instrument assets	63,133	63,133	73,184	73,184
Long-term other receivables	1,017,028	1,017,028	969,635	969,635
Investment in securities ¹	145,691	145,691	183,223	183,223
	<u>W 5,418,542</u>	<u>W 5,418,542</u>	<u>W 5,630,759</u>	<u>W 5,630,759</u>
Financial liabilities				
Short-term financial instrument liabilities	W 1,648,417	W 1,648,417	W 1,569,890	W 1,569,890
Trade receivables	459,419	459,419	480,967	480,967
Short-term other receivables	1,346,590	1,346,590	1,124,445	1,124,445
Guarantee deposits received	57,341	57,341	61,079	61,079
Long-term financial instrument liabilities	1,016,810	1,016,810	1,319,551	1,319,551
Long-term other receivables	-	-	250	250
Long-term guarantee deposits received	235,258	235,258	271,163	271,163
	<u>W 4,763,835</u>	<u>W 4,763,835</u>	<u>W 4,827,345</u>	<u>W 4,827,345</u>



987

4803

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	\$ 459,937	\$ 459,937	\$ 277,892	\$ 277,892
Short-term financial instrument assets	193,150	193,150	167,717	167,717
Trade receivables	2,408,333	2,408,333	2,784,227	2,784,227
Short-term other receivables	515,961	515,961	528,455	528,455
Long-term financial instrument assets	53,868	53,868	62,444	62,444
Long-term other receivables	867,770	867,770	827,333	827,333
Investment in securities ¹	124,310	124,310	156,334	156,334
	<u>\$ 4,623,329</u>	<u>\$ 4,623,329</u>	<u>\$ 4,804,402</u>	<u>\$ 4,804,402</u>
Financial liabilities				
Short-term financial instrument liabilities	\$ 1,406,499	\$ 1,406,499	\$ 1,339,497	\$ 1,339,497
Trade receivables	391,996	391,996	410,381	410,381
Short-term other receivables	1,148,968	1,148,968	959,424	959,424
Guarantee deposits received	48,926	48,926	52,115	52,115
Long-term financial instrument liabilities	867,585	867,585	1,125,897	1,125,897
Long-term other receivables	-	-	213	213
Long-term guarantee deposits received	200,732	200,732	231,368	231,368
	<u>\$ 4,064,706</u>	<u>\$ 4,064,706</u>	<u>\$ 4,118,895</u>	<u>\$ 4,118,895</u>

¹ Equity securities that do not have a quoted price in an active market are measured at cost and excluded from the fair value disclosures.

5.2 Financial Instruments Measured at Cost

Details of financial instruments measured at cost as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015	2014	2015	2014
Investment in securities				
Equity securities ¹	W 161,590	W 167,921	\$ 137,875	\$ 143,277

¹ Unlisted equity securities of SOC and developers measured using cost method since estimated cash flows cannot be assessed reliably due to its early stages of construction.

The Group will not dispose of the debt and equity securities in the short term, and will measure the debt and equity securities at fair values when the fair values are reliably measured in accordance with the progress of the project.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

5.3 Fair Value Hierarchy

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or its fair value is disclosed as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities that are measured at fair value				
Current derivative instruments assets	₩ -	₩ 54,787	₩ -	₩ 54,787
Non-current derivative instruments assets	-	55,731	-	55,731
Available-for-sale financial assets	48	12,033	134,396	146,477
Current derivative instruments liabilities	-	51,073	-	51,073
Non-current derivative instruments liabilities	-	52,112	-	52,112

(in thousands of US dollars (Note 4))

	2015			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities that are measured at fair value				
Current derivative instruments assets	\$ -	\$ 46,747	\$ -	\$ 46,747
Non-current derivative instruments assets	-	47,552	-	47,552
Available-for-sale financial assets	41	10,267	114,672	124,980
Current derivative instruments liabilities	-	43,578	-	43,578
Non-current derivative instruments liabilities	-	44,464	-	44,464

Fair value hierarchy of financial assets and liabilities that are not measured at their fair value but whose fair value are disclosed are classified as Level 3.

(in millions of Korean won)

	2014			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities that are measured at fair value				
Current derivative instruments assets	₩ -	₩ 51,953	₩ -	₩ 51,953
Non-current derivative instruments assets	-	67,435	-	67,435
Available-for-sale financial assets	-	27,995	159,632	187,627
Current derivative instruments liabilities	-	51,953	-	51,953
Non-current derivative instruments liabilities	-	67,435	-	67,435



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	2014			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities that are measured at fair value				
Current derivative instruments assets	\$ -	\$ 44,328	\$ -	\$ 44,328
Non-current derivative instruments assets	-	57,538	-	57,538
Available-for-sale financial assets	-	23,886	136,205	160,091
Current derivative instruments liabilities	-	44,328	-	44,328
Non-current derivative instruments liabilities	-	57,538	-	57,538

Fair value hierarchy of financial assets and liabilities that are not measured at their fair value but whose fair value are disclosed are classified as Level 3.

5.4 Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements

The Group recognizes transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There are no transfers of recurring measurements between Level 1 and Level 2 of the fair value hierarchy.

Changes in the financial instrument included in level 3 for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015	2014	2015	2014
Beginning balance	₩ 159,632	₩ 135,990	\$ 136,205	\$ 116,032
Acquisition	90,234	3,753	76,991	3,202
Disposal	(90,243)	(4,798)	(76,999)	(4,094)
Reclassification from using cost method	6,609	75,804	5,639	64,680
Impairment	(14,897)	(49,872)	(12,711)	(42,553)
Other comprehensive income	(16,939)	(1,245)	(14,453)	(1,062)
Ending balance	₩ 134,396	₩ 159,632	\$ 114,672	\$ 136,205

5.5 Valuation Technique and the Inputs

The Group uses valuation techniques, such as discounted cash flows and net asset approach, and variable inputs in the recurring, non-recurring fair value measurements and discloses fair values categorized within Level 2 and Level 3 of the fair value hierarchy.

5.6 Valuation Processes for Fair Value Measurements Categorized Within Level 3

The Group performs the fair value measurements, including level 3 fair values, regarding the key equity securities among available-for-sale financial assets by utilizing external rating agencies which have public confidence.

5.7 Sensitivity analysis for Recurring Fair Value Measurements Categorized Within Level 3

Changes in inputs for each financial instrument will not have a material effect on the equity.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015				
	Assets at fair value through profit or loss	Loans and receivables	Derivative instruments used for hedging purposes	Assets classified as available-for-sale	Total
Current					
Cash and cash equivalents	₩ -	₩ 539,046	₩ -	₩ -	₩ 539,046
Financial instrument assets	3,715	170,799	51,072	786	226,372
Trade receivables	-	2,822,566	-	-	2,822,566
Other receivables	-	604,706	-	-	604,706
	<u>3,715</u>	<u>4,137,117</u>	<u>51,072</u>	<u>786</u>	<u>4,192,690</u>
Non-current					
Financial instrument assets	3,618	7,402	52,113	-	63,133
Investment in securities	-	-	-	307,281	307,281
Other receivables	-	1,017,028	-	-	1,017,028
	<u>3,618</u>	<u>1,024,430</u>	<u>52,113</u>	<u>307,281</u>	<u>1,387,442</u>
Total	<u>₩ 7,333</u>	<u>₩ 5,161,547</u>	<u>₩ 103,185</u>	<u>₩ 308,067</u>	<u>₩ 5,580,132</u>

(in thousands of
US dollars (Note 4))

	2015				
	Assets at fair value through profit or loss	Loans and receivables	Derivative instruments used for hedging purposes	Assets classified as available-for-sale	Total
Current					
Cash and cash equivalents	\$ -	\$ 459,938	\$ -	\$ -	\$ 459,938
Financial instrument assets	3,170	145,732	43,577	671	193,150
Trade receivables	-	2,408,333	-	-	2,408,333
Other receivables	-	515,961	-	-	515,961
	<u>3,170</u>	<u>3,529,964</u>	<u>43,577</u>	<u>671</u>	<u>3,577,382</u>
Non-current					
Financial instrument assets	3,087	6,316	44,465	-	53,868
Investment in securities	-	-	-	262,185	262,185
Other receivables	-	867,771	-	-	867,771
	<u>3,087</u>	<u>874,087</u>	<u>44,465</u>	<u>262,185</u>	<u>1,183,824</u>
Total	<u>\$ 6,257</u>	<u>\$ 4,404,051</u>	<u>\$ 88,042</u>	<u>\$ 262,856</u>	<u>\$ 4,761,206</u>



991

4807

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2014				
	Assets at fair value through profit or loss	Loans and receivables	Derivative instruments used for hedging purposes	Assets classified as available-for-sale	Total
Current					
Cash and cash equivalents	₩ -	₩ 325,690	₩ -	₩ -	₩ 325,690
Financial instrument assets	-	140,206	51,953	4,405	196,564
Trade receivables	-	3,263,114	-	-	3,263,114
Other receivables	-	619,349	-	-	619,349
	-	4,348,359	51,953	4,405	4,404,717
Non-current					
Financial instrument assets	-	5,749	67,435	-	73,184
Investment in securities	-	-	-	351,144	351,144
Other receivables	-	969,635	-	-	969,635
	-	975,384	67,435	351,144	1,393,963
Total	₩ -	₩ 5,323,743	₩ 119,388	₩ 355,549	₩ 5,798,680

(in thousands of
US dollars (Note 4))

	2014				
	Assets at fair value through profit or loss	Loans and receivables	Derivative instruments used for hedging purposes	Assets classified as available-for-sale	Total
Current					
Cash and cash equivalents	\$ -	\$ 277,892	\$ -	\$ -	\$ 277,892
Financial instrument assets	-	119,630	44,329	3,758	167,717
Trade receivables	-	2,784,227	-	-	2,784,227
Other receivables	-	528,455	-	-	528,455
	-	3,710,204	44,329	3,758	3,758,291
Non-current					
Financial instrument assets	-	4,906	57,538	-	62,444
Investment in securities	-	-	-	299,611	299,611
Other receivables	-	827,334	-	-	827,334
	-	832,240	57,538	299,611	1,189,389
Total	\$ -	\$ 4,542,444	\$ 101,867	\$ 303,369	\$ 4,947,680



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Categorizations of financial liabilities as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015			
	Liabilities at fair value through profit or loss	Financial liabilities carried at amortized cost	Derivative instruments used for hedging purposes	Total
Current				
Financial instrument liabilities	W -	W 1,597,344	W 51,073	W 1,648,417
Trade payables	-	459,419	-	459,419
Other payables	-	1,346,590	-	1,346,590
Guarantee deposits received	-	57,341	-	57,341
	-	3,460,694	51,073	3,511,767
Non-current				
Financial instrument liabilities	-	964,698	52,112	1,016,810
Guarantee deposits received	-	235,258	-	235,258
	-	1,199,956	52,112	1,252,068
Total	W -	W 4,660,650	W 103,185	W 4,763,835

(in thousands of
US dollars (Note 4))

	2015			
	Liabilities at fair value through profit or loss	Financial liabilities carried at amortized cost	Derivative instruments used for hedging purposes	Total
Current				
Financial instrument liabilities	\$ -	\$ 1,362,921	\$ 43,578	\$ 1,406,499
Trade payables	-	391,996	-	391,996
Other payables	-	1,148,968	-	1,148,968
Guarantee deposits received	-	48,926	-	48,926
	-	2,952,811	43,578	2,996,389
Non-current				
Financial instrument liabilities	-	823,121	44,464	867,585
Guarantee deposits received	-	200,732	-	200,732
	-	1,023,853	44,464	1,068,317
Total	\$ -	\$ 3,976,664	\$ 88,042	\$ 4,064,706



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2014			
	Liabilities at fair value through profit or loss	Financial liabilities carried at amortized cost	Derivative instruments used for hedging purposes	Total
Current				
Financial instrument liabilities	₩ -	₩ 1,517,937	₩ 51,953	₩ 1,569,890
Trade payables	-	480,967	-	480,967
Other payables	-	1,124,445	-	1,124,445
Guarantee deposits received	-	61,079	-	61,079
	-	3,184,428	51,953	3,236,381
Non-current				
Financial instrument liabilities	-	1,252,116	67,435	1,319,551
Other payables	-	250	-	250
Guarantee deposits received	-	271,163	-	271,163
	-	1,523,529	67,435	1,590,964
Total	₩ -	₩ 4,707,957	₩ 119,388	₩ 4,827,345

(in thousands of
US dollars (Note 4))

	2014			
	Liabilities at fair value through profit or loss	Financial liabilities carried at amortized cost	Derivative instruments used for hedging purposes	Total
Current				
Financial instrument liabilities	\$ -	\$ 1,295,168	\$ 44,328	\$ 1,339,496
Trade payables	-	410,381	-	410,381
Other payables	-	959,424	-	959,424
Guarantee deposits received	-	52,116	-	52,116
	-	2,717,089	44,328	2,761,417
Non-current				
Financial instrument liabilities	-	1,068,358	57,539	1,125,897
Other payables	-	213	-	213
Guarantee deposits received	-	231,368	-	231,368
	-	1,299,939	57,539	1,357,478
Total	\$ -	\$ 4,017,028	\$ 101,867	\$ 4,118,895

Gain and loss of financial instruments by category for years ended December 31, 2015 and 2014, are as follows:



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2015									
	Assets/ liabilities at fair value through profit or loss		Loans and receivables		Derivative instruments used for hedging purposes	Assets/ liabilities classified as available- for-sale	Financial liabilities carried at amortized cost	Total		
	₩	-	₩	-	₩	-	₩	-	₩	
Dividend income							4,336			4,336
Reversal of allowance of bad debts (bad debt expense)				11,328						11,328
Impairment loss on investments in securities							(14,897)			(14,897)
Gain (loss) on disposal of investment in securities							23,363			23,363
Interest expenses								(95,238)		(95,238)
Interest income				20,880			580			21,460
Gain (loss) on foreign currency translation				17,733				(25,246)		(7,513)
Loss on transactions of derivatives	(14,456)					(9,907)				(24,363)
Gain on transactions of derivatives	7,763					61,287				69,050
Loss on valuation of derivatives						(32,709)				(32,709)
Gain on valuation of derivatives	7,333					20,797				28,130
Loss on valuation of firm commitment						(82,085)				(82,085)
Gain on valuation of firm commitment						42,617				42,617
Gain (loss) on valuation (other comprehensive income)							(16,965)			(16,965)

(in thousands of US dollars
(Note 4))

	2015									
	Assets/ liabilities at fair value through profit or loss		Loans and receivables		Derivative instruments used for hedging purposes	Assets/ liabilities classified as available- for-sale	Financial liabilities carried at amortized cost	Total		
	\$	-	\$	-	\$	-	\$	-	\$	
Dividend income							3,700			3,700
Reversal of allowance of bad debts (bad debt expense)				9,666						9,666
Impairment loss on investments in securities							(12,711)			(12,711)
Gain (loss) on disposal of investment in securities							19,934			19,934
Interest expenses								(81,261)		(81,261)
Interest income				17,816			495			18,311
Gain (loss) on foreign currency translation				15,131				(21,541)		(6,410)
Loss on transactions of derivatives	(12,335)					(8,453)				(20,788)
Gain on transactions of derivatives	6,623					52,293				58,916
Loss on valuation of derivatives						(27,909)				(27,909)
Gain on valuation of derivatives	6,257					17,745				24,002
Loss on valuation of firm commitment						(70,038)				(70,038)
Gain on valuation of firm commitment						36,363				36,363
Gain (loss) on valuation (other comprehensive income)							(14,475)			(14,475)



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2014					
	Assets/ liabilities at fair value through profit or loss	Loans and receivables	Derivative instruments used for hedging purposes	Assets/ liabilities classified as available- for-sale	Financial liabilities carried at amortized cost	Total
Dividend income	W -	W -	W -	W 1,685	W -	W 1,685
Reversal of allowance of bad debts (bad debt expense)	-	1,325	-	-	-	1,325
Impairment loss on investments in securities	-	-	-	(49,872)	-	(49,872)
Gain (loss) on disposal of investment in securities	-	-	-	15,224	-	15,224
Interest expenses	-	-	-	-	(118,234)	(118,234)
Interest income	-	26,892	-	1,412	-	28,304
Gain (loss) on foreign currency translation	-	32,079	-	-	(5,556)	26,523
Loss on transactions of derivatives	(7,359)	-	(4,333)	-	-	(11,692)
Gain on transactions of derivatives	2,618	-	14,660	-	-	17,278
Loss on valuation of derivatives	-	-	(39,145)	-	-	(39,145)
Gain on valuation of derivatives	-	-	89,773	-	-	89,773
Loss on valuation of firm commitment	-	-	(104,525)	-	-	(104,525)
Gain on valuation of firm commitment	-	-	43,479	-	-	43,479
Gain (loss) on valuation (other comprehensive income)	-	-	-	3,100	-	3,100

(in thousands of US dollars
(Note 4))

	2014					
	Assets/ liabilities at fair value through profit or loss	Loans and receivables	Derivative instruments used for hedging purposes	Assets/ liabilities classified as available- for-sale	Financial liabilities carried at amortized cost	Total
Dividend income	\$ -	\$ -	\$ -	\$ 1,438	\$ -	\$ 1,438
Reversal of allowance of bad debts (bad debt expense)	-	1,131	-	-	-	1,131
Impairment loss on investments in securities	-	-	-	(42,553)	-	(42,553)
Gain (loss) on disposal of investment in securities	-	-	-	12,990	-	12,990
Interest expenses	-	-	-	-	(100,882)	(100,882)
Interest income	-	22,945	-	1,205	-	24,150
Gain (loss) on foreign currency translation	-	27,372	-	-	(4,741)	22,631
Loss on transactions of derivatives	(6,279)	-	(3,697)	-	-	(9,976)
Gain on transactions of derivatives	2,233	-	12,509	-	-	14,742
Loss on valuation of derivatives	-	-	(33,400)	-	-	(33,400)
Gain on valuation of derivatives	-	-	76,598	-	-	76,598
Loss on valuation of firm commitment	-	-	(89,185)	-	-	(89,185)
Gain on valuation of firm commitment	-	-	37,098	-	-	37,098
Gain (loss) on valuation (other comprehensive income)	-	-	-	2,645	-	2,645



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

7. Segment information

The Group has seven major operation segments: civil works, architectural construction, housing, overseas INFRA, power plants, plants and others.

General information about the Group's reportable segments is as follows:

Segment	Business
Civil works	Domestic civil construction such as road, bridge, harbor, reclamation landfill, land construction dredge, high-speed railroad construction and others
Architectural construction	Domestic architectural construction such as commercial, work, residential, factory building construction and others
Overseas INFRA ¹	Overseas civil construction such as road, bridge, harbor and overseas architectural construction such as commercial, work and others
Housing	Sales of apartment houses and contracted construction such as apartments, shopping districts and others
Power plants	Energy-related plant construction such as nuclear power plants, thermal power plants and IPP
Plants	Petrochemical plant construction such as oil & gas, refinery and LNG
Others	Rental real estate, product sales, operating hotel and others

¹ During current year, the Group established a new segment, Overseas INFRA, which is a combination of certain parts of the civil works and architectural construction segments.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The segment information for sales and operating income (loss) for the years ended December 31, 2015 and 2014, is as follows:

(in millions of Korean won)

	2015							Total
	Civil works	Architectural construction	Overseas INFRA	Housing	Power plants	Plants	Others	
Sales	W 1,210,389	W 1,882,606	W 1,132,132	W 3,191,486	W 1,038,107	W 1,382,100	W 98,914	W 9,935,734
Operating income (loss)	17,643	62,866	(111,007)	457,400	(25,288)	(44,487)	(13,693)	343,434
- Depreciation	386	775	25,856	168	4,101	14,125	16,305	61,716
- Amortization	520	654	421	847	461	784	6,275	9,962

(in thousands of US dollars (Note 4))

	2015							Total
	Civil works	Architectural construction	Overseas INFRA	Housing	Power plants	Plants	Others	
Sales	\$ 1,032,755	\$ 1,606,319	\$ 965,983	\$ 2,723,111	\$ 885,757	\$ 1,179,266	\$ 84,398	\$ 8,477,589
Operating income (loss)	15,054	53,640	(94,716)	390,273	(21,577)	(37,958)	(11,684)	293,032
- Depreciation	329	661	22,061	143	3,499	12,052	13,914	52,659
- Amortization	444	558	359	723	393	669	5,354	8,500

(in millions of Korean won)

	2014							Total
	Civil works	Architectural construction	Overseas INFRA	Housing	Power plants	Plants	Others	
Sales	W 1,284,615	W 2,327,658	W 610,597	W 2,896,374	W 1,255,280	W 1,516,917	W 103,582	W 9,995,023
Operating income (loss)	57,142	170,160	(21,462)	357,882	(146,800)	18,887	(8,837)	426,972
- Depreciation	935	126	11,008	192	3,114	14,406	18,557	48,338
- Amortization	478	650	341	710	514	760	6,085	9,538

(in thousands of US dollars (Note 4))

	2014							Total
	Civil works	Architectural construction	Overseas INFRA	Housing	Power plants	Plants	Others	
Sales	\$ 1,096,088	\$ 1,986,056	\$ 520,987	\$ 2,471,309	\$ 1,071,058	\$ 1,294,298	\$ 88,381	\$ 8,528,177
Operating income (loss)	48,756	145,188	(18,312)	305,360	(125,256)	16,115	(7,540)	364,311
- Depreciation	798	108	9,392	164	2,657	12,292	15,833	41,244
- Amortization	408	555	291	606	439	648	5,191	8,138



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The Group does not report the segment information for assets and liabilities to the chief operating decision maker.

Sales by geographic areas for the years ended December 31, 2015 and 2014, are as follows:

*(in millions of Korean won
and thousands of US dollars
(Note 4))*

	2015		2014	
Korea	₩ 6,851,102	₩ 6,857,384	\$ 5,845,650	\$ 5,851,010
Middle East	1,069,545	1,146,062	912,581	977,869
Asia	615,024	453,688	524,765	387,106
Africa	1,395,746	1,524,082	1,190,910	1,300,411
Others	4,317	13,807	3,683	11,781
Total	₩ 9,935,734	₩ 9,995,023	\$ 8,477,589	\$ 8,528,177

There is no external customer attributing to more than 10% of sales for the years ended December 31, 2015 and 2014.

Details of sales for the years ended December 31, 2015 and 2014, are as follows:

*(in millions of Korean won
and thousands of US dollars
(Note 4))*

	2015		2014	
Construction contracts revenue	₩ 8,151,201	₩ 8,339,112	\$ 6,954,950	\$ 7,115,283
Sales of real estate	1,677,274	1,540,848	1,431,121	1,314,717
Other revenue	107,259	115,063	91,518	98,177
Total	₩ 9,935,734	₩ 9,995,023	\$ 8,477,589	\$ 8,528,177



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

8. Construction Contracts

The Group's contract balances and the related sales recognized for the year ended December 31, 2015, are as follows :

(in millions of Korean won)

	2015			
	Beginning	Net contract increase ¹	Sales recognized ²	Ending
Civil works	₩ 4,703,606	₩ 1,191,931	₩ 1,209,636	₩ 4,685,901
Architectural works	4,169,732	2,626,848	1,879,840	4,916,740
Overseas INFRA	4,805,930	(134,457)	1,132,132	3,539,341
Housing	17,834,250	2,885,104	3,148,133	17,571,221
Plant	4,045,053	3,619,560	1,382,099	6,282,514
Power plant	3,209,189	963,222	1,038,107	3,134,304
Total	₩ 38,767,760	₩ 11,152,208	₩ 9,789,947	₩ 40,130,021

(in thousands of US dollars (Note 4))

	2015			
	Beginning	Net contract increase ¹	Sales recognized ²	Ending
Civil works	\$ 4,013,316	\$ 1,017,006	\$ 1,032,113	\$ 3,998,209
Architectural works	3,557,792	2,241,338	1,603,959	4,195,171
Overseas INFRA	4,100,623	(114,724)	965,983	3,019,916
Housing	15,216,937	2,461,692	2,686,120	14,992,509
Plant	3,451,410	3,088,362	1,179,265	5,360,507
Power plant	2,738,216	821,862	885,757	2,674,321
Total	\$ 33,078,294	\$ 9,515,536	\$ 8,353,197	\$ 34,240,633

¹ Total increase and decrease in the contracts amount to ₩ 14,898,783 million (equivalent to US \$ 12,712,272 thousand) and ₩ 3,746,575 million (equivalent to US \$ 3,196,736 thousand), respectively, for the year ended December 31, 2015.

² The above sales recognized include sales of real estate of ₩ 1,634,975 million (equivalent to US \$ 1,395,029 thousand) and other sales of ₩ 3,771 million (equivalent to US \$ 3,218 thousand).



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2014			
	Beginning	Net contract increase ¹	Sales recognized ²	Ending
Civil works	₩ 5,518,039	₩ 467,169	₩ 1,281,602	₩ 4,703,606
Architectural works	4,817,953	1,677,648	2,325,869	4,169,732
Overseas INFRA	3,511,744	1,904,784	610,598	4,805,930
Housing	19,809,459	882,922	2,858,131	17,834,250
Plant	3,290,235	2,271,734	1,516,916	4,045,053
Power plant	4,708,237	(243,882)	1,255,166	3,209,189
Total	₩ 41,655,667	₩ 6,960,375	₩ 9,848,282	₩ 38,767,760

(in thousands of US dollars
(Note 4))

	2014			
	Beginning	Net contract increase ¹	Sales recognized ²	Ending
Civil works	\$ 4,708,224	\$ 398,609	\$ 1,093,517	\$ 4,013,316
Architectural works	4,110,881	1,431,441	1,984,530	3,557,792
Overseas INFRA	2,996,369	1,625,242	520,988	4,100,623
Housing	16,902,269	753,346	2,438,678	15,216,937
Plant	2,807,368	1,938,339	1,294,297	3,451,410
Power plant	4,017,267	(208,090)	1,070,961	2,738,216
Total	\$ 35,542,378	\$ 5,938,887	\$ 8,402,971	\$ 33,078,294

¹ Total increase and decrease in the contracts amount to ₩ 10,749,916 million (equivalent to US \$ 9,172,284 thousand) and ₩ 3,789,541 million (equivalent to US \$ 3,233,397 thousand), respectively, for the year ended December 31, 2014.

² The above sales recognized include sales of real estate of ₩ 1,503,886 million (equivalent to US \$ 1,283,179 thousand) and other sales of ₩ 5,284 million (equivalent to US \$ 4,509 thousand).



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Details of cumulative sales, income and others per segment as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015				
	Cumulative sales	Cumulative cost	Cumulative income	Advances	Construction deposits ¹
Civil works	₩ 4,456,492	₩ 4,136,979	₩ 319,513	₩ 48,732	₩ -
Architectural works	1,968,992	1,815,243	153,749	179,817	-
Overseas INFRA	2,232,976	2,248,215	(15,239)	306,210	86,333
Housing	3,228,097	2,747,562	480,535	52,847	-
Plant	6,134,939	5,974,240	160,699	399,615	141,526
Power plant	4,260,146	4,330,024	(69,878)	251,053	76,387
Total	₩ 22,281,642	₩ 21,252,263	₩ 1,029,379	₩ 1,238,274	₩ 304,246

(in thousands of US dollars (Note 4))

	2015				
	Cumulative sales	Cumulative cost	Cumulative income	Advances	Construction deposits ¹
Civil works	\$ 3,767,416	\$ 3,498,183	\$ 269,233	\$ 41,700	\$ -
Architectural works	1,600,358	1,472,152	128,206	153,427	-
Overseas INFRA	1,942,502	1,949,943	(7,441)	276,585	73,663
Housing	2,754,349	2,344,336	410,013	45,017	-
Plant	5,234,590	5,097,475	137,115	340,968	120,756
Power plant	3,634,937	3,694,560	(59,623)	214,211	65,177
Total	\$ 18,934,152	\$ 18,056,649	\$ 877,503	\$ 1,071,908	\$ 259,596

(in millions of Korean won)

	2014				
	Cumulative sales	Cumulative cost	Cumulative income	Advances	Construction deposits ¹
Civil works	₩ 4,097,584	₩ 3,851,426	₩ 246,158	₩ 19,966	₩ -
Architectural works	2,462,861	2,249,724	213,137	112,514	-
Overseas INFRA	1,434,058	1,422,253	11,805	350,529	55,415
Housing	2,898,196	2,531,139	367,057	111,985	-
Plant	4,787,667	4,640,255	147,412	300,562	117,384
Power plant	3,905,580	3,886,387	19,193	276,063	59,721
Total	₩ 19,585,946	₩ 18,581,184	₩ 1,004,762	₩ 1,171,619	₩ 232,520

(in thousands of US dollars (Note 4))

	2014				
	Cumulative sales	Cumulative cost	Cumulative income	Advances	Construction deposits ¹
Civil works	\$ 3,496,232	\$ 3,286,200	\$ 210,032	\$ 17,036	\$ -
Architectural works	2,101,418	1,919,560	181,858	96,002	-
Overseas INFRA	1,223,599	1,213,526	10,073	299,086	47,282
Housing	2,472,863	2,159,675	313,188	95,550	-
Plant	4,085,040	3,959,262	125,778	256,452	100,157
Power plant	3,332,406	3,316,030	16,376	235,549	50,956
Total	\$ 16,711,558	\$ 15,854,253	\$ 857,305	\$ 999,675	\$ 198,395

¹ Construction deposits are recorded as trade receivables and long-term other receivables.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The gross amount due from customers for contract work and the gross amount due to customers for contract work as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015		2014	
	Due from customers ¹	Due to customers ¹	Due from customers ¹	Due to customers ¹
Civil works	₩ 186,959	₩ 103,458	₩ 205,004	₩ 94,415
Architectural works	120,987	251,291	178,005	137,041
Overseas INFRA	179,113	56,639	194,094	44,515
Housing	553,893	142,513	611,164	128,279
Plant	576,530	119,603	468,620	124,367
Power plant	155,955	93,052	104,356	155,228
Total	₩ 1,773,437	₩ 766,556	₩ 1,761,243	₩ 683,845

(in thousands of US dollars (Note 4))

	2015		2014	
	Due from customers ¹	Due to customers ¹	Due from customers ¹	Due to customers ¹
Civil works	\$ 159,521	\$ 88,275	\$ 174,918	\$ 80,559
Architectural works	103,231	214,412	151,881	116,929
Overseas INFRA	152,827	48,327	165,609	37,982
Housing	472,605	121,598	521,471	109,453
Plant	491,920	102,050	399,846	106,115
Power plant	133,067	79,396	89,041	132,447
Total	\$ 1,513,171	\$ 654,058	\$ 1,502,766	\$ 583,485

¹ The above gross amounts include amounts due from customers for the Group's own contract work which amount to ₩ 229,424 million (equivalent to US \$ 195,754 thousand) (2014: ₩ 125,049 million, equivalent to US \$ 106,697 thousand) and amounts due to customers for the Group's own contract work which amount to ₩ 170,842 million (equivalent to US \$ 145,770 thousand) (2014: ₩ 131,786 million, equivalent to US \$ 112,445 thousand) as of December 31, 2015. The gross amounts due from and due to customers for contract work are recorded as trade receivables and advances received, respectively.

The estimated gross contract costs for contracts as of December 31, 2015, changed as cost for power plant segment increased and cost for housing segment decreased during current year. Details of its effects on profit and loss for the current and future years, and gross amount due from customers for contract work.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)	2015				
	Estimated Increase(decrease) in contract revenue ¹	Estimated Increase(decrease) in contract cost ¹	Influence on current profit ¹	Influence on future profit ¹	Increase(decrease) in due from customers for contract work ¹
Civil works	₩ 214,323	₩ 192,759	₩ (3,729)	₩ 25,293	₩ (3,729)
Architectural works	27,707	55,200	(55,508)	28,015	(55,508)
Overseas INFRA	124,859	241,691	(114,427)	(2,405)	(114,427)
Housing	(104,333)	(270,698)	99,352	67,013	99,352
Plant	290,503	355,325	(64,993)	171	(64,993)
Power plant	126,217	148,752	(60,859)	38,324	(60,859)
Total	₩ 679,276	₩ 723,029	₩ (200,164)	₩ 156,411	₩ (200,164)

(in thousands of US dollars (Note 4))	2015				
	Estimated Increase(decrease) in contract revenue ¹	Estimated Increase(decrease) in contract cost ¹	Influence on current profit ¹	Influence on future profit ¹	Increase(decrease) in due from customers for contract work ¹
Civil works	\$ 182,869	\$ 164,470	\$ (3,182)	\$ 21,581	\$ (3,182)
Architectural works	23,641	47,099	(47,362)	23,904	(47,362)
Overseas INFRA	106,535	206,221	(97,634)	(2,052)	(97,634)
Housing	(89,021)	(230,971)	84,771	57,178	84,772
Plant	247,869	303,178	(55,455)	146	(55,455)
Power plant	107,694	126,922	(51,926)	32,699	(51,927)
Total	\$ 579,587	\$ 616,919	\$ (170,788)	\$ 133,456	\$ (170,788)

¹ The construction contracts newly made and terminated during current year are excluded from the disclosure.

The effects on profit and loss for the current and future years are calculated on the basis of gross contract cost estimated based on circumstances that occurred between the date of contract commencement and the year-end and of an estimate of contract revenue as of December 31, 2015. Contract costs and contract revenues can change in the future.



4820 1004

2015

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Details of joint construction contracts as of December 31, 2015, are as follows:

	Share of the Group		Percentage	Lead company
	Korean Won (millions)	U.S. dollars (thousands) (Note 4)		
Kuwait AL-ZOUR REFINERY PJ	W 2,208,496	\$ 1,884,382	35.0%	FLUOR
ULSAN S-OIL RUC PJ[AREA2]	1,580,736	1,348,751	45.0%	Daelim Industrial Co., Ltd
Kuwait CFP PJ	1,172,438	1,000,374	33.3%	FLUOR
Pocheon Independent Power Plant	739,302	630,804	94.0%	The Parent Company
SAUDI JAZAN REFINERY PJ	591,664	504,833	50.0%	JGC Corporation
Algeria Boughzoul New Town PJ	504,790	430,708	58.6%	The Parent Company
Sosa Wonsi Railroad Project site	481,670	410,981	34.3%	The Parent Company
Guri-Pocheon highway site	455,077	388,291	35.0%	The Parent Company
Ansan 37 block apartment construction site	246,521	210,342	90.0%	The Parent Company
Donghongcheon Yangyang highway AREA14	241,286	205,875	50.0%	The Parent Company

9. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won and thousands of US dollars (Note 4))</i>	2015	2014	2015	2014
Cash	W 2,839	W 3,684	\$ 2,422	\$ 3,143
Cash equivalents	536,207	322,006	457,516	274,749
Total	W 539,046	W 325,690	\$ 459,938	\$ 277,892



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

10. Trade and other receivables

Trade and other receivables, net of allowance for doubtful accounts, as of December 31, 2015, and 2014, are as follows:

(in millions of Korean won)	2015			2014		
	Original amount ¹	Less : allowance for doubtful accounts	Carrying amount	Original amount ¹	Less : allowance for doubtful accounts	Carrying amount
Current						
Trade receivables	W 3,333,387	W 510,821	W 2,822,566	W 3,700,562	W 437,448	W 3,263,114
Other receivables						
Non-trade receivables	943,771	415,036	528,735	937,500	379,181	558,319
Accrued income	20,441	4,154	16,287	21,198	3,139	18,059
Loans	107,672	47,988	59,684	91,009	48,038	42,971
	1,071,884	467,178	604,706	1,049,707	430,358	619,349
Total	W 4,405,271	W 977,999	W 3,427,272	W 4,750,269	W 867,806	W 3,882,463
Non-current						
Other receivables						
Long-term non-trade receivables	W 448,305	W 33,046	W 415,259	W 380,091	W 28,751	W 351,340
Long-term loans	653,796	265,319	388,477	516,793	95,995	420,798
Long-term accrued income	46	-	46	906	-	906
Deposits	213,707	461	213,246	197,490	899	196,591
Total	W 1,315,854	W 298,826	W 1,017,028	W 1,095,280	W 125,645	W 969,635

(in thousands of US dollars (Note 4))	2015			2014		
	Original amount ¹	Less : allowance for doubtful accounts	Carrying amount	Original amount ¹	Less : allowance for doubtful accounts	Carrying amount
Current						
Trade receivables	\$ 2,844,187	\$ 435,854	\$ 2,408,333	\$ 3,157,476	\$ 373,249	\$ 2,784,227
Other receivables						
Non-trade receivables	805,265	354,126	451,139	799,915	323,534	476,381
Accrued income	17,441	3,544	13,897	18,087	2,678	15,409
Loans	91,870	40,945	50,925	77,653	40,988	36,665
	914,576	398,615	515,961	895,655	367,200	528,455
Total	\$ 3,758,763	\$ 834,469	\$ 2,924,294	\$ 4,053,131	\$ 740,449	\$ 3,312,682
Non-current						
Other receivables						
Long-term non-trade receivables	\$ 382,512	\$ 28,196	\$ 354,316	\$ 324,310	\$ 24,532	\$ 299,778
Long-term loans	557,846	226,381	331,465	440,950	81,907	359,043
Long-term accrued income	39	-	39	773	-	773
Deposits	182,344	393	181,951	168,507	767	167,740
Total	\$ 1,122,741	\$ 254,970	\$ 867,771	\$ 934,540	\$ 107,206	\$ 827,334

¹ Net of present value discount



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The aging analyses of trade and other receivables as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015			2014		
	Trade receivables	Other receivables		Trade receivables	Other receivables	
		Short-term	Long-term ²		Short-term	Long-term ²
Up to 1 year	₩ 2,151,498	₩ 360,697	₩ 226,721	₩ 2,641,505	₩ 444,076	₩ 257,862
1 year to 2 years	282,323	83,205	207,327	243,534	47,217	124,838
Over 2 years	347,211	135,763	307,046	198,512	75,517	315,663
Impaired	552,355	492,219	375,063	617,011	482,897	214,715
Present value discount	-	-	(14,010)	-	-	(15,288)
Total	₩ 3,333,387	₩ 1,071,884	₩ 1,102,147	₩ 3,700,562	₩ 1,049,707	₩ 897,790

(in thousands of US dollars (Note 4))

	2015			2014		
	Trade receivables	Other receivables		Trade receivables	Other receivables	
		Short-term	Long-term ²		Short-term	Long-term ²
Up to 1 year	\$ 1,835,749	\$ 307,762	\$ 193,448	\$ 2,253,844	\$ 378,904	\$ 220,019
1 year to 2 years	240,890	70,994	176,900	207,794	40,288	106,517
Over 2 years	296,255	115,839	261,984	169,379	64,434	269,337
Impaired	471,293	419,981	320,019	526,459	412,029	183,204
Present value discount	-	-	(11,954)	-	-	(13,044)
Total	\$ 2,844,187	\$ 914,576	\$ 940,399	\$ 3,157,476	\$ 895,655	\$ 766,033

² Deposits are excluded.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Changes in the bad debts allowance for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015			2014		
	Trade receivables	Other receivables		Trade receivables	Other receivables	
		Short-term	Long-term		Short-term	Long-term
Beginning balance	₩ 437,448	₩ 430,358	₩ 125,645	₩ 507,354	₩ 398,246	₩ 133,196
Additions	7,277	23,399	20,597	20,272	63,984	24,285
Reversals	(21,364)	(38,430)	(2,807)	(58,528)	(41,453)	(9,885)
Write-off	(4,570)	(5,252)	(333)	(6,583)	(2,837)	(24,183)
Others ³	92,030	57,103	155,724	(25,067)	12,418	2,232
Ending balance	₩ 510,821	₩ 467,178	₩ 298,826	₩ 437,448	₩ 430,358	₩ 125,645

(in thousands of US dollars (Note4))

	2015			2014		
	Trade receivables	Other receivables		Trade receivables	Other receivables	
		Short-term	Long-term		Short-term	Long-term
Beginning balance	\$ 373,249	\$ 367,200	\$ 107,206	\$ 432,896	\$ 339,800	\$ 113,649
Additions	6,209	19,965	17,574	17,297	54,594	20,721
Reversals	(18,229)	(32,790)	(2,395)	(49,939)	(35,369)	(8,434)
Write-off	(3,899)	(4,482)	(284)	(5,617)	(2,421)	(20,634)
Others ³	78,524	48,723	132,870	(21,388)	10,596	1,904
Ending balance	\$ 435,854	\$ 398,616	\$ 254,971	\$ 373,249	\$ 367,200	\$ 107,206

³ Others consist of the decrease in receivables, reclassification between accounts and the gain (loss) on foreign exchange translation.



8583

4824

1008

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

11. Inventories

Inventories as of December 31, 2015 and 2014, are as follows:

*(in millions of Korean won
and thousands of US dollars (Note 4))*

	2015		2014		2015		2014	
Land held for development	₩	921,271	₩	861,083	\$	786,067	\$	734,712
Unfinished construction		108,836		96,366		92,863		82,224
Finished housing		20,089		31,814		17,141		27,145
Raw materials		92,261		90,484		78,721		77,205
Supplies		10,074		6,411		8,596		5,470
Materials-in-transit		98,135		108,655		83,733		92,709
Temporary materials		34,393		36,108		29,346		30,809
Merchandise		143		677		122		578
Total	₩	1,285,202	₩	1,231,598	\$	1,096,589	\$	1,050,852

12. Available-for-sale financial assets

Available-for-sale financial assets as of December 31, 2015 and 2014, are as follows:

*(in millions of Korean won
and thousands of US dollars (Note 4))*

	2015		2014		2015		2014	
Government and municipal bonds ¹	₩	12,033	₩	27,994	\$	10,267	\$	23,886
Debt securities		938		4,239		800		3,617
Equity securities		295,096		323,315		251,789		275,866
		308,067		355,548		262,856		303,369
Less : Current portion		786		4,404		671		3,758
Non-current portion	₩	307,281	₩	351,144	\$	262,185	\$	299,611

¹ Of available-for-sale financial assets, current assets and non-current assets are recorded as current financial instrument assets and investment in securities, respectively.

Changes in available-for-sale financial assets for the years ended December 31, 2015 and 2014, are as follows:

*(in millions of Korean won
and thousands of US dollars (Note 4))*

	2015		2014		2015		2014	
Beginning balance	₩	355,548	₩	493,775	\$	303,369	\$	421,310
Additions		126,444		48,151		107,887		41,084
Disposals		(148,666)		(136,204)		(126,848)		(116,215)
Reclassification ¹		6,667		(4,390)		5,689		(3,746)
Evaluation		81		(688)		69		(587)
Net gain (loss) transfer from equity		(17,110)		4,776		(14,599)		4,075
Impairment ²		(14,897)		(49,872)		(12,711)		(42,552)
Ending balance	₩	308,067	₩	355,548	\$	262,856	\$	303,369



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

¹ Details of impairment losses on investments in securities for the years ended December 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014	Remarks
Dongah Construction Industrial Co., Ltd. and others	₩ 6,657	₩ 682	Debt for equity swap
Gyeongsan Knowledge Industry Development Co., Ltd. and others	-	(4,100)	Reclassification to investment in associates
Green Jang Ryang Co., Ltd.	-	(972)	Reclassification to assets held for sale
Total	₩ 6,657	₩ (4,390)	

<i>(in thousands of US dollars (Note 4))</i>	2015	2014	Remarks
Dongah Construction Industrial Co., Ltd. and others	\$ 5,680	\$ 582	Debt for equity swap
Gyeongsan Knowledge Industry Development Co., Ltd. and others	-	(3,499)	Reclassification to investment in associates
Green Jang Ryang Co., Ltd.	-	(829)	Reclassification to assets held for sale
Total	\$ 5,680	\$ (3,746)	

² Details of impairment losses on investments in securities for the years ended December 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014	Remarks
KB Sosa Wonsi Railroad Project Private Special Assets and others	₩ 9,787	₩ 39,423	Decrease in recoverable amounts
Dongah Construction Industrial Co., Ltd. and others	5,110	634	Capital reduction after debt for equity swap
Bichae-Nuri Development Co., Ltd.	-	9,815	Termination of project
Total	₩ 14,897	₩ 49,872	

<i>(in thousands of US dollars (Note 4))</i>	2015	2014	Remarks
KB Sosa Wonsi Railroad Project Private Special Assets and others	\$ 8,351	\$ 33,637	Decrease in recoverable amounts
Dongah Construction Industrial Co., Ltd. and others	4,360	541	Capital reduction after debt for equity swap
Bichae-Nuri Development Co., Ltd.	-	8,375	Termination of project
Total	\$ 12,711	\$ 42,553	



2588

4826

1010

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Equity securities as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015				2014	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value	
Marketable equity securities						
Pumyang Construction Co., Ltd.	3,624	0.35	W 1,843	W 48	W 48	
Unmarketable equity securities						
Hyundai I Park Mall Co., Ltd. ¹	320,000	0.88	1,600	1	1	
Jeju International Convention Center Co., Ltd. ¹	1,089,522	3.27	4,788	4,788	4,788	
Shinchon Station Building Co., Ltd. ¹	183,000	17.94	915	915	915	
UNCT ¹	1,542,300	11.34	7,712	3,442	3,442	
Eulsukdo Bridge ²	3,880,266	16.05	19,401	15,520	15,520	
Kyongsoo Highway Co., Ltd. ⁴	-	-	-	-	17,002	
Shinbundang Railroad Co., Ltd. ¹	4,122,000	9.71	20,610	20,610	20,610	
Login Gim Hae Lespo Town Ltd. ¹	9,800	2.45	49	49	49	
Green Kimhae Enviro Co., Ltd. ¹	100,775	5.00	504	504	504	
Chungjung Sangju Co., Ltd. ¹	70,552	4.00	353	86	86	
Green Asan Enviro Co., Ltd. ¹	69,390	3.70	347	347	347	
Green Yeosu Enviro Co., Ltd. ¹	84,567	9.00	423	153	153	
Green Dangjin Enviro Co., Ltd. ¹	27,505	2.80	138	1	1	
Green Jeju Enviro Co., Ltd. ¹	30,626	3.01	153	1	1	
Green Gunsan Enviro Co., Ltd. ¹	59,842	3.49	299	119	119	
Green Ansong Enviro Co., Ltd. ^{1,3}	1,514,624	64.00	7,573	7,573	7,573	
UITrans LRT co. ^{1,3}	3,377,553	20.31	16,888	16,888	11,688	
Sangju-Yeongcheon Expressway Co., Ltd. ¹	3,969,750	7.51	19,849	19,849	16,215	
Second Seohaean Expressway Co., Ltd. ¹	1,224,600	4.59	6,123	6,123	6,122	
Garorim Tidal Power Plant Co., Ltd. ¹	1,294,380	13.77	6,472	1	1	
Yonsei International Student Residence Hall Management Co., Ltd. ¹	5,600	1.01	28	1	1	
Seoul Northern Highway Co., Ltd. ¹	6,826,400	15.23	34,132	34,132	34,132	
Seoul-Moonsan Highway Co., Ltd. ¹	166,887	12.36	834	834	834	
Gayah Railroad Co., Ltd. ¹	305,490	2.30	1,527	1	1	
Green Han River Town Co., Ltd. ¹	9,116	0.44	46	46	46	
Erail Co., Ltd. ¹	1,044,488	7.36	5,222	-	-	
Green Jecheon Enviro Co., Ltd. ^{1,3}	353,009	21.44	1,765	1	1	
Eunpyeong Saegil Co., Ltd. ^{1,3}	260,800	33.00	1,304	1,304	1,304	
Ocean Culture Co., Ltd. ¹	442,431	11.68	2,212	685	685	
Ganghwa Tidal Power Plant Co., Ltd. ^{1,3}	4,600	46.00	23	23	23	
Chonmasan tunnel Co., Ltd. ^{1,3}	1,944,000	36.00	9,720	9,720	9,720	
The Green Town Co., Ltd. ¹	124,564	12.82	623	1	1	
New Seoul Railroad Co., Ltd. ¹	165,386	19.67	827	827	827	
Gyeonggi rail Co., Ltd. ¹	495,000	3.69	2,475	2,475	2,475	
BUGOK ENVIRONMENT CO. LTD. ^{1,3}	201,400	100.00	1,007	1,007	1,007	
Wonju Green Co., Ltd. ¹	226,376	11.03	1,132	1,132	1,132	
P-WATERS CO., Ltd. ¹	72,288	4.00	361	361	361	



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2015			2014	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Ulsan clean environment Co., Ltd. ¹	376,752	7.20	1,884	1,884	1,884
Neulpureun Paju-Yangju Co., Ltd. ¹	52,662	4.62	263	1	1
Metropolitan West Highway ¹	472,920	0.97	2,365	2,365	2,365
Neulpureun Goyang Co., Ltd. ¹	49,885	3.62	249	1	1
Gyeryong Greenvill Co., Ltd. ¹	5,744	0.30	29	1	4
Western Inland Highway ¹	1,000	10.00	5	5	-
BCTC ^{1,3}	1,642,050	25.00	8,210	8,210	-
Korea Housing & Urban Guarantee corporation ⁴	-	-	-	-	20,328
Techno Village Co., Ltd. ¹	56,000	3.38	280	280	280
Daewoo Motor Co., Ltd. ¹	150,795	0.16	-	-	-
Kiwoom Investment Co., Ltd. ¹	51,000	0.57	255	255	255
Smart City Asset Management Co., Ltd. ¹	10,200	17.00	51	51	51
Smart City Co., Ltd. ¹	1,819,625	19.23	9,098	1,098	1,098
Neo Trans Co., Ltd. ¹	2,858	14.29	14	14	14
M.Ciety Co., Ltd. ⁴	-	-	-	-	13
Gwangmyeong-Station Terminal Complex Co., Ltd. ¹	98,000	16.33	490	490	490
Arena Park Development Inc. ¹	442,200	10.05	2,211	1	1
A Park Development Inc. ¹	6,030	10.05	30	-	-
Posco Engineering Co., Ltd. ²	325,517	3.26	25,380	17,529	18,449
Bichae-Nuri Development Co., Ltd. ¹	657,800	11.50	3,289	1	1
Bichae-Nuri Co., Ltd. ¹	11,500	11.50	58	1	1
Chung-Ju Technopolis Co., Ltd. ¹	150,000	15.00	1,500	1,500	1,500
Pyeongtaek, South Korea and China Tech Valley Co., Ltd. ¹	191,000	19.10	955	1	1
Flossom Co., Ltd. ¹	429,000	5.00	2,145	1	1
Econhill Development Asset Management Co., Ltd. ¹	5,832,992	16.82	29,165	1	1
Seoul Lite Tower Co., Ltd. ¹	2,027,431	12.66	8,457	29	1,839
SHINSUNG Engineering & Construction Co., Ltd. ¹	2,642	0.02	13	13	13
KYUNGHEEUniv. Development Co., Ltd. ¹	170	17.00	2	2	2
Gimpo golden valley4 PFV co.,Ltd. ¹	100,000	10.00	500	500	500
EIGHTCITY ^{1,3}	300,000	23.81	1,500	1	1
Songsan Industrial complex ¹	38,000	19.00	380	380	380
Miraesamsong Project Co., Ltd. ⁴	-	-	-	-	500
Miraesamsong asset management co., Ltd. ⁴	-	-	-	-	2
Incheon Art Center ¹	78,000	19.50	390	390	390
HYUNJIN CO., LTD. ¹	2,909	0.03	15	15	15
Kukdong E&C Co., Ltd. ¹	234,487	4.87	11,724	1,172	1,173
Poonglim Co., Ltd. ¹	14,782	0.11	739	74	74
Woobang Co., Ltd. ¹	1,305	0.02	7	7	7
Halla Industry Co., Ltd. ¹	5,792	3.17	628	-	-
PUMYANG CONSTRUCTION CO., LTD. ¹	5,874	1.00	29	29	-
STX Construction Co., Ltd. ¹	945	0.03	95	5	5



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2015			2014	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Woolim Co., Ltd. ¹	3,888	0.23	778	39	39
KD Construction Co., Ltd. ¹	42,601	4.11	1,278	426	426
KOCREF SEOMYUN REITs CO., LTD. ¹	125,000	7.69	2,500	2,500	2,500
Ssangyong Engineering & Construction ¹	15,278	0.08	379	9	124
HAN IL Construction Co., Ltd. ¹	7	-	1	-	-
Smart Power Co., LTD. ¹	108,608	11.97	54	1	-
NAMKWANG ENGINEERING & CONSTRUCTION CO.,LTD. ¹	22,863	0.31	659	113	-
HEEKYUNG ENGINEERING & CONSTRUCTION CO., LTD. ¹	-	-	14	2	-
DONGYANG ENGINEERING & CONSTRUCTION CORP. ¹	71	-	88	-	-
DONG AH ENGINEERING & CONSTRUCTION CORP. ¹	238,713	14.86	4,455	1,194	-
TEC CONSTRUCTION Co., Ltd. ¹	36,585	3.91	1,280	183	-
Hangaram engineering & construction co., Ltd. ¹	188	0.32	10	10	-
DONGJUROYAL ¹	14	0.03	-	-	-
JSBINC ¹	846	0.03	-	-	-
Korea Construction Financial Cooperative ²	46,013	1.22	46,613	64,850	64,035
Korea Specialty Contractor Financial Cooperative ¹	1,255	-	1,105	1,105	1,105
Electronic Contractors' Financial Cooperative ¹	500	-	112	112	112
Information and Communication Financial Cooperative ¹	567	-	81	81	81
Engineering Financial Cooperative ²	20,115	-	9,996	10,547	10,043
Korea Electric Engineers Association ¹	200	-	20	20	20
Deinse anonymous association ¹	-	-	442	442	6,303
4S Structure Safety Group Cooperative ¹	5	19.23	5	5	5
Key Environment Engineering Professional COOP ¹	50	19.61	5	5	-
GM Daewoo Auto & Technology Co., Ltd. ¹	-	-	39	39	39
KB Sosa Wonsi Railroad Project Private Special Assets ¹	2,858	14.29	37,423	12,967	10,842
Eugene Green Housing 2nd Private Real-estate Trust ¹	-	-	35,501	502	502
Meritz Happy Housing Fund 1st ¹	-	-	54,062	-	3,465
Meritz Happy Housing Fund 2nd ¹	-	-	12,893	-	2
KB Housing 1st Fund ¹	-	-	30,455	-	-
KIAMCO Road Investment Fund ¹	-	-	11,373	11,373	11,373
Korea Investment Private Equity Newstart investment trust ²	-	-	3,000	2,696	2,924
Subtotal			544,461	295,048	323,267
Total			W 546,304	W 295,096	W 323,315



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	2015			2014	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Marketable equity securities					
Pumyang Construction Co., Ltd.	3,624	0.35	\$ 1,573	\$ 41	\$ 41
Unmarketable equity securities					
Hyundai I Park Mall Co., Ltd. ¹	320,000	0.88	1,365	1	1
Jeju International Convention Center Co., Ltd. ¹	1,089,522	3.27	4,085	4,085	4,085
Shinchon Station Building Co., Ltd. ¹	183,000	17.94	781	781	781
UNCT ¹	1,542,300	11.34	6,580	2,937	2,937
Eulsukdo Bridge ²	3,880,266	16.05	16,554	13,242	13,242
Kyongsoo Highway Co., Ltd. ⁴	-	-	-	-	14,507
Shinbundang Railroad Co., Ltd. ¹	4,122,000	9.71	17,585	17,585	17,585
Login Gim Hae Lespo Town Ltd. ¹	9,800	2.45	42	42	42
Green Kimhae Enviro Co., Ltd. ¹	100,775	5.00	430	430	430
Chungjung Sangju Co., Ltd. ¹	70,552	4.00	301	73	73
Green Asan Enviro Co., Ltd. ¹	69,390	3.70	296	296	296
Green Yeosu Enviro Co., Ltd. ¹	84,567	9.00	361	131	131
Green Dangjin Enviro Co., Ltd. ¹	27,505	2.80	118	1	1
Green Jeju Enviro Co., Ltd. ¹	30,626	3.01	131	1	1
Green Gunsan Enviro Co., Ltd. ¹	59,842	3.49	255	102	102
Green Ansong Enviro Co., Ltd. ^{1,3}	1,514,624	64.00	6,462	6,462	6,462
UITrans LRT co. ^{1,3}	3,377,553	20.31	14,410	14,410	9,973
Sangju-Yeongcheon Expressway Co., Ltd. ¹	3,969,750	7.51	16,936	16,936	13,835
Second Seohaean Expressway Co., Ltd. ¹	1,224,600	4.59	5,224	5,224	5,224
Garorim Tidal Power Plant Co., Ltd. ¹	1,294,380	13.77	5,522	1	1
Yonsei International Student Residence Hall Management Co., Ltd. ¹	5,600	1.01	24	1	1
Seoul Northern Highway Co., Ltd. ¹	6,826,400	15.23	29,123	29,123	29,123
Seoul-Moonsan Highway Co., Ltd. ¹	166,887	12.36	712	712	712
Gayah Railroad Co., Ltd. ¹	305,490	2.30	1,303	1	1
Green Han River Town Co., Ltd. ¹	9,116	0.44	39	39	39
Erail Co., Ltd. ¹	1,044,488	7.36	4,456	-	-
Green Jecheon Enviro Co., Ltd. ^{1,3}	353,009	21.44	1,506	1	1
Eunpyeong Saegil Co., Ltd. ^{1,3}	260,800	33.00	1,113	1,113	1,113
Ocean Culture Co., Ltd. ¹	442,431	11.68	1,887	584	584
Ganghwa Tidal Power Plant Co., Ltd. ^{1,3}	4,600	46.00	20	20	20
Chonmasan tunnel Co., Ltd. ^{1,3}	1,944,000	36.00	8,294	8,294	8,294
The Green Town Co., Ltd. ¹	124,564	12.82	532	1	1
New Seoul Railroad Co., Ltd. ¹	165,386	19.67	706	706	706
Gyeonggi rail Co., Ltd. ¹	495,000	3.69	2,112	2,112	2,112
BUGOK ENVIRONMENT CO. LTD. ^{1,3}	201,400	100.00	859	859	859
Wonju Green Co., Ltd. ¹	226,376	11.03	966	966	966
P-WATERS CO., Ltd. ¹	72,288	4.00	308	308	308
Ulsan clean Environment Co., Ltd. ¹	376,752	7.20	1,608	1,608	1,608



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	2015			2014	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Neulpureun Paju-Yangju Co., Ltd. ¹	52,662	4.62	224	1	1
Metropolitan West Highway ¹	472,920	0.97	2,018	2,018	2,018
Neulpureun Goyang Co., Ltd. ¹	49,885	3.62	212	1	1
Gyeryong Greenville Co., Ltd. ¹	5,744	0.30	25	1	3
Western Inland Highway ¹	1,000	10.00	4	4	-
BCTC ^{1,3}	1,642,050	25.00	7,005	7,005	-
Korea Housing & Urban Guarantee corporation ⁴	-	-	-	-	17,345
Techno Village Co., Ltd. ¹	56,000	3.38	239	239	239
Daewoo Motor Co., Ltd. ¹	150,795	0.16	-	-	-
Kiwoom Investment Co., Ltd. ¹	51,000	0.57	218	218	218
Smart City Asset Management Co., Ltd. ¹	10,200	17.00	44	44	44
Smart City Co., Ltd. ¹	1,819,625	19.23	7,763	937	937
Neo Trans Co., Ltd. ¹	2,858	14.29	12	12	12
M.Ciety Co., Ltd. ⁴	-	-	-	-	11
Gwangmyeong-Station Terminal Complex Co., Ltd. ¹	98,000	16.33	418	418	418
Arena Park Development Inc. ¹	442,200	10.05	1,887	1	1
A Park Development Inc. ¹	6,030	10.05	26	-	-
Posco Engineering Co., Ltd. ²	325,517	3.26	21,655	14,956	15,741
Bichae-Nuri Development Co., Ltd. ¹	657,800	11.50	2,806	1	1
Bichae-Nuri Co., Ltd. ¹	11,500	11.50	49	1	1
Chung-Ju Technopolis Co., Ltd. ¹	150,000	15.00	1,280	1,280	1,280
Pyeongtaek, South Korea and China Tech Valley Co., Ltd. ¹	191,000	19.10	815	1	1
Flossom Co., Ltd. ¹	429,000	5.00	1,830	1	1
Econhill Development Asset Management Co., Ltd. ¹	5,832,992	16.82	24,885	1	1
Seoul Lite Tower Co., Ltd. ¹	2,027,431	12.66	7,216	25	1,569
SHINSUNG Engineering & Construction Co., Ltd. ¹	2,642	0.02	11	11	11
KYUNGHEE Univ. Development Co., Ltd. ¹	170	17.00	2	2	2
Gimpo golden valley4 PFV co.,Ltd. ¹	100,000	10.00	427	427	427
EIGHTCITY ^{1,3}	300,000	23.81	1,280	1	1
Songsan Industrial complex ¹	38,000	19.00	324	324	324
Miraesamsong Project Co., Ltd. ⁴	-	-	-	-	427
Miraesamsong asset management co., Ltd. ⁴	-	-	-	-	2
Incheon Art Center ¹	78,000	19.50	333	333	333
HYUNJIN CO., LTD. ¹	2,909	0.03	13	13	13
Kukdong E&C Co., Ltd. ¹	234,487	4.87	10,003	1,000	1,001
Poonglim Co., Ltd. ¹	14,782	0.11	631	63	63
Woobang Co., Ltd. ¹	1,305	0.02	6	6	6
Halla Industry Co., Ltd. ¹	5,792	3.17	536	-	-
PUMYANG CONSTRUCTION CO., LTD ¹	5,874	1.00	25	25	-
STX Construction Co., Ltd. ¹	945	0.03	81	4	4
Woolim Co., Ltd. ¹	3,888	0.23	664	33	33



1015

4831

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	2015			2014	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
KD Construction Co., Ltd. ¹	42,601	4.11	1,090	363	363
KOCREF SEOMYUN REITs CO., LTD. ¹	125,000	7.69	2,133	2,133	2,133
Ssangyong Engineering & Construction ¹	15,278	0.08	323	8	106
HAN IL Construction Co., Ltd. ¹	7	-	1	-	-
Smart Power Co., LTD. ¹	108,608	11.97	46	1	-
NAMKWANG ENGINEERING & CONSTRUCTION CO., LTD. ¹	22,863	0.31	562	96	-
HEEKYUNG ENGINEERING & CONSTRUCTION CO., LTD. ¹	-	-	12	2	-
DONGYANG ENGINEERING & CONSTRUCTION CORP. ¹	71	-	75	-	-
DONG AH ENGINEERING & CONSTRUCTION CORP. ¹	238,713	14.86	3,801	1,019	-
TEC CONSTRUCTION Co., Ltd. ¹	36,585	3.91	1,092	156	-
Hangaram engineering & construction co., Ltd. ¹	188	0.32	9	9	-
DONGJUROYAL ¹	14	0.03	-	-	-
JSBINC ¹	846	0.03	-	-	-
Korea Construction Financial Cooperative ²	46,013	1.22	39,772	55,332	54,636
Korea Specialty Contractor Financial Cooperative ¹	1,255	-	943	942	942
Electronic Contractors' Financial Cooperative ¹	500	-	96	95	95
Information and Communication Financial Cooperative ¹	567	-	69	68	68
Engineering Financial Cooperative ²	20,115	-	8,529	8,998	8,568
Korea Electric Engineers Association ¹	200	-	17	16	16
Deinse anonymous association ¹	-	-	377	377	5,378
4S Structure Safety Group Cooperative ¹	5	19.23	4	4	4
Key Environment Engineering Professional COOP ¹	50	19.61	4	4	-
GM Daewoo Auto & Technology Co., Ltd. ¹	-	-	33	33	33
KB Sosa Wonsi Railroad Project Private Special Assets ¹	2,858	14.29	31,931	11,064	9,251
Eugene Green Housing 2nd Private Real-estate Trust ¹	-	-	30,290	428	428
Meritz Happy Housing Fund 1st ¹	-	-	46,127	-	2,956
Meritz Happy Housing Fund 2nd ¹	-	-	11,000	-	2
KB Housing 1st Fund ¹	-	-	25,984	-	-
KIAMCO Road Investment Fund I ¹	-	-	9,704	9,704	9,704
Korea Investment Private Equity Newstart investment trust ²	-	-	2,560	2,301	2,495
Subtotal			464,557	251,748	275,825
Total			\$ 466,130	\$ 251,789	\$ 275,866

¹ The unmarketable equity securities that do not have readily determinable fair values are stated at cost. However, the unmarketable equity securities, whose net offset value declined significantly and are not expected to recover, are stated at collectable amount.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

² The value computed through an objective valuation model and reliable estimation based on professional judgment of an independent external appraiser is considered as its fair value.

³ The ownership interest in an investee established in accordance with Private Investment Law on Social Overhead Infrastructure is treated as available-for-sale financial asset because the Group cannot exercise significant influence on investee's finance or operations.

⁴ During current year, this entity was eliminated as it was sold to a third party.

Debt securities as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

Maturity	2015		2014	
	Nominal Value	Book Value	Book Value	Book Value
Short-term debt securities				
Government bonds				
National housing bonds and others				
Up to 1 year	W 841	W 775	W 166	
1 year to 5 years	10,932	10,808	25,400	
5 years to 10 years	455	450	2,428	
	<u>12,228</u>	<u>12,033</u>	<u>27,994</u>	
Corporate bonds				
Jushinbo NH 1st Securitization Specialty Co., Ltd.	Up to 1 year	1,196	1	1
Shinbo Chaeon 1st Securitization Specialty Co., Ltd. ¹	Up to 1 year	936	936	1,237
SACC Co., Ltd. ¹	1 year to 5 years	200	1	1
Woori Bank subordinated bonds ²	-	-	-	3,000
		<u>2,332</u>	<u>938</u>	<u>4,239</u>
Total		<u>W 14,560</u>	<u>W 12,971</u>	<u>W 32,233</u>

(in thousands of US dollars (Note 4))

Maturity	2015		2014	
	Nominal Value	Book Value	Book Value	Book Value
Short-term debt securities				
Government bonds				
National housing bonds and others				
Up to 1 year	\$ 718	\$ 661	\$ 142	
1 year to 5 years	9,328	9,222	21,672	
5 years to 10 years	388	384	2,072	
	<u>\$ 10,434</u>	<u>\$ 10,267</u>	<u>\$ 23,886</u>	
Corporate bonds				
Jushinbo NH 1st Securitization Specialty Co., Ltd.	Up to 1 year	1,020	1	1
Shinbo Chaeon 1st Securitization Specialty Co., Ltd. ¹	Up to 1 year	798	798	1,055
SACC Co., Ltd. ¹	1 year to 5 years	171	1	1
Woori Bank subordinated bonds ²	-	-	-	2,560
		<u>1,989</u>	<u>800</u>	<u>3,617</u>
Total		<u>\$ 12,423</u>	<u>\$ 11,067</u>	<u>\$ 27,503</u>

¹ The Group did not recognize the interest income on these bonds because its collection is uncertain.

² During current year, the above debt security was collected.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

13. Derivative instruments

The Group enters into fair value hedge and derivative instruments for trading contracts with Woori Bank and others. Changes in derivative instrument for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015							
	Amount				Gain(loss) on valuation			
	Assets		Liabilities		Gain		Loss	
Trading purpose								
Forward foreign currency contracts	₩	7,333	₩	-	₩	7,333	₩	-
Fair value hedge purpose								
Forward foreign currency contracts		43,059		60,126		20,797		32,709
Firm commitment contracts		60,126		43,059		42,617		82,085
Total	₩	110,518	₩	103,185	₩	70,747	₩	114,794

(in thousands of
US dollars (Note 4))

	2015							
	Amount				Gain(loss) on valuation			
	Assets		Liabilities		Gain		Loss	
Trading purpose								
Forward foreign currency contracts	\$	6,257	\$	-	\$	6,257	\$	-
Fair value hedge purpose								
Forward foreign currency contracts		36,740		51,302		17,745		27,909
Firm commitment contracts		51,302		36,740		36,363		70,038
Total	\$	94,299	\$	88,042	\$	60,365	\$	97,947



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2014			
	Amount		Gain(loss) on valuation	
	Assets	Liabilities	Gain	Loss
Trading purpose				
Forward foreign currency contracts	₩ -	₩ -	₩ -	₩ -
Fair value hedge purpose				
Forward foreign currency contracts	82,220	37,168	89,773	39,145
Firm commitment contracts	37,168	82,220	43,479	104,525
Total	₩ 119,388	₩ 119,388	₩ 133,252	₩ 143,670

(in thousands of US dollars (Note 4))

	2014			
	Amount		Gain(loss) on valuation	
	Assets	Liabilities	Gain	Loss
Trading purpose				
Forward foreign currency contracts	\$ -	\$ -	\$ -	\$ -
Fair value hedge purpose				
Forward foreign currency contracts	70,154	31,713	76,598	33,400
Firm commitment contracts	31,713	70,154	37,098	89,185
Total	\$ 101,867	\$ 101,867	\$ 113,696	\$ 122,585

The Group recognized gain(loss) on valuation of derivatives, gain(loss) on settlement of derivatives, and gain(loss) on valuation firm contract as other income(expenses).

All derivatives financial instruments, excluding fair value hedged currency forward contracts, were recognized in the statement of income.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

14. Assets held for sale

Changes in assets held for sale for the years ended December 31, 2015 and 2014, are as follows:

(In millions of Korean won and thousands of US dollars (Note 4))	2015		2014	
	₩		₩	
Beginning balance	₩ 568,248	₩ 433,753	\$ 484,853	\$ 370,096
Increase	41,550	282,763	35,452	241,265
Decrease ¹	104,423	148,268	89,098	126,508
Ending balance ²	₩ 505,375	₩ 568,248	\$ 431,207	\$ 484,853

¹ In relation to the disposal of assets held for sale, the Group recognized ₩ 7,532 million, equivalent to US \$ 6,427 thousand (2014: ₩ 3,985 million, equivalent to US \$ 3,400 thousand) as gain on disposal of assets held for sale, and ₩ 747 million, equivalent to US \$ 637 thousand (2014: ₩ 529 million, equivalent to US \$ 451 thousand) as loss on disposal of assets held for sale as other income and expenses, respectively, for the year ended December 31, 2015 (Note 31).

² Consists of real estate held for sale amounting to ₩ 503,004 million, equivalent to US \$ 429,184 thousand (2014: ₩ 565,877 million, equivalent to US \$ 482,830 thousand), securities held for sale ₩ 2,371 million, equivalent to US \$ 2,023 thousand (2014: ₩ 2,371 million, equivalent to US \$ 2,023 thousand) as of December 31, 2015.

15. Investments in Associates

Investments in associates as of December 31, 2015 and 2014 are as follows:

(in millions of Korean won)

Investments accounted for under the equity method	Location	Percentage of ownership (%)	Book value	
			2015	2014
BEIJING LUFTHANSA CENTER CO., Ltd.	China	25.0	₩ 24,416	₩ 23,863
Daewoo Power India Ltd.	India	50.0	969	1,027
KDS Hydro Pte. Ltd. ¹	Singapore	20.0	24,585	14,793
Hanam Marbling City Development Co., LTD.	Korea	44.0	-	10
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	Korea	20.0	19	15
Ansan Laketown PFV Co., Ltd.	Korea	47.4	17,501	10,367
Gyeongsan knowledge industry development Co., Ltd.	Korea	29.0	-	678
Yulchon 2 Industrial Complex Development Inc.	Korea	40.0	1,306	1,401
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.) ²	Korea	42.0	42,950	-
Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd. ³	Korea	30.0	22,491	-
Pyeong Seong Industria Inc. ³	Korea	27.0	1,343	-
Pyeong Seong Industria Asset Management Co., Ltd. ^{3,5}	Korea	70.0	70	-
Jinwi 3 Industrial Complex Development Inc.	Korea	20.0	239	979
			135,889	53,133



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

**Investments not accounted
for under the equity method ⁴**

Skyland Co., Ltd.	Korea	25.0	W	1	W	1
Skyland Asset Management Co., Ltd.	Korea	25.0		13		13
Chung-Ju Technopolis Assets Management Co., Ltd.	Korea	35.0		105		105
Econhill Development Asset Management Co., Ltd.	Korea	29.4		1		1
The Uni-Star Co., Ltd.	Korea	33.0		1		1
Myeong-dong City and Residential	Korea	44.0		1		1
Ansan Laketown Co., Ltd.	Korea	47.4		142		142
Hanam Marbling City Co., LTD.	Korea	44.0		44		44
SACC Co., Ltd. ⁵	Korea	27.3		1		1
Ultra-Robotland Co., Ltd. ³	Korea	25.0		918		-
Ultra-Robotland Asset Management Co., Ltd. ³	Korea	25.0		55		-
UNION DW ENG & CON LTD.	Thailand	49.0		-		-
MEGAWORLD-DW CO.	Philippines	40.0		1		1
GULF ENG.CONST. & CONTRACT	Libya	49.0		1		1
Daewoo Arabia Ltd. ⁵	Saudi Arabia	60.0		-		-
Daewoo Nigeria Ltd. ⁵	Nigeria	90.0		1		1
Daewoo-Hannel Corp. ⁵	Vietnam	60.0		-		-
Daewoo E&C Iran ⁵	Iran	100.0		-		-
Vietnam Bason city 21	Vietnam	40.0		48		48
Daewoo E&C LLC ⁵	Oman	70.0		510		510
				1,843		870
Total			W	137,732	W	54,003



1021

4837

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	Location	Percentage of ownership (%)	Book value	
			2015	2014
Investments accounted for under the equity method				
BEIJING LUFTHANSA CENTER CO., Ltd.	China	25.0	\$ 20,833	\$ 20,361
Daewoo Power India Ltd.	India	50.0	827	876
KDS Hydro Pte. Ltd. ¹	Singapore	20.0	20,977	12,622
Hanam Marbling City Development Co., LTD.	Korea	44.0	-	9
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	Korea	20.0	16	13
Ansan Laketown PFV Co., Ltd.	Korea	47.4	14,933	8,846
Gyeongsan knowledge industry development Co., Ltd.	Korea	29.0	-	578
Yulchon 2 Industrial Complex Development Inc.	Korea	40.0	1,114	1,195
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.) ²	Korea	42.0	36,647	-
Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd. ³	Korea	30.0	19,190	-
Pyeong Seong Industria Inc. ³	Korea	27.0	1,146	-
Pyeong Seong Industria Asset Management Co., Ltd. ^{3, 5}	Korea	70.0	60	-
Jinwi 3 Industrial Complex Development Inc.	Korea	20.0	204	835
			<u>115,947</u>	<u>45,335</u>
Investments not accounted for under the equity method ⁴				
Skyland Co., Ltd.	Korea	25.0	1	1
Skyland Asset Management Co., Ltd.	Korea	25.0	11	11
Chung-Ju Technopolis Assets Management Co., Ltd.	Korea	35.0	90	90
Econhill Development Asset Management Co., Ltd.	Korea	29.4	1	1
The Uni-Star Co., Ltd.	Korea	33.0	1	1
Myeong-dong City and Residential	Korea	44.0	1	1
Ansan Laketown Co.,Ltd.	Korea	47.4	121	121
Hanam Marbling City Co., LTD.	Korea	44.0	38	38
SACC Co., Ltd. ⁶	Korea	27.3	1	1
Ultra-Robotland Co., Ltd. ³	Korea	25.0	783	-
Ultra-Robotland Asset Management Co., Ltd. ³	Korea	25.0	47	-
UNION DW ENG & CON LTD.	Thailand	49.0	-	-
MEGAWORLD-DW CO.	Philippines	40.0	1	1
GULF ENG.CONST. & CONTRACT	Libya	49.0	1	1
Daewoo Arabia Ltd. ⁵	Saudi Arabia	60.0	-	-
Daewoo Nigeria Ltd. ⁵	Nigeria	90.0	1	1
Daewoo-Hannel Corp. ⁵	Vietnam	60.0	-	-
Daewoo E&C Iran ⁵	Iran	100.0	-	-
Vietnam Bason city 21	Vietnam	40.0	41	41
Daewoo E&C LLC ⁵	Oman	70.0	435	435
			<u>1,574</u>	<u>744</u>
Total			<u>\$ 117,521</u>	<u>\$ 46,079</u>



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

- ¹ In 2015, ₩ 5,466 million (equivalent to US \$ 4,664 thousand) were additionally acquired.
- ² The entity was reclassified to associates since the Group lost control during the current period.
- ³ The Group obtained significant influence due to acquisition of interest in 2015.
- ⁴ Equity method is not applied considering that changes in the ownership interest on the investee are insignificant. However, in case of significant decline in net asset value indicating that it is not recoverable, the recoverable amount is accounted for as its carrying amount. Net asset value is computed based on either financial statements with provisional settlement of accounts as of the end of the current period or the most recent available financial statements.
- ⁵ Although the Group's ownership exceeds 50%, they are classified as investments in associates since the investees do not perform substantive operating activities and the impact on the financial statements of the Group is not material.

Changes in the investments in associates for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won and
thousands of US dollars (Note 4))

	2015		2014	
	₩	₩	\$	\$
Beginning balance	54,003	39,586	46,078	33,776
Acquisition	30,359	1,987	25,904	1,696
Others ¹	80,184	4,100	68,416	3,499
Share of profit	(19,119)	12,757	(16,313)	10,885
Impairment	-	(299)	-	(255)
Share of other comprehensive income (loss)	(162)	3,650	(138)	3,114
Dividends	(7,533)	(7,041)	(6,427)	(6,008)
Disposal	-	(737)	-	(629)
Ending balance	₩ 137,732	₩ 54,003	\$ 117,520	\$ 46,078

- ¹ Consists of transfer to investments in securities.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Details of changes in carrying amount of equity method investments for the year ended December 31, 2015, is as follows:

(in millions of Korean won)

	Beginning	Acquisition (Disposal)	Share in profit of associates	Share in other compre- hensive income of associates	Dividends	Impairment	Ending
Investments accounted for under the equity method ¹							
BEIJING LUFTHANSA CENTER CO., Ltd.	W 23,861	W -	W 7,955	W 133	W (7,533)	W -	W 24,416
Daewoo Power India Ltd.	1,027	-	(91)	33	-	-	969
KDS Hydro Pte. Ltd.	14,794	5,465	4,647	(321)	-	-	24,585
Hanam Marbling City Development Co., LTD.	11	-	(11)	-	-	-	-
SEOULUNIVERSITYMEDI CALHUB Co.,Ltd	15	-	4	-	-	-	19
Ansan Laketown PFV Co., Ltd.	10,367	-	7,134	-	-	-	17,501
Gyeongsan knowledge industry development Co., Ltd.	678	-	(678)	-	-	-	-
Yulchon 2 Industrial Complex Development Inc.	1,401	-	(95)	-	-	-	1,306
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	-	80,185	(37,235)	-	-	-	42,950
Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd.	-	22,500	(9)	-	-	-	22,491
Pyeong Seong Industria Inc.	-	1,350	-	(7)	-	-	1,343
Pyeong Seong Industria Asset Management Co., Ltd.	-	70	-	-	-	-	70
Jinwi 3 Industrial Complex Development Inc.	979	-	(740)	-	-	-	239
	<u>W 53,133</u>	<u>W 109,570</u>	<u>W (19,119)</u>	<u>W (162)</u>	<u>W (7,533)</u>	<u>W -</u>	<u>W 135,889</u>
Investments not accounted for under the equity method							
Skyland Co., Ltd.	W 1	W -	W -	W -	W -	W -	W 1
Skyland Asset Management Co., Ltd.	13	-	-	-	-	-	13
Chung-Ju Technopolis Assets Management Co., Ltd.	105	-	-	-	-	-	105
Econhill Development Asset Management Co., Ltd.	1	-	-	-	-	-	1
The Uni-Star Co., Ltd.	1	-	-	-	-	-	1
Myeong-dong City and Residential	1	-	-	-	-	-	1
Ansan Laketown Co., Ltd.	142	-	-	-	-	-	142
Hanam Marbling City Co., LTD.	44	-	-	-	-	-	44
SACC Co., Ltd.	1	-	-	-	-	-	1
Ultra-Robotland Co., Ltd.	-	-	-	-	-	-	918

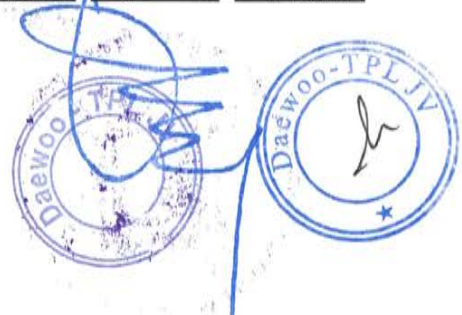


DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Ultra-Robotland Asset Management Co., Ltd.	-	55	-	-	-	-	55
UNION DW ENG & CON LTD.	-	-	-	-	-	-	0
MEGAWORLD-DW CO.	1	-	-	-	-	-	1
GULF ENG.CONST. & CONTRACT	1	-	-	-	-	-	1
Daewoo Arabia Ltd.	-	-	-	-	-	-	0
Daewoo Nigeria Ltd.	1	-	-	-	-	-	1
Daewoo-Hannel Corp.	-	-	-	-	-	-	0
Daewoo E&C Iran	-	-	-	-	-	-	0
Vietnam Bason city 21	48	-	-	-	-	-	48
Daewoo E&C LLC	510	-	-	-	-	-	510
	<u>870</u>	<u>973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,843</u>
Total	<u>W 54,003</u>	<u>W 110,543</u>	<u>W (19,119)</u>	<u>W (162)</u>	<u>W (7,533)</u>	<u>W -</u>	<u>W 137,732</u>

(in thousands of US dollars
 (Note 4))

	<u>Beginning</u>	<u>Acquisition (Disposal)</u>	<u>Share in profit of associates</u>	<u>Share in other comprehensive income of associates</u>	<u>Dividends</u>	<u>Impairment</u>	<u>Ending</u>
Investments accounted for under the equity method							
BEIJING LUFTHANSA CENTER CO., Ltd.	\$ 20,360	\$ -	\$ 6,787	\$ 114	\$ (6,427)	\$ -	\$ 20,834
Daewoo Power India Ltd.	876	-	(78)	28	-	-	826
KDS Hydro Pte. Ltd.	12,623	4,663	3,965	(274)	-	-	20,977
Hanam Marbling City Development Co., LTD.	9	-	(9)	-	-	-	-
SEOULUNIVERSITYMEDI CALHUB Co.,Ltd	13	-	3	-	-	-	16
Ansan Laketown PFV Co., Ltd.	8,846	-	6,087	-	-	-	14,933
Gyeongsan knowledge industry development Co., Ltd.	578	-	(578)	-	-	-	-
Yulchon 2 Industrial Complex Development Inc.	1,195	-	(81)	-	-	-	1,114
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	-	68,417	(31,770)	-	-	-	36,647
Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd.	-	19,198	(8)	-	-	-	19,190
Pyeong Seong Industria Inc.	-	1,152	-	(6)	-	-	1,146
Pyeong Seong Industria Asset Management Co., Ltd.	-	60	-	-	-	-	60
Jinwi 3 Industrial Complex Development Inc.	835	-	(631)	-	-	-	204
	<u>\$ 45,335</u>	<u>\$ 93,490</u>	<u>\$ (16,313)</u>	<u>\$ (138)</u>	<u>\$ (6,427)</u>	<u>\$ -</u>	<u>\$ 115,947</u>



1025

4841

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Investments not accounted for under the equity method

Skyland Co., Ltd.	1	-	-	-	-	-	1
Skyland Asset Management Co., Ltd.	11	-	-	-	-	-	11
Chung-Ju Technopolis Assets Management Co., Ltd.	90	-	-	-	-	-	90
Econhill Development Asset Management Co., Ltd.	1	-	-	-	-	-	1
The Uni-Star Co., Ltd.	1	-	-	-	-	-	1
Myeong-dong City and Residential	1	-	-	-	-	-	1
Ansan Laketown Co., Ltd.	121	-	-	-	-	-	121
Hanam Marbling City Co., LTD.	38	-	-	-	-	-	38
SACC Co., Ltd.	1	-	-	-	-	-	1
Ultra-Robotland Co., Ltd.	-	783	-	-	-	-	783
Ultra-Robotland Asset Management Co., Ltd.	-	47	-	-	-	-	47
UNION DW ENG & CON LTD.	-	-	-	-	-	-	-
MEGAWORLD-DW CO.	1	-	-	-	-	-	1
GULF ENG.CONST. & CONTRACT	1	-	-	-	-	-	1
Daewoo Arabia Ltd.	-	-	-	-	-	-	-
Daewoo Nigeria Ltd.	1	-	-	-	-	-	1
Daewoo-Hannel Corp.	-	-	-	-	-	-	-
Daewoo E&C Iran	-	-	-	-	-	-	-
Vietnam Bason city 21	41	-	-	-	-	-	41
Daewoo E&C LLC	434	-	-	-	-	-	434
	<u>\$ 743</u>	<u>\$ 830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,573</u>
Total	<u>\$ 46,078</u>	<u>\$ 94,320</u>	<u>\$ (16,313)</u>	<u>\$ (138)</u>	<u>\$ (6,427)</u>	<u>\$ -</u>	<u>\$ 117,520</u>

¹ Equity method was applied using provisional financial statements as it was difficult to acquire financial statements audited or reviewed by the external auditor. The reliability of provisional financial statements was tested.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

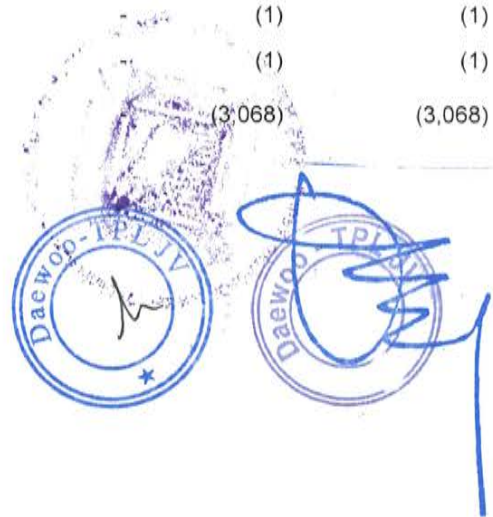
The financial information of investees as of and for the year ended December 31, 2015, is as follows:

(in millions of Korean won)

	2015				
	Assets	Liabilities	Sales	Net profit (loss)	Comprehensive income (loss)
BEIJING LUFTHANSA CENTER Co., Ltd.	₩ 121,775	₩ 24,110	₩ 106,127	₩ 31,818	₩ 32,348
Daewoo Power inDIA) LTD.	2,371	433	-	(182)	(115)
KDS Hydro Pte. Ltd.	341,779	224,941	126,403	17,151	15,544
Hanam Marbling City Co., LTD.	126,058	137,550	-	(11,517)	(11,517)
Seoul University Medicalhub Co., Ltd.	10,911	10,814	-	22	22
Ansan Laketown PFV Co., Ltd	97,144	58,373	226,024	16,897	16,897
Gyeongsan knowledge industry development Co., Ltd.	188,571	187,573	-	(1,824)	(1,824)
Yulchon 2 Industrial Complex Development Inc.	3,264	-	-	(238)	(238)
Pocheon IPP Co., Ltd.	632,922	442,366	-	(1,505)	(1,505)
Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd.	111,684	36,714	-	(30)	(30)
Pyeong Seong Industria Inc.	5,000	25	-	(1)	(1)
Pyeong Seong Industria Asset Management Co., Ltd.	100	1	-	(1)	(1)
Jinwi 3 Industrial Complex Development Inc.	1,307	109	-	(3,596)	(3,596)

(in thousands of US dollars (Note 4))

	2015				
	Assets	Liabilities	Sales	Net profit (loss)	Comprehensive income (loss)
BEIJING LUFTHANSA CENTER Co., Ltd.	\$ 103,904	\$ 20,572	\$ 90,552	\$ 27,148	\$ 27,601
Daewoo Power inDIA) LTD.	2,023	369	-	(155)	(98)
KDS Hydro Pte. Ltd.	291,620	191,929	107,852	14,634	13,263
Hanam Marbling City Co., LTD.	107,558	117,363	-	(9,827)	(9,827)
Seoul University Medicalhub Co., Ltd.	9,310	9,227	-	19	19
Ansan Laketown PFV Co., Ltd	82,887	49,806	192,853	14,417	14,417
Gyeongsan knowledge industry development Co., Ltd.	160,897	160,045	-	(1,556)	(1,556)
Yulchon 2 Industrial Complex Development Inc.	2,785	-	-	(203)	(203)
Pocheon IPP Co., Ltd.	540,036	377,445	-	(1,284)	(1,284)
Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd.	95,294	31,326	-	(26)	(26)
Pyeong Seong Industria Inc.	4,266	21	-	(1)	(1)
Pyeong Seong Industria Asset Management Co., Ltd.	85	1	-	(1)	(1)
Jinwi 3 Industrial Complex Development Inc.	1,115	93	-	(3,068)	(3,068)



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The financial information of investees as of and for the year ended December 31, 2014, is as follows:

(in millions of Korean won)

	2014				
	Assets	Liabilities	Sales	Net profit (loss)	Comprehensive income (loss)
BEIJING LUFTHANSA CENTER Co., Ltd.	W 117,020	W 21,570	W 104,559	W 29,521	W 30,112
DW POWER(INDIA) LTD.	2,190	136	-	(197)	(197)
Hanam Marbling City Co., LTD.	1,272	1,248	-	(876)	(876)
KDS Hydro Pte. Ltd.	220,124	146,154	38,554	3,855	21,369
Ansan Laketown PFV Co., Ltd.	120,156	98,285	188,273	13,792	13,792
Gyeongsan knowledge industry development Co., Ltd.	125,504	123,167	-	(2,172)	(2,172)
Yulchon 2 Industrial Complex Development Inc.	3,502	-	-	(498)	(498)
Jinwi 3 Industrial Complex Development Inc.	4,895	-	-	(104)	(104)

(in thousands of US dollars (Note 4))

	2014				
	Assets	Liabilities	Sales	Net profit (loss)	Comprehensive income (loss)
BEIJING LUFTHANSA CENTER Co., Ltd.	\$ 110,888	\$ 20,440	\$ 99,080	\$ 27,974	\$ 28,534
DW POWER(INDIA) LTD.	2,075	129	-	(187)	(187)
Hanam Marbling City Co., LTD.	1,205	1,183	-	(830)	(830)
KDS Hydro Pte. Ltd.	208,589	138,495	36,534	3,653	20,249
Ansan Laketown PFV Co., Ltd.	113,860	93,135	178,407	13,069	13,069
Gyeongsan knowledge industry development Co., Ltd.	119,393	116,713	-	(2,058)	(2,058)
Yulchon 2 Industrial Complex Development Inc.	3,318	-	-	(472)	(472)
Jinwi 3 Industrial Complex Development Inc.	4,638	-	-	(99)	(99)



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Details of adjustments from financial information to the book value of investments in associates for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015		
	Net assets at the end of the year (a)	Percentage of ownership (b)	Book value (a*b)
BEIJING LUFTHANSA CENTER CO., Ltd	W 97,665	25.0%	W 24,416
DW POWER(INDIA) LTD.	1,938	50.0%	969
KDS Hydro Pte. Ltd.	116,838	20.0%	23,368
Hanam Marbling City Co. LTD.	(11,492)	44.0%	0
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	97	20.0%	19
Ansan Laketown PFV Co., Ltd	38,771	47.4%	18,377
Gyeongsan knowledge industry development Co., Ltd.	998	29.0%	289
Yulchon 2 Industrial Complex Development Inc.	3,264	40.0%	1,306
Pocheon IPP Co., Ltd.	190,556	42.0%	80,091
Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd.	74,970	30.0%	22,491
Pyeong Seong Industria Inc.	4,975	27.0%	1,343
Pyeong Seong Industria Asset Management Co., Ltd.	99	70.0%	70
Jinwi 3 Industrial Complex Development Inc.	1,198	20.0%	239

(in thousands of US dollars (Note 4))

	2015		
	Net assets at the end of the year (a)	Percentage of ownership (b)	Book value (a*b)
BEIJING LUFTHANSA CENTER CO., Ltd	\$ 83,332	25.0%	\$ 20,833
DW POWER(INDIA) LTD.	1,654	50.0%	827
KDS Hydro Pte. Ltd.	99,691	20.0%	19,939
Hanam Marbling City Co. LTD.	(9,805)	44.0%	-
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	83	20.0%	16
Ansan Laketown PFV Co., Ltd	33,081	47.4%	15,680
Gyeongsan knowledge industry development Co., Ltd.	852	29.0%	247
Yulchon 2 Industrial Complex Development Inc.	2,785	40.0%	1,114
Pocheon IPP Co., Ltd.	162,590	42.0%	68,337
Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd.	63,968	30.0%	19,190
Pyeong Seong Industria Inc.	4,245	27.0%	1,146
Pyeong Seong Industria Asset Management Co., Ltd.	84	70.0%	60
Jinwi 3 Industrial Complex Development Inc.	1,022	20.0%	204



1029

4845

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2014		
	Net assets at the end of the year (a)	Percentage of ownership (b)	Book value (a*b)
BEIJING LUFTHANSA CENTER CO., Ltd	W 95,450	25.0%	W 23,863
DW POWER(INDIA) LTD.	2,054	50.0%	1,027
Hanam Marbling City Co. LTD.	24	44.0%	10
KDS Hydro Pte. Ltd.	73,970	20.0%	14,793
Ansan Laketown PFV Co., Ltd	21,871	47.4%	10,367
Gyeongsan knowledge industry development Co., Ltd.	2,828	29.0%	820
Yulchon 2 Industrial Complex Development Inc.	3,502	40.0%	1,401
Jinwi 3 Industrial Complex Development Inc.	4,895	20.0%	979

(in thousands of US dollars (Note 4))

	2014		
	Net assets at the end of the year (a)	Percentage of ownership (b)	Book value (a*b)
BEIJING LUFTHANSA CENTER CO.,Ltd	\$ 81,442	25.0%	\$ 20,361
DW POWER(INDIA) LTD.	1,753	50.0%	876
Hanam Marbling City Co., LTD.	20	44.0%	9
KDS Hydro Pte., Ltd.	63,114	20.0%	12,623
Ansan Laketown PFV Co., Ltd.	18,661	47.4%	8,846
Gyeongsan knowledge industry development Co., Ltd.	2,413	29.0%	700
Yulchon 2 Industrial Complex Development Inc.	2,988	40.0%	1,195
Jinwi 3 Industrial Complex Development Inc.	4,177	20.0%	835



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Adjustments on the net asset values of the investee to reconcile its accounting policies with those of the Group are as follows:

(in millions of Korean won)

	2015			Remarks
	Net asset before adjustments ¹	Adjustments ¹	Net asset after adjustments ¹	
DW POWER(INDIA) LTD.	W 4,449	W (3,480)	W 969	Charging the capitalized initial cost of business to the current expense

(in thousands of US dollars (Note 4))

	2015			Remarks
	Net asset before adjustments ¹	Adjustments ¹	Net asset after adjustments ¹	
DW POWER(INDIA) LTD.	\$ 4,216	\$ (3,337)	\$ 879	Charging the capitalized initial cost of business to the current expense

(in millions of Korean won)

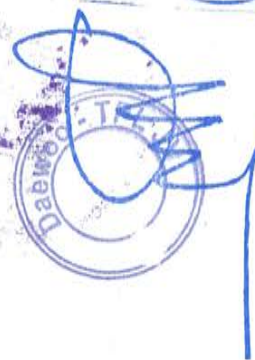
	2014			Remarks
	Net asset before adjustments ¹	Adjustments ¹	Net asset after adjustments ¹	
DW POWER(INDIA) LTD.	W 4,158	W (3,131)	W 1,027	Charging the capitalized initial cost of business to the current expense

(in thousands of US dollars (Note 4))

	2014			Remarks
	Net asset before adjustments ¹	Adjustments ¹	Net asset after adjustments ¹	
DW POWER(INDIA) LTD.	\$ 3,940	\$ (3,010)	\$ 930	Charging the capitalized initial cost of business to the current expense

¹ The Group's proportionate ownership was considered when assessing the net assets and adjustments of investees.

All equity method investments are unlisted equity securities and none of these investments is traded in an active market.



1031

4847

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

16. Property, plant and equipment

Changes in property, plant and equipment for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015						Changes in consolidation scope	Balance as of Dec 31
	Balance as of Jan 1	Acquisition	Disposal	Depreciation	Others ¹			
Land	W 158,348	W 540	W (835)	W -	W (463)	W (24,034)	W 133,556	
Buildings	163,523	-	(39)	(6,226)	759	(1,660)	156,357	
Structures	3,819	211	-	(458)	177	-	3,749	
Machinery	77,960	89,600	(1,031)	(25,665)	(2,518)	-	138,346	
Ships	22,499	53,348	(116)	(5,579)	(1,397)	-	68,755	
Vehicles	26,395	45,356	(263)	(14,251)	(742)	-	56,495	
Tools	3,011	1,970	(54)	(1,466)	(32)	-	3,429	
Equipment	11,328	5,390	(652)	(5,738)	608	(7)	10,929	
Construction-in-progress	330,759	244,137	(117)	-	85,350	(295,426)	364,703	
Total	W 797,642	W 440,552	W (3,107)	W (59,383)	W 81,742	W (321,127)	W 936,319	

(in thousands of US dollars (Note 4))

	2015						Changes in consolidation scope	Balance as of Dec 31
	Balance as of Jan 1	Acquisition	Disposal	Depreciation	Others ¹			
Land	\$ 135,109	\$ 461	\$ (712)	\$ -	\$ (395)	\$ (20,507)	\$ 113,956	
Buildings	139,524	-	(34)	(5,312)	648	(1,416)	133,410	
Structures	3,259	180	-	(391)	151	-	3,199	
Machinery	66,519	76,451	(881)	(21,898)	(2,148)	-	118,043	
Ships	19,197	45,519	(99)	(4,760)	(1,192)	-	58,665	
Vehicles	22,521	38,700	(224)	(12,160)	(633)	-	48,204	
Tools	2,569	1,680	(46)	(1,251)	(27)	-	2,925	
Equipment	9,667	4,599	(556)	(4,896)	517	(6)	9,325	
Construction-in-progress	282,217	208,308	(99)	-	72,824	(252,070)	311,180	
Total	\$ 680,582	\$ 375,898	\$ (2,651)	\$ (50,668)	\$ 69,745	\$ (273,999)	\$ 798,907	

¹ Other increase or decrease consists of membership received as a payment in substitute, amount decreased due to changes in scope of consolidation and acquisitions arising from subrogation of trade receivables.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of
Korean won)

	2014					Balance as of Dec 31
	Balance as of Jan 1	Acquisition	Disposal	Depreciation	Others ¹	
Land	W 142,552	W 11,700	W -	W -	W 4,096	W 158,348
Buildings	163,289	2,050	-	(6,570)	4,754	163,523
Structures	3,536	452	-	(442)	273	3,819
Machinery	55,453	40,327	(688)	(15,512)	(1,620)	77,960
Ships	26,753	1,822	(215)	(5,356)	(505)	22,499
Vehicles	19,684	16,906	(618)	(8,998)	(579)	26,395
Tools	3,653	1,061	(165)	(1,850)	312	3,011
Equipment	14,571	4,519	(560)	(7,277)	75	11,328
Construction- in- progress	268,652	77,167	-	-	(15,060)	330,759
Total	W 698,143	W 156,004	W (2,246)	W (46,005)	W (8,254)	W 797,642

(in thousands of
US dollars (Note 4))

	2014					Balance as of Dec 31
	Balance as of Jan 1	Acquisition	Disposal	Depreciation	Others ¹	
Land	\$ 121,631	\$ 9,983	\$ -	\$ -	\$ 3,495	\$ 135,109
Buildings	139,325	1,749	-	(5,606)	4,056	139,524
Structures	3,017	386	-	(377)	233	3,259
Machinery	47,314	34,409	(587)	(13,235)	(1,382)	66,519
Ships	22,827	1,555	(183)	(4,571)	(431)	19,197
Vehicles	16,795	14,424	(527)	(7,677)	(494)	22,521
Tools	3,117	905	(141)	(1,578)	266	2,569
Equipment	12,434	3,856	(478)	(6,209)	64	9,667
Construction- in- progress	229,225	65,842	-	-	(12,850)	282,217
Total	\$ 595,685	\$ 133,109	\$ (1,916)	\$ (39,253)	\$ (7,043)	\$ 680,582

¹ Others consist of the reclassification of property, plant and equipment, the gain (loss) on foreign exchange translation due to the property, plant and equipment in overseas operations and reclassification of assets held for sale.



1033

4849

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

17. Intangible assets

Changes in intangible assets for the years ended December 31, 2015 and 2014, are as follows:

(in millions of
Korean won)

	2015				
	Usage rights	Membership rights	Software	Goodwill	Total
Beginning balance	W 57,133	W 43,884	W 13,632	W 542	W 115,191
Acquisition (disposal)	-	429	4,895	-	5,324
Others ¹	1,522	8,300	(14)	-	9,808
Changes in scope of consolidation	-	-	(12)	-	(12)
Amortization	(2,832)	-	(7,130)	-	(9,962)
Ending balance	W 55,823	W 52,613	W 11,371	W 542	W 120,349

(in thousands of
US dollars (Note 4))

	2015				
	Usage rights	Membership rights	Software	Goodwill	Total
Beginning balance	\$ 48,748	\$ 37,444	\$ 11,631	\$ 462	\$ 98,285
Acquisition (disposal)	-	366	4,177	-	4,543
Others ¹	1,299	7,082	(12)	-	8,369
Changes in scope of consolidation	-	-	(10)	-	(10)
Amortization	(2,416)	-	(6,084)	-	(8,500)
Ending balance	\$ 47,631	\$ 44,892	\$ 9,702	\$ 462	\$ 102,687

¹ Other increase or decrease consists of membership received as a payment in substitute, and acquisitions arising from subrogation of trade receivables.

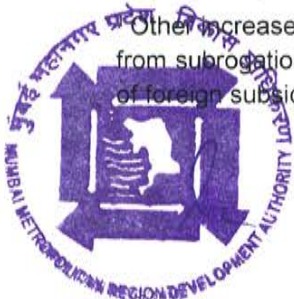
(in millions of
Korean won)

	2014				
	Usage rights	Membership rights	Software	Goodwill	Total
Beginning balance	W 58,973	W 33,624	W 17,243	W 542	W 110,382
Acquisition (disposal)	-	260	3,138	-	3,398
Others ¹	946	10,000	3	-	10,949
Amortization	(2,786)	-	(6,752)	-	(9,538)
Ending balance	W 57,133	W 43,884	W 13,632	W 542	W 115,191

(in thousands of
US dollars (Note 4))

	2014				
	Usage rights	Membership rights	Software	Goodwill	Total
Beginning balance	\$ 50,318	\$ 28,690	\$ 14,712	\$ 462	\$ 94,182
Acquisition (disposal)	-	222	2,677	-	2,899
Others ¹	807	8,532	3	-	9,342
Amortization	(2,377)	-	(5,761)	-	(8,138)
Ending balance	\$ 48,748	\$ 37,444	\$ 11,631	\$ 462	\$ 98,285

¹ Other increase or decrease consists of transfer of usage rights to inventories, acquisitions arising from subrogation of trade receivables, and increase (decrease) from translation of intangible assets of foreign subsidiaries.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

18. Investment property

Changes in investment property for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015		
	Rental property	Other property	Total
Beginning balance	₩ 152,833	₩ 25,627	₩ 178,460
Reclassification	-	(835)	(835)
Disposal	-	(3,390)	(3,390)
Depreciation	(2,333)	-	(2,333)
Ending balance	₩ 150,500	₩ 21,402	₩ 171,902

(in thousands of US dollars (Note 4))

	2015		
	Rental property	Other property	Total
Beginning balance	\$ 130,404	\$ 21,866	\$ 152,270
Reclassification	-	(712)	(712)
Disposal	(1)	(2,892)	(2,893)
Depreciation	(1,991)	-	(1,991)
Ending balance	\$ 128,412	\$ 18,262	\$ 146,674

(in millions of Korean won)

	2014		
	Rental property	Other property	Total
Beginning balance	₩ 164,746	₩ 25,627	₩ 190,373
Reclassification	-	-	-
Disposal	(9,580)	-	(9,580)
Depreciation	(2,333)	-	(2,333)
Ending balance	₩ 152,833	₩ 25,627	₩ 178,460

(in thousands of US dollars (Note 4))

	2014		
	Rental property	Other property	Total
Beginning balance	\$ 140,568	\$ 21,866	\$ 162,434
Reclassification	-	-	-
Disposal	(8,174)	-	(8,174)
Depreciation	(1,991)	-	(1,991)
Ending balance	\$ 130,403	\$ 21,866	\$ 152,269

There is no significant difference between the fair value and the book value of the investment property as of December 31, 2015 and 2014.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

19. Other payables and advances received

Other payables and advances received as of December 31, 2015 and 2014, are as follows:

		2015		2014	
		2015		2014	
<i>(in millions of Korean won and thousands of US dollars (Note 4))</i>					
Current					
Other payables	Non-trade payables	₩ 659,580	₩ 567,332	\$ 562,782	\$ 484,072
	Accrued expenses	687,010	557,113	586,186	475,353
	Total	<u>1,346,590</u>	<u>1,124,445</u>	<u>1,148,968</u>	<u>959,425</u>
Advances received	Advances from construction contracts ¹	783,173	648,449	668,236	553,284
	Advances from sales of real estate ¹	197,063	152,224	168,142	129,884
	Other advances received	18,311	29,304	15,624	25,003
	Unearned sales	212	198	181	169
	Total	<u>998,759</u>	<u>830,175</u>	<u>852,183</u>	<u>708,340</u>
Non-current					
Other payables	Non-trade payables	-	250	-	213
Advances received	Advances from construction contracts	853,752	923,005	728,457	787,547
	Other advances received	245	245	209	209
	Total	<u>₩ 853,997</u>	<u>₩ 923,250</u>	<u>\$ 728,666</u>	<u>\$ 787,756</u>

¹ Due to customers for contract work of ₩ 766,556 million, equivalent to US \$ 654,058 thousand (2014: ₩ 683,845 million, equivalent to US \$ 583,485 thousand) is included.

20. Financial instruments liabilities

Financial instruments liabilities as of December 31, 2015 and 2014, are as follows:

		2015		2014	
		2015		2014	
<i>(in millions of Korean won and thousands of US dollars (Note 4))</i>					
Current					
Short-term borrowings		₩ 769,163	₩ 968,761	\$ 656,282	\$ 826,588
Current portion of long-term borrowings and debentures		822,459	495,576	701,757	422,846
Financial guarantee liabilities		5,722	53,600	4,882	45,734
Derivatives liabilities		51,073	51,953	43,578	44,328
		<u>1,648,417</u>	<u>1,569,890</u>	<u>1,406,499</u>	<u>1,339,496</u>
Non-current					
Long-term borrowings		492,349	421,336	420,093	359,502
Debentures		450,000	800,000	383,959	682,594
Financial guarantee liabilities		22,349	30,780	19,069	26,263
Derivatives liabilities		52,112	67,435	44,464	57,538
		<u>1,016,810</u>	<u>1,319,551</u>	<u>867,585</u>	<u>1,125,897</u>
Total		<u>₩ 2,665,227</u>	<u>₩ 2,889,441</u>	<u>\$ 2,274,084</u>	<u>\$ 2,465,393</u>



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Short-term borrowings as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))	Interest rates (%)	2015		2014	
		2015	2014	2015	2014
Short-term borrowings in Korean won					
The Export-Import Bank of Korea	2.81~3.35	W 200,545	W 403,651	\$ 171,113	\$ 344,412
Korea Development Bank	3.89	200,000	270,000	170,648	230,375
Woori Bank	3.28~4.56	110,000	3,144	93,857	2,683
Daewoo Songdo IBD L.L.C.	3.88	71,000	-	60,580	-
KEB Hana Bank	3.43	60,000	149,000	51,195	127,133
Standard Chartered Bank Korea Ltd	3.17	50,000	-	42,662	-
Dongbu Insurance Co., Ltd	3.90	40,000	-	34,130	-
Korea Specialty Contractor Financial Cooperative	2.56	250	300	213	256
Korea Construction Financial Cooperative	1.65	-	50,230	-	42,858
NH Nonghyup Bank	5.45	-	51,100	-	43,601
Shinhan Capital Co., Ltd.	6.20	-	4,750	-	4,053
KT Capital Corporation	6.20	-	4,750	-	4,053
Others	-	-	5,958	-	5,084
Short-term borrowings in foreign currencies					
The Export-Import Bank of Korea	1.7%+EUR Libor	18,568	19,379	15,843	16,535
KB Kookmin Bank	1.10~1.82	13,834	-	11,804	-
NH Nonghyup Bank	0.95~1.32	3,847	-	3,282	-
KEB Hana Bank	1.51	826	6,499	705	5,545
First Hawaiian Bank	1.25%+Bank Prime rate	293	-	250	-
Total		W 769,163	W 968,761	\$ 656,282	\$ 826,588



Handwritten signature in blue ink over a circular stamp that partially overlaps the Daewoo-TPJ JV stamp.

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Long-term borrowings as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)	Interest rates (%)	2015		2014	
		Current	Non-current	Current	Non-current
Long-term borrowings in Korean won					
Korea Housing & Urban Guarantee Corporation	1.00	₩ 225	₩ 6,521	₩ 3,151	₩ 28,360
CP	3.00	50,000	-	-	50,000
Woori Bank	3.28~3.48	111,649	-	-	112,162
Korea Trade Insurance Corporation	-	-	-	4,017	-
NH Nonghyup Bank	-	-	-	400	200
Long-term borrowings in foreign currencies					
AKA Bank	0.50	12,038	12,660	11,954	25,777
KDB Singapore	3.13~3.28	146,500	82,040	225,336	-
NBAD	3.26	52,740	-	-	49,464
Arab Bank Plc	2.89	-	52,740	-	-
FGB	3.11	-	52,740	-	-
HSBC	3.62~3.81	-	52,740	-	-
KIAMCO	-	-	-	-	70,100
Korea Development Bank	4.19~5.45	-	234,404	-	88,767
Bank of Federated States	5.50~7.00	233	2,621	1,687	-
First Hawaiian Bank	5.25	12	-	-	12
		373,397	496,466	246,545	424,842
Less : Discounts on present value		(938)	(4,117)	(969)	(3,506)
Total		₩ 372,459	₩ 492,349	₩ 245,576	₩ 421,336



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	Interest rates (%)	2015		2014	
		Current	Non-current	Current	Non-current
Long-term borrowings in Korean won					
Korea Housing & Urban Guarantee Corporation	1.00	\$ 192	\$ 5,564	\$ 2,689	\$ 24,198
CP	3.00	42,662	-	-	42,662
Woori Bank	3.28~3.48	95,264	-	-	95,701
Korea Trade Insurance Corporation	-	-	-	3,427	-
NH Nonghyup Bank	-	-	-	341	171
Long-term borrowings in foreign currencies					
AKA Bank	0.50	10,271	10,802	10,200	21,994
KDB Singapore	3.13~3.28	125,000	70,000	192,266	-
NBAD	3.26	45,000	-	-	42,205
Arab Bank Plc	2.89	-	45,000	-	-
FGB	3.11	-	45,000	-	-
HSBC	3.62~3.81	-	45,000	-	-
KIAMCO	-	-	-	-	59,812
Korea Development Bank	4.19~5.45	-	200,003	-	75,740
Bank of Federated States	5.50~7.00	199	2,237	1,440	-
First Hawaiian Bank	5.25	10	-	-	10
		318,598	423,606	210,363	362,493
Less : Discounts on present value		(800)	(3,513)	(827)	(2,991)
Total		\$ 317,798	\$ 420,093	\$ 209,536	\$ 359,502

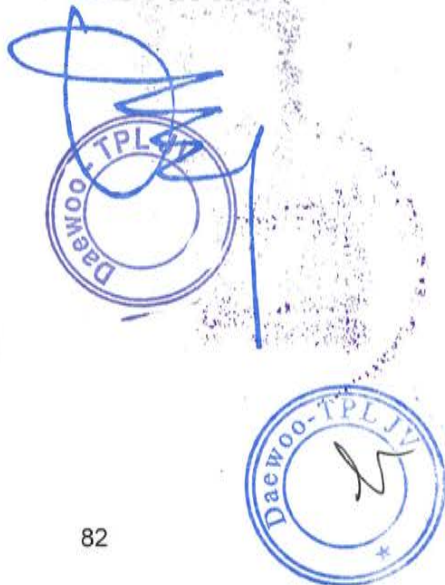


DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Debentures as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)	Interest rates (%)	2015		2014	
		Current	Non-current	Current	Non-current
29-1 st public bond	4.30	₩ -	₩ -	₩ 150,000	₩ -
29-2 nd public bond	5.10	-	100,000	-	100,000
30-1 st public bond	3.84	-	-	100,000	-
30-2 nd public bond	4.11	-	150,000	-	150,000
31 st public bond	3.56	250,000	-	-	250,000
32 nd public bond	3.96	200,000	-	-	200,000
33 rd private bond	4.30	-	100,000	-	100,000
34 th private bond	3.50	-	100,000	-	-
Total		₩ 450,000	₩ 450,000	₩ 250,000	₩ 800,000

(in thousands of US dollars (Note 4))	Interest rates (%)	2015		2014	
		Current	Non-current	Current	Non-current
29-1 st public bond	4.30	\$ -	\$ -	\$ 127,987	\$ -
29-2 nd public bond	5.10	-	85,324	-	85,324
30-1 st public bond	3.84	-	-	85,324	-
30-2 nd public bond	4.11	-	127,987	-	127,987
31 st public bond	3.56	213,311	-	-	213,311
32 nd public bond	3.96	170,648	-	-	170,648
33 rd private bond	4.30	-	85,324	-	85,324
34 th private bond	3.50	-	85,324	-	-
Total		\$ 383,959	\$ 383,959	\$ 213,311	\$ 682,594



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Changes in the carrying amount of defined benefit obligations for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015		2014	
Beginning balance	₩	372,717	₩	311,348
Current service cost		46,323		43,126
Interest expense		7,713		-
Remeasurements:		14,891		15,457
Actuarial gains and losses arising from changes in financial assumptions				
Actuarial gains and losses arising from experience adjustments		35,873		29,520
Actuarial gains and losses arising from retirement age adjustments		(27,620)		6,929
Payments from plans:		(4,951)		-
Benefit payments				
Others		(32,269)		(33,663)
Ending balance	₩	<u>412,677</u>	₩	<u>372,717</u>
			\$	<u>318,018</u>
			\$	<u>265,655</u>

Changes in the fair value of plan assets for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015		2014	
Beginning balance	₩	174,688	₩	146,690
Interest income		6,567		6,899
Remeasurements:				
Return on plan assets		(2,785)		(2,854)
Contributions:				
Employers		72,070		31,825
Payments from plans:				
Benefits paid		(9,775)		(7,659)
Administrative expenses		(259)		-
Contribution to national pension plan		(154)		(213)
Ending balance	₩	<u>240,352</u>	₩	<u>174,688</u>
			\$	<u>205,078</u>
			\$	<u>149,051</u>



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The principal actuarial assumptions used are as follows:

The Group determined the estimate of discount rate and others for assessing the present value of the defined benefit obligations by the reference to the market yields on high quality corporate bonds whose currency and term are consistent with the currency and estimated term of the post-employment benefit obligations.

	2015	2014
Discount rate	2.74%	4.14%
Inflation rate	4.25%	4.75%

Retirement pension mortality rate from 2012, announced by the Insurance Development Institute to the Insurance Business Act, was used.

The sensitivity analysis for changes in key actuarial assumptions is as follows:

	Effect on defined benefit obligation	
	Increase of 1%	Decrease of 1%
Discount rate	6.43% decrease	7.26% increase
Inflation rate	7.26% increase	6.54% decrease

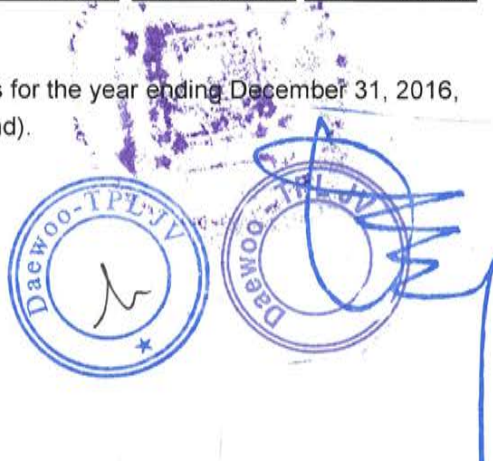
The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

Plan assets as of December 31, 2015 and 2014, consist of:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015		2014	
Cash and cash equivalents	₩ 12,206	₩ 42,251	\$ 10,415	\$ 36,050
Fixed deposits	207,776	114,389	177,283	97,602
Debt securities	8,204	7,086	7,000	6,046
Equity securities	253	60	216	51
Contribution to national pension plan	2,377	2,531	2,028	2,160
Others	9,536	8,371	8,136	7,142
Total	₩ 240,352	₩ 174,688	\$ 205,078	\$ 149,051

Expected contributions to post-employment benefit plans for the year ending December 31, 2016, are ₩ 38,387 million (equivalent to US \$ 32,753 thousand).



1043

4859

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The weighted average duration of the defined benefit obligations is 7.26 years, and expected maturity analysis of undiscounted pension benefits as of December 31, 2015, is as follows:

<i>(in millions of Korean won)</i>		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Pension benefits	₩	48,829	48,761	112,439	814,640	1,024,669

<i>(in thousands of US dollars (Note 4))</i>		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Pension benefits	\$	41,663	41,605	95,938	695,085	874,291

22. Provisions

Provisions consist of provisions for construction warranty, provisions for contingent liabilities related with lawsuits and others.

Changes in provisions for the years ended December 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015			2014		
	Provisions for construction warranty	Provisions for contingent liabilities	Total	Provisions for construction warranty	Provisions for contingent liabilities	Total
Beginning balance	₩ 65,467	₩ 506,950	₩ 572,417	₩ 52,127	₩ 485,295	₩ 537,422
Provision	35,552	112,661	148,213	30,255	186,020	216,275
Reversal	(1,475)	(23,246)	(24,721)	(2,216)	(8,147)	(10,363)
Payment	(19,219)	(321,490)	(340,709)	(14,699)	(156,218)	(170,917)
Ending balance	₩ 80,325	₩ 274,875	₩ 355,200	₩ 65,467	₩ 506,950	₩ 572,417

<i>(in thousands of U.S. dollars (Note 4))</i>	2015			2014		
	Provisions for construction warranty	Provisions for contingent liabilities	Total	Provisions for construction warranty	Provisions for contingent liabilities	Total
Beginning balance	\$ 55,859	\$ 432,551	\$ 488,410	\$ 44,477	\$ 414,074	\$ 458,551
Provision	30,334	96,127	126,461	25,815	158,720	184,535
Reversal	(1,259)	(19,834)	(21,093)	(1,891)	(6,951)	(8,842)
Payment	(16,397)	(274,309)	(290,706)	(12,542)	(133,292)	(145,834)
Ending balance	\$ 68,537	\$ 234,535	\$ 303,072	\$ 55,859	\$ 432,551	\$ 488,410



4860
1044

0288 8101

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

23. Commitments and contingencies

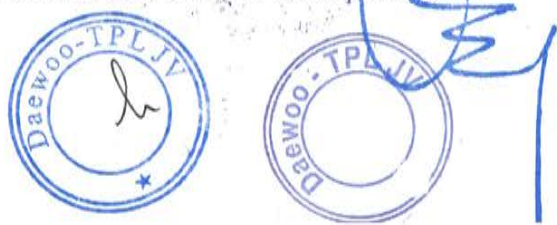
As of December 31, 2015, the Company provided seven blank promissory notes, 29 blank checks and three notes in the aggregate amount of ₩ 1,500 million (equivalent to US \$ 1,280 thousand) as collaterals for its borrowings, guarantees for construction performance and warranties, and guarantees on capital commitments.

Details of major litigations that the Group is involved in as a defendant as of December 31, 2015, are as follows : (in millions of Korean won)

Plaintiff	Defendants	Details	Amount
Seoul Metro	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 5 others	Compensation for damages	₩ 47,718
Gwak Yeonggyu and 352 others	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 3 others	Compensation for damages	44,953
Choi kyungwon and 26	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.	charges of unjustified gains restitution	41,761
YOUNGLIM ENC CO., LTD.	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 1 other	Collection of trade receivables	29,794
Gyeonggi Urban innovation Corporation	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 16 others	Transfer of stock and shareholders name	29,312
Korea Gas Corporation	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 18 others	Compensation for damages	28,100
Dongbu Pusan Container Terminal Co., Ltd.	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 2 others	Compensation for damages	27,378
Seoul	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 11 others	Compensation for damages	27,028
Changwon-si	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 10 others	Compensation for damages	17,532
Cho youngim and 265	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD and 1 other.	Compensation for damages	16,327

There are also a number of other legal actions, disputes, and investigations in the ordinary course of business. As the timing and the amount of outflow of economic benefits is uncertain, management recognized provisions at the best estimation for any material impact on the Group's financial position arising from the lawsuits. The final liability of the Group is subject to change from the estimated amount depending on the outcome of the lawsuits.

As of December 31, 2015, the Group entered into agreements to open an import letters of credit with the Korea Development Bank, Woori Bank and Korea Exchange Bank for up to USD 628,200 thousand and ₩ 5,000 million, equivalent to US \$ 4,266 thousand (2014: USD 570,900 thousand)



4401

1045

4861

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

and W 5,000 million, equivalent to US \$ 4,266 thousand), other than the agreements related to financial liabilities explained in Note 20. In addition, the Group entered into a bank overdraft agreement, bill discounting agreement and revolving credit facility agreement with Woori Bank for up to W 581,000 million (2014: W 678,000 million). Also, the Group entered into structured finance loan and cooperative loan agreements with the Export-Import Bank of Korea of up to W 1,102,188 million (2014: W 1,135,978 million).

The Group granted put options that give financial investors who participated in the Second Seohaean Expressway project and a few other projects the right to sell the shares amounting to W 92,275 million (equivalent to US \$ 78,733 thousand).

In relation to the construction of general industrial complex in Dangjin Songsan 2-2 Industrial Estate, the Group entered into a purchase agreement that requires the Group to purchase the land or beneficial interest in trust up to W 94,500 million (equivalent to US \$ 80,631 thousand) in the event Goldring Songsan Co., Ltd., the trust beneficiary, exercises the right to complete the sale.

In relation to site renovation for the Group's first-level harbour redevelopment project at Geoje Gohyun harbour, the Group entered into an agreement that requires the Group to assume obligation on the land held for sale as commercial facilities of up to W 64,000 million (equivalent to US \$ 54,608 thousand).

The Group entered into a contract with Sheraton Overseas Management Corporation ("SOMC") for the development of a hotel and the introduction of management skills on February 5, 2008. As the Group has a contract with SOMC for the hotel management in trust, SOMC will manage Sheraton-Incheon Hotel for 15 years from the opening dates, and the Group will pay fees stipulated in the contract. The Group paid W 820 million, equivalent to US \$ 700 thousand (2014: W 1,094 million, equivalent to US \$ 933 thousand) for the year ended December 31, 2015. The Group recognized the fees as cost of sales.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

24. Pledged assets and payment guarantees

Restricted financial instruments assets as of December 31, 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015		
Short-term	₩ 280,754	\$ 239,551	Guarantee for borrowings and others
Long-term	1,650	1,408	Guarantee for borrowings and others
Total	₩ 282,404	\$ 240,959	

The Group has pledged its land, buildings, building usage right, inventories, assets held for sale, investments in securities and others, aggregating to ₩ 1,080,074 million (equivalent to US \$ 921,565 thousand) in book value as of December 31, 2015, as collateral for its short-term borrowings, long-term debts and others.

The payment guarantees that the Group provided for developers' debts as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015	2014	2015	2014
ABCP/ ABSTB	₩ 1,604,590	₩ 1,486,152	\$ 1,369,104	\$ 1,268,048
Other loan	158,321	240,499	135,086	205,204
Total	₩ 1,762,911	₩ 1,726,651	\$ 1,504,190	\$ 1,473,252

¹ The above guarantee amount is the amount attributable to the Group's share, and excludes the amount attributable to other companies which amounts to ₩ 240,220 million (equivalent to US \$ 204,966 thousand). It includes the amount of payment guarantees provided for the debts of Skyland Co., Ltd. and others which amount to ₩ 575,193 million (equivalent to US \$ 490,779 thousand) (Note 35).

Major guarantees for the developers' debts that the Group provided as of December 31, 2015, are as follows:

Business Unit	Won (millions)	US dollars (thousands) (Note 4)	Period	Type
Seoul	₩ 350,000	\$ 298,635	2015.10~2016.04	ABCP(ABSTB)
Gyeonggi Province	225,193	192,144	2014.08~2018.10	Loan, ABCP(ABSTB)
Seoul	202,596	172,863	2013.07~2016.10	Loan, ABCP(ABSTB)
Seoul	173,000	147,611	2015.04~2016.04	ABCP(ABSTB)
Incheon	148,500	126,706	2015.09~2016.09	Loan, ABCP(ABSTB)
Chungcheong Province	145,000	123,720	2014.10~2018.10	ABCP(ABSTB)
Seoul	85,778	73,189	2015.06~2018.06	Loan, ABCP(ABSTB)
Gyeonggi Province	85,211	72,706	2014.10~2017.04	Loan, ABCP(ABSTB)
Seoul ¹	68,500	58,447	2014.04~2016.10	Loan, ABCP(ABSTB)
Incheon ¹	63,280	53,993	2010.07~2016.06	Loan, ABCP(ABSTB)

¹ The above guarantee amount is the amount attributable to the Group's share.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

In addition to guarantees provided to related companies, the Group is jointly and severally liable for the guarantees of W 373,215 million, equivalent to US \$ 318,443 thousand to associations.

The Group has been provided with guarantees of W14,980,134 million (equivalent to US \$ 12,781,684 thousand) by the Construction Financial Cooperative and others in relation to construction contract performance and a land sale agreement. In relation to the guarantee provided, the letter of guarantee issued by Korea Trade Insurance Company and others are offered as collateral.

The Group has provided performance guarantees of W 8,604,692 million (equivalent to US \$ 3,102,934 thousand) in connection with contract performance, sale-in-lot guarantee and warranty for domestic construction contracts. If the Group does not complete the guaranteed constructions for various project, such as Songsan Industrial complex and others, the Group provides conditional assumption of obligations.

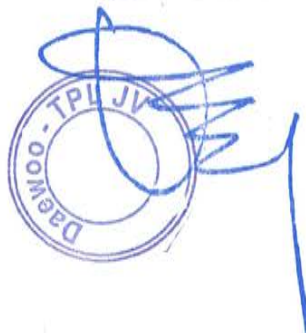
The Group is jointly and severally liable for the guarantees of W 1,734,067 million (equivalent to US \$ 1,479,579 thousand) in connection with the sale-in lot instalment payments and is also jointly and severally liable for the guarantees of W 36,324 (equivalent to US \$ 30,993 thousand) for moving expenses of housing-project members.

In addition to the guarantees provided to related companies, the Group has provided supplemental funding agreement of W 621,030 million (equivalent to US \$ 529,889 thousand) to Shinbundang Railroad Co., Ltd. and others. Also, the Group has supplemental funding duty for the deficit of project expenses of Erail Co., Ltd. and other SOC companies.

The Group and other construction companies have provided performance guarantees on their construction projects on a reciprocal basis. The Group has provided guarantees to other construction companies of up to W 1,278,092 million (equivalent to US \$ 1,090,522 thousand) as of December 31, 2015. Also, the Group has been provided with guarantees by other construction companies of up to W 2,013,912 million (equivalent to US \$ 1,718,355 thousand) as of December 31, 2015.

The Group has agreed to supplement the related operating expenses of Eugene Green Housing 2nd Private Real-estate Trust through investments or purchasing beneficiary certificates.

The Group entered into a land sale and development agreement with New Songdo International City Development ("NSIC"). In accordance with the contract, the Group provided the preferred beneficiary right of the land and building with a book value of W 157,514 million (equivalent to US \$ 134,398 thousand) to Dongbu Insurance Co., Ltd. and Korea Standard Chartered Bank as collateral for its borrowings of W 111,000 million (equivalent to US \$ 94,710 thousand).



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

25. Capital stock and Capital surplus

The Parent Company is authorized to issue 700 million shares with the par value per share of ₩ 5,000. As of December 31, 2015, the Group has issued 415,622,638 shares of common stock.

Capital surplus as of December 31, 2015 and 2014, is paid-in capital in excess of par value.

26. Other component of equity and Accumulated other comprehensive income

Other components of equity as of December 31, 2015 and 2014, consist of:

<i>(in millions of Korean won and thousands of US dollars (Note 4))</i>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Treasury stock ¹	₩ (101,723)	₩ (101,723)	\$ (86,794)	\$ (86,794)
Debt to be swapped for equity ²	2,549	2,549	2,174	2,174
Total	<u>₩ (99,174)</u>	<u>₩ (99,174)</u>	<u>\$ (84,620)</u>	<u>\$ (84,620)</u>

¹ As of December 31, 2015, the Parent Company holds 4,736,918 treasury shares acquired at prevailing market price for stock price stabilization and the disposition of losses resulting from capital reduction.

² In 2000 and 2001, the Parent Company agreed to the conversion of its debt into equity in accordance with the Corporate Workout Plan with the Creditors' Association. The conversion required the condonation of interest liability until equity conversion or the issuance of mandatory convertible bonds. Accordingly, the debt to be swapped for equity that is scheduled to be converted into the Parent Company's common stock is recorded as a capital adjustment. As of December 31, 2015, the debt to be swapped for equity amounts to ₩ 2,549 million (equivalent to US \$ 2,175 thousand), and there have been no changes in debt to be swapped for equity for the year ended December 31, 2015. The number of issuable stocks is 509,868 shares.

Changes in the accumulated other comprehensive income after tax effect for the years ended December 31, 2015 and 2014, are as follows:

Other comprehensive income after tax effect as of December 31, 2015 and 2014, consists of:

<i>(in millions of Korean won and thousands of US Dollars (Note 4))</i>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Gain (loss) on valuation of available-for-sale financial assets	₩ 9,883	₩ 22,792	\$ 8,433	\$ 19,447
Gain (loss) on overseas operations translation	(173,047)	(190,030)	(147,651)	(162,142)
Other comprehensive gain (loss) of associates	12,185	12,271	10,396	10,469
Total	<u>₩ (150,979)</u>	<u>₩ (154,967)</u>	<u>\$ (128,822)</u>	<u>\$ (132,224)</u>



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

27. Retained earnings

Retained earnings as of December 31, 2015 and 2014, consist of:

(in millions of Korean won and
thousands of US dollars (Note 4))

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Legal reserves ¹	₩ 60,639	₩ 60,501	\$ 51,740	\$ 51,622
Discretionary reserves ²	38,633	49,300	32,964	42,065
Unappropriated retained earnings	<u>296,145</u>	<u>147,018</u>	<u>252,683</u>	<u>125,442</u>
Total	<u>₩ 395,417</u>	<u>₩ 256,819</u>	<u>\$ 337,387</u>	<u>\$ 219,129</u>

¹ The Commercial Code of the Republic of Korea requires the Group to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for cash dividends payment, but may be transferred to capital stock or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed in accordance with a resolution of the shareholders' meeting.

² The Group appropriates a certain portion of its retained earnings as reserves for financial structure improvement, and research and human resource development which are provided in order to obtain tax benefits under the Special Tax Treatment Control Law.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

28. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Parent Company and held as treasury shares (Note 25).

Basic earnings per share for the years ended December 31, 2015 and 2014, is as follows:

(in Korean won and US dollars (Note 4))

	2015	2014	2015	2014
Profit attributable to equity holders of the Parent Company	W 143,292,302,828	W 132,402,976,063	\$ 122,263,057	\$ 112,971,822
Weighted average number of ordinary shares in issue	410,885,720	410,885,720	410,885,720	410,885,720
Basic earnings per share	W 349	W 322	\$ 0.298	\$ 0.275

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted earnings per share for the years ended December 31, 2015 and 2014, is as follows:

(in Korean won and US dollars (Note 4))

	2015	2014	2015	2014
Profit used to determine diluted earnings per share	W 143,292,302,828	W 132,402,976,063	\$ 122,263,057	\$ 112,971,823
Weighted average number of Ordinary shares for diluted earnings per share	411,395,588	411,395,588	411,395,588	411,395,588
Diluted earnings per share	W 348	W 322	\$ 0.297	\$ 0.275

The diluted potential stocks as of December 31, 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	Face value		Issuable common stock	Note
Debt to be swapped for equity	W 2,549	\$ 2,175	509,868	Par value of W 5,000 per share



1051

4867

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

29. Expenses by nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses in the statements of income for the years ended December 31, 2015 and 2014, consist of:

(in millions of Korean won)

	2015			2014		
	Cost of sales	Selling and administrative expenses	Total	Cost of sales	Selling and administrative expenses	Total
Changes in finished housing	₩ (927)	₩ -	₩ (927)	₩ 64,090	₩ -	₩ 64,090
Purchase of raw materials and land held for development	3,384,088	-	3,384,088	3,095,848	-	3,095,848
Labor cost	724,250	172,100	896,350	609,123	159,599	768,722
Outsourcing	3,619,515	-	3,619,515	3,753,243	-	3,753,243
Consulting fees	469,816	46,615	516,431	487,867	37,715	525,582
Other employee welfare	116,170	41,480	157,650	109,380	38,751	148,131
Rent	134,834	27,559	162,393	122,956	28,877	151,833
Commissions	181,647	32,935	214,582	194,175	37,551	231,726
Advertising	28,667	7,027	35,694	24,692	5,929	30,621
Development	1,030	14,357	15,387	790	12,683	13,473
Depreciation	56,047	15,631	71,678	41,097	16,779	57,876
Insurance premium	57,052	5,309	62,361	60,822	4,870	65,692
Taxes and dues	59,630	12,240	71,870	59,209	8,768	67,977
Others	375,898	9,331	385,229	608,093	(14,857)	593,236
Total	₩ 9,207,717	₩ 384,584	₩ 9,592,301	₩ 9,231,385	₩ 336,665	₩ 9,568,050

(in thousands of US dollars
(Note 4))

	2015			2014		
	Cost of sales	Selling and administrative expenses	Total	Cost of sales	Selling and administrative expenses	Total
Changes in finished housing	\$ (791)	\$ -	\$ (791)	\$ 54,684	\$ -	\$ 54,684
Purchase of raw materials and land held for development	2,887,447	-	2,887,447	2,641,509	-	2,641,509
Labor cost	617,961	146,843	764,804	519,730	136,177	655,907
Outsourcing	3,088,323	-	3,088,323	3,202,426	-	3,202,426
Consulting fees	400,867	39,774	440,641	416,269	32,180	448,449
Other employee welfare	99,121	35,392	134,513	93,328	33,064	126,392
Rent	115,046	23,515	138,561	104,911	24,639	129,550
Commissions	154,989	28,102	183,091	165,678	32,040	197,718
Advertising	24,460	5,996	30,456	21,068	5,059	26,127
Development	879	12,250	13,129	674	10,822	11,496
Depreciation	47,822	13,337	61,159	35,066	14,317	49,383
Insurance premium	48,679	4,530	53,209	51,896	4,155	56,051
Taxes and dues	50,879	10,444	61,323	50,520	7,481	58,001
Others	320,732	7,962	328,694	518,851	(12,677)	506,174
Total	\$ 7,856,414	\$ 326,145	\$ 8,184,559	\$ 7,876,610	\$ 287,257	\$ 8,163,867



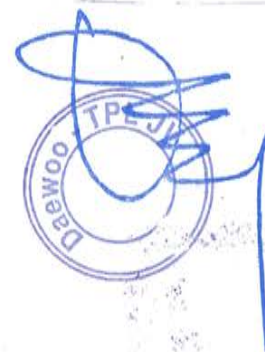
DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

30. Selling and administrative expenses

Selling and administrative expenses for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015	2014	2015	2014
Salaries	₩ 147,099	₩ 138,319	\$ 125,511	\$ 118,020
Consulting fees	46,615	37,715	39,774	32,180
Welfare expenses	41,480	38,751	35,392	33,064
Rent	27,559	28,877	23,515	24,639
Development	14,357	12,683	12,250	10,822
Commissions	32,935	37,551	28,102	32,040
Pension costs	25,001	21,280	21,332	18,157
Insurance Premium	5,309	4,870	4,530	4,155
Advertising	7,027	5,929	5,996	5,059
Travel expenses	5,403	5,199	4,610	4,436
Depreciation	10,581	12,020	9,028	10,256
Amortization	5,050	4,759	4,309	4,061
Reversal of allowance for doubtful accounts	(21,364)	(58,528)	(18,229)	(40,939)
Bad debt expenses	7,277	20,272	6,208	17,298
Others	30,255	26,968	25,815	23,010
Total	₩ 384,584	₩ 336,665	\$ 328,143	\$ 287,258



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

31. Other income and expenses

Other income for years ended December 31, 2015 and 2014, is as follows:

*(in millions of Korean won and
thousands of US dollars (Note 4))*

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Reversal of allowance for doubtful accounts	₩ 58,348	₩ 81,711	\$ 49,785	\$ 69,719
Gains on disposal of investments in securities	23,469	16,046	20,025	13,691
Gains on disposal of investments in associates	-	456	-	389
Gain on disposal of assets classified as held for sale	7,532	3,985	6,427	3,400
Gain on disposal of property, plant and equipment	3,266	1,693	2,787	1,445
Gains on disposal of intangible assets	-	403	-	344
Gains on disposal of investment property	2,004	972	1,710	829
Return of reserve for other contingent liabilities	23,246	8,147	19,834	6,951
Dividend income	4,336	1,685	3,700	1,438
Miscellaneous revenues	44,186	55,617	37,701	47,455
Reversal of gain on foreign currency translation	19,985	-	17,052	-
Gain on foreign currency transactions	57,617	63,058	49,161	53,804
Gain on foreign currency translation	28,033	82,697	23,919	70,561
Gain on valuation of derivatives	28,130	89,773	24,002	76,598
Gain on transactions of derivatives	69,050	17,278	58,916	14,742
Gain on valuation of firm commitment	42,617	43,479	36,363	37,098
Total	<u>₩ 411,819</u>	<u>₩ 467,000</u>	<u>\$ 351,382</u>	<u>\$ 398,464</u>



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Other expenses for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015		2014	
	W	W	\$	\$
Other bad debts expense	69,295	90,018	59,125	76,807
Loss on disposal of investments in securities	106	822	90	701
Impairment losses on investment in securities	14,897	49,872	12,711	42,553
Impairment losses on investments in associates	-	299	-	255
Loss on disposal of assets classified as held for sale	747	529	637	451
Impairment losses on assets classified as held for sale	16,622	4,305	14,183	3,673
Loss on disposal of property, plant and equipment	801	904	683	771
Transfer to reserve for contingent liabilities	112,661	186,020	96,127	158,720
Donations	1,520	2,364	1,297	2,017
Miscellaneous losses	28,198	31,806	24,060	27,138
Reversal of gain(loss) on foreign currency translation	17,617	-	15,032	-
Loss on foreign currency transactions	50,832	32,638	43,372	27,848
Loss on foreign currency translation	36,220	68,561	30,904	58,499
Loss on valuation of derivatives	32,709	39,145	27,909	33,400
Loss on transactions of derivatives	24,363	11,692	20,788	9,976
Loss on valuation of firm commitment	82,085	104,525	70,038	89,185
Others	2,883	4,304	2,460	3,675
Total	W 491,556	W 627,804	\$ 419,416	\$ 535,669



1055 4871

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

32. Financial income and costs

Financial income for the years ended December 31, 2015 and 2014, is as follows:

<i>(in millions of Korean won and thousands of US dollars (Note 4))</i>	2015		2014	
Interest income on bank deposits	₩ 6,857	₩ 12,399	\$ 5,851	\$ 10,579
Interest income on available-for-sale financial assets	580	1,412	495	1,205
Interest income on trade and other receivables	14,023	14,493	11,965	12,366
Total	₩ 21,460	₩ 28,304	\$ 18,311	\$ 24,150

Financial costs for the years ended December 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won and thousands of US dollars (Note 4))</i>	2015		2014	
Financial expenses	₩ 95,238	₩ 118,234	\$ 81,261	\$ 100,882
Others	2,010	5,211	1,715	4,446
Total	₩ 97,248	₩ 123,445	\$ 82,976	\$ 105,328

During the year, the Group has capitalized borrowing costs amounting to ₩ 10,119 million, equivalent to US \$ 8,634 thousand (2014: ₩ 10,469 million, equivalent to US \$ 8,933 thousand) on qualifying assets, inventories. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 3.68% (2014: 3.94%).



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

33. Income tax

Income tax expense for the years ended December 31, 2015 and 2014, consists of:

<i>(in millions of Korean won and thousands of US dollars (Note 4))</i>	2015	2014	2015	2014
Current tax:				
Current tax on profits for the year	₩ (50,439)	₩ 1,672	\$ (43,037)	\$ 1,429
Adjustments in respect of prior years	14,672	2,980	12,518	2,545
Total current tax	(65,111)	(1,308)	(55,555)	(1,116)
Deferred tax				
Origination and reversal of temporary differences	77,191	52,401	65,863	44,711
Total deferred tax	77,191	52,401	65,863	44,711
Income tax expense	₩ 26,752	₩ 54,073	\$ 22,827	\$ 46,140

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

<i>(in millions of Korean won and thousands of US dollars (Note 4))</i>	2015	2014	2015	2014
Profit before tax	₩ 168,789	₩ 156,183	\$ 144,019	\$ 133,262
Tax calculated based on applicable tax rate	40,848	37,796	34,853	32,252
Tax adjustment	(14,095)	16,277	(12,026)	13,888
Payment of income taxes (Income tax refund)	(25,032)	(2,116)	(21,358)	(1,805)
Income not subject to tax	(3,641)	(3,640)	(3,107)	(3,106)
Expenses not deductible for tax purposes	12,457	16,169	10,629	13,796
Unrecognized deferred income tax for temporary differences	4,505	580	3,844	495
Others	(2,384)	5,284	(2,034)	4,508
Income tax expense	₩ 26,752	₩ 54,073	\$ 22,827	\$ 46,140



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The income tax credited (charged) directly to equity as of December 31, 2015 and 2014, is as follows:

(in millions of Korean won)

	2015			2014		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Remeasurements of net defined benefit liabilities	W 101,424	W (24,176)	W 77,248	W 95,103	W (22,549)	W 72,554
Gain on valuation of financial assets available-for-sale	(13,005)	3,147	(9,858)	(30,038)	7,269	(22,769)
Other comprehensive income from associates	222,226	(53,779)	168,447	174,827	-	174,827
Equity method accumulated other comprehensive income	(10,988)	(1,192)	(12,180)	(11,149)	(1,122)	(12,271)
Total	W 299,657	W (76,000)	W 223,657	W 228,743	W (16,402)	W 212,341

(in thousands of US dollars (Note 4))

	2015			2014		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Remeasurements of net defined benefit liabilities	\$ 86,539	\$ (20,628)	\$ 65,911	\$ 81,146	\$ (19,240)	\$ 61,906
Gain on valuation of financial assets available-for-sale	(11,096)	2,685	(8,411)	(25,630)	6,202	(19,428)
Other comprehensive income from associates	189,613	(45,887)	143,726	149,170	-	149,170
Equity method accumulated other comprehensive income	(9,376)	(1,017)	(10,393)	(9,513)	(957)	(10,470)
Total	\$ 255,680	\$ (64,847)	\$ 190,833	\$ 195,173	\$ (13,995)	\$ 181,178

The gross balances of deferred tax assets and liabilities as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015			2014		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Deferred tax assets	W 276,255	W 526,501	W 802,756	W 173,010	W 586,288	W 759,298
Deferred tax liabilities	(6,721)	(136,708)	(143,429)	(17,129)	(65,249)	(82,378)
Total	W 269,534	W 389,793	W 659,327	W 155,881	W 521,039	W 676,920

(in thousands of US dollars (Note 4))

	2015			2014		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Deferred tax assets	\$ 235,712	\$ 449,233	\$ 684,945	\$ 147,619	\$ 500,246	\$ 647,865
Deferred tax liabilities	(5,735)	(116,645)	(122,380)	(14,615)	(55,673)	(70,288)
Total	\$ 229,977	\$ 332,588	\$ 562,565	\$ 133,004	\$ 444,573	\$ 577,577



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Changes in deferred tax assets (liabilities) for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015			
	Beginning Balance	Increase (Decrease)		Ending Balance
		Profit for the year	Other comprehensive income	
Defined benefit liability	₩ 38,811	₩ (4,982)	₩ 1,627	₩ 35,456
Allowance for doubtful accounts	230,100	71,048	-	301,148
Accrued income	(5,309)	365	-	(4,944)
Financial guarantee liability and long-term provision	227,184	(66,438)	-	160,746
Present value discount	2,687	(535)	-	2,152
Property, plant and equipment	(10,250)	(1,039)	-	(11,289)
Intangible assets	350	(136)	-	214
Investments in securities	56,840	(16,346)	4,192	44,686
Impairment losses on investments in securities	8,416	2,959	-	11,375
Reserve for R&D	(5,647)	3,549	-	(2,098)
Gain(loss) on foreign currency translation	(386)	19	-	(367)
Others	88,927	(142,442)	53,779	264
Tax loss carryforwards	45,197	76,787	-	121,984
Total	₩ 676,920	₩ (77,191)	₩ 59,598	₩ 659,327

(in thousands of US dollars (Note 4))

	2015			
	Beginning Balance	Increase (Decrease)		Ending Balance
		Profit for the year	Other comprehensive income	
Defined benefit liability	\$ 33,115	\$ (4,251)	\$ 1,388	\$ 30,252
Allowance for doubtful accounts	196,331	60,621	-	256,952
Accrued income	(4,530)	311	-	(4,219)
Financial guarantee liability and long-term provision	193,843	(56,688)	-	137,155
Present value discount	2,293	(456)	-	1,837
Property, plant and equipment	(8,746)	(887)	-	(9,633)
Intangible assets	299	(116)	-	183
Investments in securities	48,498	(13,947)	3,577	38,128
Impairment losses on investments in securities	7,181	2,525	-	9,706
Reserve for R&D	(4,818)	3,028	-	(1,790)
Gain(loss) on foreign currency translation	(329)	16	-	(313)
Others	75,876	(121,538)	45,887	225
Tax loss carryforwards	38,564	65,518	-	104,082
Total	\$ 577,577	\$ (65,864)	\$ 50,852	\$ 562,565



1059

4875

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in millions of Korean won)

	2014			
	Beginning Balance	Increase (Decrease)		Ending Balance
		Profit for the year	Other comprehensive income	
Defined benefit liability	₩ 28,998	₩ 314	₩ 9,499	₩ 38,811
Allowance for doubtful accounts	238,902	(8,802)	-	230,100
Accrued income	(4,543)	(766)	-	(5,309)
Financial guarantee liability and long-term provision	255,281	(28,097)	-	227,184
Present value discount	2,942	(255)	-	2,687
Property, plant and equipment	(9,160)	(1,090)	-	(10,250)
Intangible assets	487	(137)	-	350
Investments in securities	88,433	(31,578)	(15)	56,840
Impairment losses on investments in securities	9,467	(1,051)	-	8,416
Reserve for R&D	(8,177)	2,530	-	(5,647)
Gain(loss) on foreign currency translation	709	(1,095)	-	(386)
Others	115,509	(26,582)	-	88,927
Tax loss carryforwards	989	44,208	-	45,197
Total	₩ 719,837	₩ (52,401)	₩ 9,484	₩ 676,920

(in thousands of US dollars (Note 4))

	2014			
	Beginning Balance	Increase (Decrease)		Ending Balance
		Profit for the year	Other comprehensive income	
Defined benefit liability	\$ 24,742	\$ 268	\$ 8,105	\$ 33,115
Allowance for doubtful accounts	203,841	(7,510)	-	196,331
Accrued income	(3,876)	(654)	-	(4,530)
Financial guarantee liability and long-term provision	217,817	(23,974)	-	193,843
Present value discount	2,510	(218)	-	2,292
Property, plant and equipment	(7,816)	(930)	-	(8,746)
Intangible assets	416	(117)	-	299
Investments in securities	75,455	(26,944)	(13)	48,498
Impairment losses on investments in securities	8,078	(897)	-	7,181
Reserve for R&D	(6,977)	2,159	-	(4,818)
Gain(loss) on foreign currency translation	605	(934)	-	(329)
Others	98,557	(22,681)	-	75,876
Tax loss carryforwards	844	37,720	-	38,564
Total	\$ 614,196	\$ (44,712)	\$ 8,092	\$ 577,576



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The Group did not recognize deferred income tax assets of W 88,263 million, equivalent to US \$ 75,310 thousand (2014: W 69,647 million, equivalent to US \$ 59,426 thousand) in respect of temporary differences of W 21,360 million, equivalent to US \$ 18,225 thousand (2014: W 16,855 million, equivalent to US \$ 14,381 thousand) arising on investments in subsidiaries and associates, whose sale is not probable.

Deferred taxes expected to reverse subsequent to December 31, 2016, have been measured using the effective rate 24.2% that will apply for future periods.

34. Operating lease

The Group renewed the operating lease as of the end of the current year for the building of Korea Exchange Bank with the trust bank of the



1061
4877

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

35. Related party transactions

Related parties as of December 31, 2015, are as follows:

Relationship	Related parties
Parent company and associates of the Group	Korea Development Bank and its subsidiaries(KDB Daewoo Securities Co., Ltd., Korea Development Bank Capital, KDB Asset Management, KDB Infra, KDB Value PEF VI, KDB Value VI LLC, KDB Life Insurance Co., Ltd. and others)
Associates	Skyland Co., Ltd., Skyland Asset Management Co., Ltd., Chung-Ju Technopolis Assets Management Co., Ltd., Econhill Development Asset Management Co., Ltd, The Uni-Star Co., Ltd, Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY CO., LTD.), Myeong-dong City and Residential Environment Improvement Plans Co., Ltd., Ansan Laketown PFV Co., Ltd., Ansan Laketown Co., Ltd, Hanam Marbling City Development Co. Ltd., SACC Co., Ltd., Gyeongsan knowledge industry development Co., Ltd., Yulchon 2 Industrial Complex Development Inc., Seoul University Medicalhub Co., Ltd., Jinwi 3 Industrial Complex Development Inc., Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd., Pyeong Seong Industria Inc., Pyeong Seong Industria Asset Management Co., Ltd., Ultra-Robotland Co., Ltd., Ultra-Robotland Asset Management Co., Ltd., UNION DW ENG & CON LTD., MEGAWORLD-DW CO., BEIJING LUFTHANSA CENTER CO., GULF ENG.CONST. & CONTRACT, DW ARABIA LTD., DW NIGERIA LTD., DAEWOO-HANEL CORP, DAEWOO E & C IRAN, V-CITY 21 JOINT STOCK COMPANY, DW POWER(INDIA) LTD., KDS Hydro Pte. Ltd, Daewoo E&C LLC

Significant transactions, which occurred in the normal course of business with related parties for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015			
	Sales	Purchases	Sales	Purchases
Parent company and associates of the Group	₩ 1,070	₩ 29,536	\$ 913	\$ 25,201
Associates	766,562	11	654,063	9
Total	₩ 767,632	₩ 29,547	\$ 654,976	\$ 25,211

(in millions of Korean won and thousands of US dollars (Note 4))

	2014			
	Sales	Purchases	Sales	Purchases
Parent company and associates of the Group	₩ 2,014	₩ 22,631	\$ 1,741	\$ 19,310
Associates	172,807	-	147,447	-
Total	₩ 174,848	₩ 22,631	\$ 149,188	\$ 19,310



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Account balances with related parties for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won
and thousands of US dollars
(Note 4))

	2015			
	Receivables ¹	Payables	Receivables ¹	Payables
Parent company and associates of the Group	₩ 21,958	₩ 582,681	\$ 18,735	\$ 497,168
Associates	208,706	61,302	178,077	52,305
Total	₩ 230,664	₩ 643,983	\$ 196,812	\$ 549,473

(in millions of Korean won
and thousands of US dollars
(Note 4))

	2014			
	Receivables ¹	Payables	Receivables ¹	Payables
Parent company and associates of the Group	₩ 52,500	₩ 505,218	\$ 44,795	\$ 431,073
Associates	80,238	17,675	68,463	15,081
Total	₩ 132,738	₩ 522,893	\$ 113,258	\$ 446,154

¹ The Group established an allowance for bad debts amounting to ₩ 7,590 million, equivalent to US \$ 6,476 thousand (2014: ₩ 5,998 million, equivalent to US \$ 5,118 thousand) for the receivables of related parties as of December 31, 2015.

Details of the payment guarantees on the borrowings of related parties for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015	2014	Provided by	Period	Remark
Associates					
Skyland Co., Ltd.	₩ 225,193	₩ 211,505	Korea Development Bank and others	2014.08.25~ 2016.10.25	Acceptances for debt
The Uni-Star Co., Ltd.	350,000	107,000	Randomsewoon 1st Co.,Ltd and others	2015.10.22~ 2016.04.21	Acceptances for debt
Total	₩ 575,193	₩ 318,505			

(thousands of US dollars
(Note 4))

	2015	2014	Provided by	Period	Remark
Associates					
Skyland Co., Ltd.	\$ 192,144	\$ 180,465	Korea Development Bank and others	2014.08.25~ 2016.10.25	Acceptances for debt
The Uni-Star Co., Ltd	298,635	91,297	Randomsewoon 1st Co.,Ltd and others	2015.10.22~ 2016.04.21	Acceptances for debt
Total	\$ 490,779	\$ 271,762			

As of December 31, 2015, the Group provided investments in associates as collateral for borrowings of the Group's associates (Note 24).



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Fund transactions with related parties for the years ended December 31, 2015 and 2014, are as follows:

(in millions of Korean won)

	2015				
	Transaction	Beginning	Increase	Decrease	Ending
Parent company and associates of the Group					
Korea Development Bank ¹	Debt	₩ 500,697	₩ 333,051	₩ 255,588	₩ 578,160
Associates					
Skyland Co., Ltd.		35,748	-	20,748	15,000
SACC Co., Ltd.	Loans	1,039	-	-	1,039
V-CITY 21 JOINT STOCK COMPANY		32	(32)	-	-
Total		<u>₩ 537,516</u>	<u>₩ 333,019</u>	<u>₩ 276,336</u>	<u>₩ 594,199</u>

(in thousands of US dollars (Note 4))

	2015				
	Transaction	Beginning	Increase	Decrease	Ending
Parent company and associates of the Group					
Korea Development Bank ¹	Debt	\$ 427,216	\$ 284,173	\$ 218,078	\$ 493,311
Associates					
Skyland Co., Ltd.		30,502	-	17,703	12,799
SACC Co., Ltd.	Loans	887	-	-	887
V-CITY 21 JOINT STOCK COMPANY		27	(27)	-	-
Total		<u>\$ 458,632</u>	<u>\$ 284,146</u>	<u>\$ 235,781</u>	<u>\$ 506,997</u>

¹ The Group entered into limit contracts of borrowings amounting to ₩ 610,400 million, equivalent to US \$ 520,819 thousand, with Korea Development Bank.

(in millions of Korean won)

	2014				
	Transaction	Beginning	Increase	Decrease	Ending
Parent company and associates of the Group					
Korea Development Bank ¹	Debt	₩ 368,272	₩ 190,675	₩ 58,250	₩ 500,697
Associates					
Skyland Co., Ltd.		1,800	35,748	1,800	35,748
SACC Co., Ltd.	Loans	1,039	-	-	1,039
V-CITY 21 JOINT STOCK COMPANY		32	-	-	32
Total		<u>₩ 371,143</u>	<u>₩ 226,423</u>	<u>₩ 60,050</u>	<u>₩ 537,516</u>



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	Transaction	2014			Ending
		Beginning	Increase	Decrease	
Parent company and associates of the Group					
Korea Development Bank ¹	Debt	\$ 314,225	\$ 162,692	\$ 49,701	\$ 427,216
Associates					
Skyland Co., Ltd.		1,536	30,502	1,536	30,502
SACC Co., Ltd.	Loans	887	-	-	887
V-CITY 21 JOINT STOCK COMPANY		27	-	-	27
Total		\$ 316,675	\$ 193,194	\$ 51,237	\$ 458,632

¹ The Group entered into contracts of limited borrowings amounting to ₩ 595,840 million (equivalent to US \$ 508,396 thousand) with Korea Development Bank.

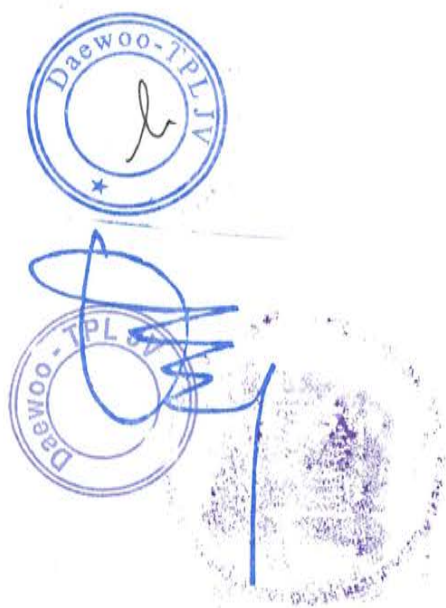
As of December 31, 2015, the Company has provided a guarantee for construction performance to a related party, Daewoo Nigeria Ltd.

Key management refers to the registered directors and non-registered directors who have the authority and responsibilities for planning, operation and control of the business of the Group.

Compensation that was paid or will be paid to key management in return for employee services consists of :

(in millions of Korean won
and thousands of US dollars
(Note 4))

	2015	2014	2015	2014
Short-term salaries	₩ 5,664	₩ 4,700	\$ 4,833	\$ 4,010
Pension costs	1,103	1,042	941	889
Total	₩ 6,767	₩ 5,742	\$ 5,774	\$ 4,899



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

36. Cash Generated from Operations

Reconciliation between operating profit and net cash inflow (outflow) from operating activities for the years ended December 31, 2015 and 2014, is as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015	2014	2015	2014
Profit (loss) for the year	₩ 142,037	₩ 129,710	\$ 121,192	\$ 110,674
Adjustments				
Bad debts expense	7,277	20,272	6,209	17,297
Reversal of allowance for bad debts	(21,364)	(58,528)	(18,228)	(49,938)
Depreciation	61,716	48,338	52,660	41,245
Amortization	9,962	9,538	8,501	8,138
Other bad debts expense	69,295	90,018	59,126	76,807
Loss on disposal of trade receivables	-	82	-	70
Loss on disposal of investments in securities	106	822	90	701
Loss on disposal of assets held for sale	747	529	637	451
Loss on disposal of property, plant and equipment	801	904	683	771
Loss on disposal of intangible assets	-	30	-	26
Impairment losses on investments in securities	14,897	49,872	12,711	42,553
Impairment losses on assets held for sale	16,622	4,305	14,183	3,673
Impairment losses on investments in associates	-	299	-	255
Loss on foreign currency translation	36,220	68,561	30,904	58,499
Loss on valuation of derivatives	32,709	39,145	27,909	33,400
Loss on valuation of firm commitment	82,085	104,525	70,038	89,185
Loss on transactions of derivatives	24,363	11,692	20,788	9,976
Transfer to reserve for contingent liabilities	112,661	186,020	96,127	158,720
Transfer to reserve for construction warranty	35,552	30,255	30,334	25,815
Pension costs	62,360	51,685	53,208	44,100
Interest expenses	97,248	123,445	82,976	105,328
Income tax expenses	26,752	54,073	22,826	46,137
Reversal of overseas operations translation debit	17,617	-	15,032	-
Reversal of allowance for other doubtful accounts	(58,348)	(81,711)	(49,785)	(69,719)
Gain on disposal of investments in securities	(23,469)	(16,046)	(20,025)	(13,691)
Gain on disposal of investments in associates	-	(456)	-	(389)
Gain on disposal of assets held for sale	(7,532)	(3,985)	(6,427)	(3,400)
Gain on disposal of property, plant and equipment	(3,266)	(1,693)	(2,787)	(1,445)
Gain on disposal of intangible assets	-	(403)	-	(344)
Gain on disposal of investment property	(2,004)	(972)	(1,710)	(829)
Dividend income	(4,336)	(1,685)	(3,700)	(1,438)
Gain on foreign currency translation	(28,033)	(82,697)	(23,919)	(70,561)
Gain on valuation of derivatives	(28,130)	(89,773)	(24,002)	(76,598)
Gain on valuation of firm commitment	(42,617)	(43,479)	(36,363)	(37,098)
Gain on transactions of derivatives	(69,050)	(17,278)	(58,916)	(14,742)
Return of reserve for other contingent liabilities	(23,246)	(8,147)	(19,834)	(6,951)



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Return of reserve for construction warranty	(1,475)	(2,216)	(1,259)	(1,891)
Interest income	(21,460)	(28,304)	(18,311)	(24,150)
Gain on valuation of equity-method investments	19,119	(12,757)	16,313	(10,885)
Reversal of gain on foreign currency translation	(19,985)	-	(17,052)	-
	<u>373,794</u>	<u>444,280</u>	<u>318,937</u>	<u>379,078</u>
Changes in operating assets and liabilities				
Trade receivables	339,652	(183,413)	289,804	(156,495)
Other receivables	(28,723)	13,526	(24,508)	11,542
Advance payments	(208,224)	(362,912)	(177,666)	(309,652)
Prepaid expenses	35,877	38,470	30,612	32,824
Inventories	152,897	317,549	130,458	270,946
Long-term other receivables	(84,574)	(64,701)	(72,162)	(55,206)
Long-term prepaid expenses	977	(9,022)	834	(7,698)
Financial guarantee liabilities	(48)	(7,878)	(41)	(6,722)
Trade payables	(21,498)	(5,385)	(18,343)	(4,595)
Other payables	218,585	162,660	186,506	138,788
Advances received	113,517	(433,334)	96,858	(369,739)
Withholdings	(16,624)	18,369	(14,184)	15,673
Income received in advance	14	94	12	80
Guarantee deposits received	(2,885)	(250)	(2,462)	(213)
Defined benefit liabilities	(32,269)	(33,663)	(27,533)	(28,723)
Plan assets	(61,882)	(23,953)	(52,800)	(20,438)
Long-term other payables	(250)	(360)	(213)	(307)
Long-term advances received	(69,252)	448,459	(59,089)	382,644
Long-term provisions	(87,047)	(158,759)	(74,272)	(135,460)
Long-term guarantee deposits received	(36,059)	159,763	(30,767)	136,317
Overseas operations translation	9,630	(44,338)	8,217	(37,831)
	<u>221,814</u>	<u>(169,078)</u>	<u>189,261</u>	<u>(144,265)</u>
Cash generated from (used in) operations	<u>W 737,645</u>	<u>W 404,912</u>	<u>\$ 629,390</u>	<u>\$ 345,487</u>



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The principal non-cash transactions for the years ended December 31, 2015 and 2014, are as follows:

*(in millions of Korean won
and thousands of US dollars (Note 4))*

	2015	2014	2015	2014
Reclassification of current maturities of borrowings	₩ 516,228	₩ 809,053	\$ 440,468	\$ 690,318
Reclassification of current maturities of debentures	450,000	250,000	383,959	213,311
Offsetting between construction receivables and other provisions	253,698	12,039	216,466	10,272
Reclassification from advance payments to inventories	215,684	95,739	184,031	81,689
Reclassification from advance payments to receivables from construction and others	30,251	-	25,811	-
Offsetting between investment securities and borrowings	24,655	-	21,037	-
Recognition of gain and loss on valuation of available-for-sale equity securities	17,033	-	14,533	-
Reclassification from guarantee deposit of long-term loans	14,198	9,269	12,114	7,909
Reclassification from Investment property to property, plant and equipment	835	-	712	-



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

37. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

37.1 Financial Risk Factors

(a) Market Risk

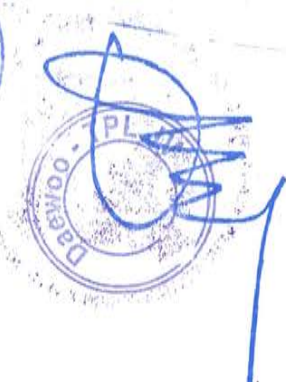
1) Foreign exchange risk

Due to its multinational operations, the Group is exposed to foreign exchange risk arising from various currency exposures. The purpose of foreign exchange risk management is to maximize the Group's value by minimizing the uncertainty and volatility of foreign exchange gains and losses from foreign exchange rate fluctuations.

The Group's principal monetary assets and liabilities denominated in currencies other than its functional currency as of December 31, 2015 and 2014, are as follows:

	2015			
	Assets		Liabilities	
	Foreign currency (thousands)	Korean won equivalent (millions)	Foreign currency (thousands)	Korean won equivalent (millions)
USD	372,126	436,131	452,161	529,934
EUR	36,070	46,188	21,955	28,114
SGD	325	270	17,319	14,341
LYD	2,175	1,830	3,756	1,581
JPY	245,345	2,385	4,593	45

	2014			
	Assets		Liabilities	
	Foreign currency (thousands)	Korean won equivalent (millions)	Foreign currency (thousands)	Korean won equivalent (millions)
USD	541,314	595,013	593,078	651,913
EUR	38,487	51,438	108,536	145,060
SGD	5,525	4,596	681	566
LYD	2,900	2,388	-	-
JPY	245,345	2,258	-	-



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

As of December 31, 2015 and 2014, if the Group's functional currency had weakened / strengthened by 10% against the US dollar with all other variables held constant, profit before income tax would have been affected as follows:

(in millions of Korean won)

	2015				2014			
	10% Increase		10% Decrease		10% Increase		10% Decrease	
USD	₩	(9,378)	₩	9,378	₩	(5,689)	₩	5,689
EUR		1,808		(1,808)		(9,362)		9,362
JPY		234		(234)		226		(226)

(in thousands of US dollars (Note 4))

	2015				2014			
	10% Increase		10% Decrease		10% Increase		10% Decrease	
USD	\$	(8,002)	\$	8,002	\$	(4,854)	\$	4,854
EUR		1,543		(1,543)		(7,988)		7,988
JPY		200		(200)		193		(193)

2) Interest rate risk

The Group is exposed to interest rate risk related with variable price of available-for-sale financial assets or cash flow of interest income and interest expenses arising from financial deposits and borrowings with variable interest rates through changes in market interest rate in the future.

As of December 31, 2015 and 2014, if interest rates fluctuate by 10bp with all other variables held constant, interest expenses would have been affected as follows:

(in millions of Korean won)

	2015				2014			
	10bp Increase		10bp Decrease		10bp Increase		10bp Decrease	
Interest expenses	₩	885	₩	(885)	₩	571	₩	(571)

(in thousands of US dollars (Note 4))

	2015				2014			
	10bp Increase		10bp Decrease		10bp Increase		10bp Decrease	
Interest expenses	\$	755	\$	(755)	\$	487	\$	(487)



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

(b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group maintains business relationships with financial institutions with more than a certain level of credibility to manage credit risk exposure.

Book value of financial instruments represents the maximum degrees of credit exposures. The maximum degrees of credit exposures as of December 31, 2015 and 2014, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015		2014	
Current assets				
Cash equivalents	W 536,207	W 322,006	\$ 457,515	\$ 274,749
Financial instruments assets	226,372	196,564	193,150	167,717
Trade receivables	2,822,566	3,263,114	2,408,333	2,784,227
Other receivables	604,706	619,349	515,961	528,455
Non-current assets				
Financial instruments assets	63,133	73,184	53,868	62,444
Investments in securities ¹	12,195	27,828	10,405	23,744
Long-term receivables	1,017,028	969,635	867,771	827,334

¹ Among these investments in securities, only debt securities are subject to credit risk management.

In providing financial guarantees, the Group recognized financial guarantee liabilities amounting to W 28,071 million (equivalent to US \$ 23,951 thousand) and W 84,380 million (equivalent to US \$71,997 thousand) as of December 31, 2015 and 2014, respectively. As of December 31, 2015 and 2014, the related maximum credit exposures amount to W 2,757,155 million (equivalent to US \$ 2,352,521 thousand) and W 2,825,635 million (equivalent to US \$2,410,952 thousand), respectively.

Also, the Group provides reciprocal guarantees on contract performance, housing sales and maintenance for domestic construction companies, and its maximum exposure to credit risk is the contractual amount of the Group.

(c) Liquidity Risk

The Group is exposed to liquidity risk and may be unable to meet its short-term payment obligations on time due to deterioration of its business performance or inability to access financing. The Group forecasts its cash flow and liquidity status, and sets action plans on a regular basis to manage liquidity risk proactively.



1071

4887

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The tables below analyze the Group's non-derivatives financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

(in millions of
Korean won)

	2015					
	Book value	Cash flow	Residual contractual maturity			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings	₩ 2,533,971	₩ 2,568,429	₩ 1,619,372	₩ 760,720	₩ 182,265	₩ 6,072
Financial guarantee liabilities	28,071	2,757,155	1,736,698	344,253	400,207	275,997
Trade payables	459,419	459,419	459,419	-	-	-
Other payables	1,346,590	1,346,590	1,346,590	-	-	-
	<u>₩ 4,368,051</u>	<u>₩ 7,131,593</u>	<u>₩ 5,162,079</u>	<u>₩ 1,104,973</u>	<u>₩ 582,472</u>	<u>₩ 282,069</u>

(in thousands of
US dollars (Note 4))

	2015					
	Book value	Cash flow	Residual contractual maturity			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings	\$ 2,162,091	\$ 2,191,492	\$ 1,381,717	\$ 649,078	\$ 155,516	\$ 5,181
Financial guarantee liabilities	23,951	2,352,521	1,481,824	293,731	341,474	235,492
Trade payables	391,996	391,996	391,996	-	-	-
Other payables	1,148,968	1,148,968	1,148,968	-	-	-
	<u>\$ 3,727,006</u>	<u>\$ 6,084,977</u>	<u>\$ 4,404,505</u>	<u>\$ 942,809</u>	<u>\$ 496,990</u>	<u>\$ 240,673</u>

(in millions of
Korean won)

	2014					
	Book value	Cash flow	Residual contractual maturity			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings	₩ 2,685,673	₩ 2,775,636	₩ 1,509,957	₩ 702,913	₩ 464,794	₩ 97,972
Financial guarantee liabilities	84,380	2,825,635	1,505,664	661,972	253,495	404,504
Trade payables	480,967	480,967	480,967	-	-	-
Other payables	1,124,445	1,124,445	1,124,445	-	-	-
	<u>₩ 4,375,465</u>	<u>₩ 7,206,683</u>	<u>₩ 4,621,033</u>	<u>₩ 1,364,885</u>	<u>₩ 718,289</u>	<u>₩ 502,476</u>

(in thousands of
US dollars (Note 4))

	2014					
	Book value	Cash flow	Residual contractual maturity			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings	\$ 2,291,530	\$ 2,368,290	\$ 1,288,359	\$ 599,755	\$ 396,582	\$ 83,594
Financial guarantee liabilities	71,997	2,410,952	1,284,696	564,823	216,293	345,140
Trade payables	410,381	410,381	410,381	-	-	-
Other payables	959,425	959,424	959,424	-	-	-
	<u>\$ 3,733,333</u>	<u>\$ 6,149,047</u>	<u>\$ 3,942,860</u>	<u>\$ 1,164,578</u>	<u>\$ 612,875</u>	<u>\$ 428,734</u>

The above cash flows are undiscounted, and borrowings include the amount of the coupon.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Also, the Group provides reciprocal guarantees on contract performance, housing sales and maintenance for domestic construction companies (Note 24).

37.2 Capital risk management

The Group's capital objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio and debt-to-equity ratio. Gearing ratio and debt-to-equity ratio are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2015	2014	2015	2014
Total borrowings (a)	₩ 2,533,971	₩ 2,685,673	\$ 2,162,091	\$ 2,291,530
Less: cash and cash equivalents (b)	539,046	325,690	459,938	277,892
Net debts (c=a-b)	1,994,925	2,359,983	1,702,153	2,013,638
Total liabilities (d)	7,321,378	7,534,623	6,246,911	6,428,860
Total equity (e)	2,830,681	2,725,595	2,415,255	2,325,591
Total capital (f=c+e)	4,825,606	5,085,578	4,117,408	4,339,229
Gearing ratio (c/f)	41.3%	46.4%	41.3%	46.4%
Debt-to-equity ratio (d/e)	258.6%	276.4%	258.6%	276.4%

38. Restatement of prior years' financial statements

The Group made certain adjustments based on matters found during the review of the Superintendent of the Financial Supervisory Board, and restated the consolidated statements of financial position as of December 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, and changes in equity for the years ended December 31, 2012, 2013 and 2014. Accordingly, the comparative consolidated statements of income, comprehensive income and changes in equity for the year ended December 31, 2014, were restated.

The amounts of adjustments for each accounts in the financial statements due to adjustments made are as follows:

(in millions of Korean won)

	2012		2013	
	Before Adjustment	After Adjustment	Before Adjustment	After Adjustment
Trade receivables	₩ 2,671,193	₩ 2,578,993	₩ 3,087,670	₩ 3,087,670
Other receivables	882,046	856,346	659,513	631,913
Provisions	144,370	354,370	537,422	537,422
Retained earnings	885,419	556,919	181,820	154,220



1073
4889

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(in thousands of US dollars (Note 4))

	2012		2013	
	Before Adjustment	After Adjustment	Before Adjustment	After Adjustment
Trade receivables	\$ 2,279,687	\$ 2,200,506	\$ 2,634,531	\$ 2,634,531
Other receivables	752,599	730,671	562,724	539,175
Provisions	123,183	302,363	458,551	458,551
Retained earnings	755,477	475,187	155,137	131,587

(in millions of Korean won)

	2012		2013		2014	
	Before Adjustment	After Adjustment	Before Adjustment	After Adjustment	Before Adjustment	After Adjustment
Selling and administrative expenses	W 473,889	W 566,689	W 584,666	W 491,866	W 336,665	W 336,665
Operating income (loss)	345,687	252,887	(244,664)	(151,864)	426,972	426,972
Other income	344,037	344,037	328,372	565,072	439,400	467,000
Other expenses	367,923	603,623	845,902	874,502	627,804	627,804
Profit (loss) before income tax	227,948	(100,552)	(839,725)	(538,825)	156,183	183,783
Profit (loss) for the year	173,029	(155,471)	(718,036)	(417,136)	102,110	129,710
Equity holders of the Parent Company	176,902	(151,598)	(717,807)	(416,907)	104,803	132,403
Non-controlling interest	(3,873)	(3,873)	(229)	(229)	(2,693)	(2,693)
Earnings (loss) per share attributable to the equity holders of the Parent Company during the year						
Basic earnings (loss) per share	431	(369)	(1,747)	(1,015)	255	322
Diluted earnings (loss) per share	430	(369)	(1,747)	(1,015)	255	322

(in thousands of US dollars (Note 4))

	2012		2013		2014	
	Before Adjustment	After Adjustment	Before Adjustment	After Adjustment	Before Adjustment	After Adjustment
Selling and administrative expenses	\$ 404,342	\$ 483,523	\$ 498,862	\$ 419,681	\$ 287,257	\$ 281,257
Operating income (loss)	294,955	215,774	(208,758)	(129,577)	364,311	364,311
Other income	293,547	293,547	280,181	482,143	374,915	398,464
Other expenses	313,927	515,037	721,759	746,162	535,669	535,669
Profit (loss) before income tax	194,495	(85,795)	(716,489)	(459,748)	133,262	156,811
Profit (loss) for the year	147,636	(132,654)	(612,659)	(355,918)	87,125	110,674
Equity holders of the Parent Company	150,940	(129,350)	(612,463)	(355,723)	89,422	112,972
Non-controlling interest	(3,305)	(3,305)	(195)	(195)	(2,298)	(2,298)
Earnings (loss) per share attributable to the equity holders of the Parent Company during the year 9						
Basic earnings (loss) per share	368	(315)	(1,491)	(866)	218	275
Diluted earnings (loss) per share	367	(315)	(1,491)	(866)	218	275

The contingent liabilities relating to Gimpopungmu Prugio Centreville Project and others as of December 31, 2015, are recorded as financial warranty liabilities and others.



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements
As of and For The Years Ended
December 31, 2016 and 2015

ATTACHMENT: INDEPENDENT AUDITOR'S REPORT



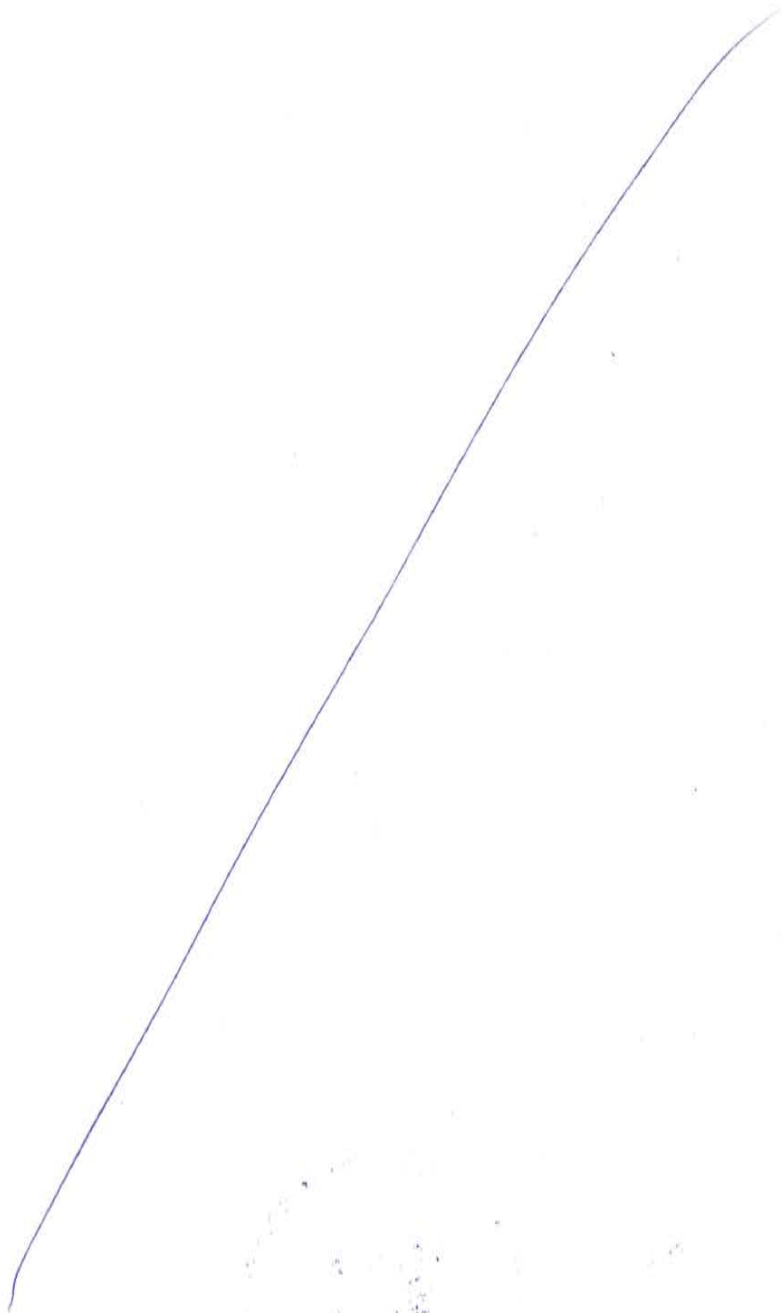
DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.



1054

1936

4891



1054

1054

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Index
December 31, 2016 and 2015

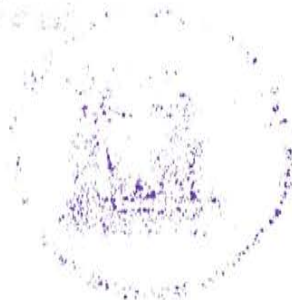
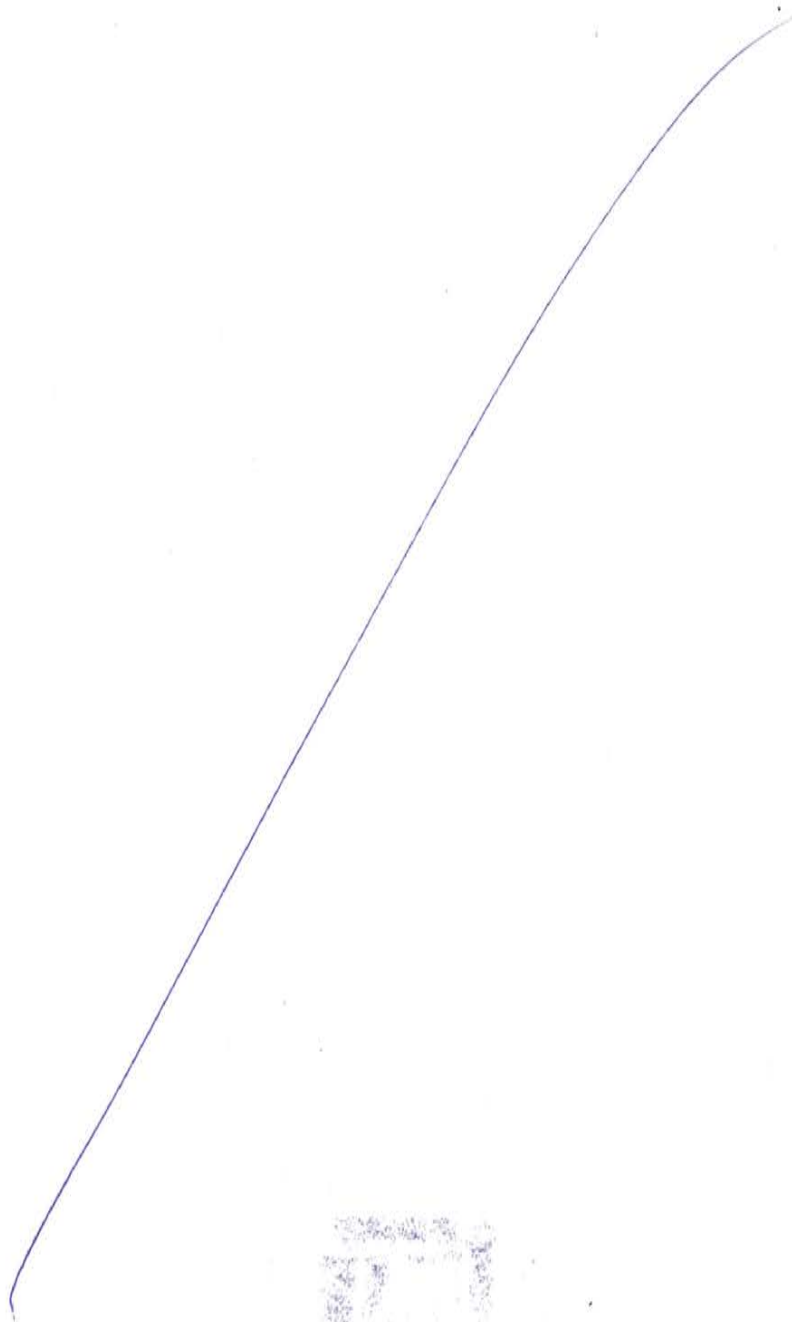
	Page(s)
Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	7
Consolidated Statements of Income	9
Consolidated Statements of Comprehensive Income.....	10
Consolidated Statements of Changes in Equity	11
Consolidated Statements of Cash Flows	13
Notes to Consolidated Financial Statements	14



1052

1052

4893



Deloitte Anjin LLC
9F., One IFC,
10, Gukjegeumyung-ro,
Youngdeungpo-gu, Seoul
07326, Korea

Tel: +82 (2) 6676 1000
Fax: +82 (2) 6674 2114
www.deloitteanjin.co.kr

Independent Auditor's Report

English Translation of Independent Auditor's Report Originally Issued in Korean on March 16, 2017

To the Shareholders and Board of Directors of
DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.

We have audited the accompanying consolidated financial statements of DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.(the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as of December 31, 2016 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an audit opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2016, and its financial performance and its cash flows for the year then ended December 31, 2016, in accordance with K-IFRS.

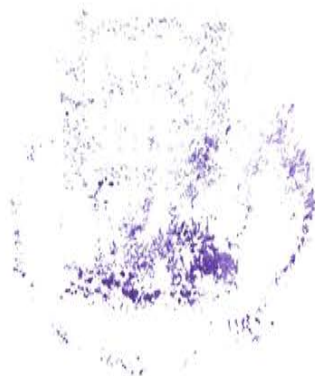
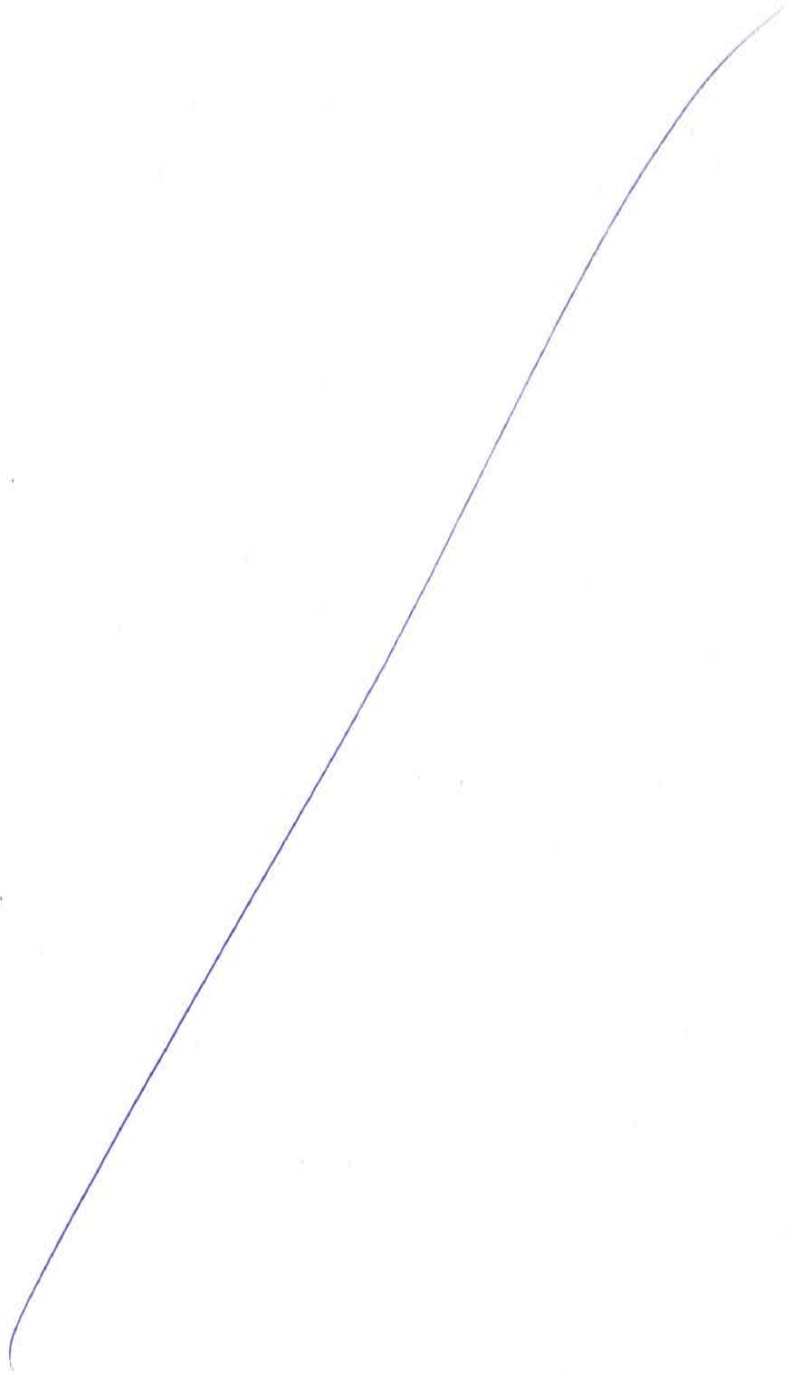


Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/kr/about for a more detailed description of DTTL and its member firms.

8901

2377

4895



Emphasis of matter

It does not affect the opinion in the independent auditor's report, but it is necessary to draw attention to following matters.

- (1) Independent auditor's emphasis of matters that required their significant attention in engineering to order industry

We determined, in the independent auditor's professional judgment and from the matters communicated with those charged with governance, matters that required independent auditor's significant attention in performing the audit in accordance with 'Auditing Practice Guidance 2016-1' in the Republic of Korea. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and we do not provide a separate opinion on these matters.

We considered the result of audit procedures performed on the significant attention matters described below in terms of forming the audit opinion about the consolidated financial statements of the Group.

General Matters

As noted in Note 2.19 and Note 3 of the consolidated financial statements, the Group recognizes contract revenue and contract costs associated with the construction contract as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the end of the accounting period. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except for contract costs that do not reflect work performed. The gross amount due from customers for contract work is the net amount of contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings, and the gross amount due to customers for contract work is the net amount of contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

Adequacy of revenue recognition and the stage of contract completion by input method

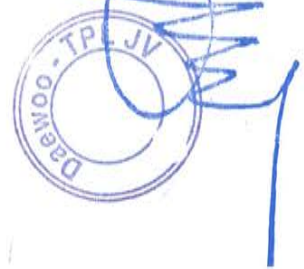
The gross amount of contract revenue is measured by the initial amount of revenue agreed in the contract, but the measurement of contract revenue is affected by a variety of uncertainties related to the outcome of future events as the gross amount of contract revenue may increase in accordance with variations in contract work, claims and incentive payments or may decrease as a result of penalties arising from delays caused by the Group in the completion of the contract. Also, amount of contract revenue is influenced by the stage of completion determined by reference to the contract costs incurred to date, and the gross amount of contract costs is estimated by the expectations of the materials costs, labor costs and contract period.

The Group believes that uncertainty about the possibility of additional costs is increasing due to the following reasons:

- i) Declining bargaining power in contract negotiation in Middle East and North Africa region due to deteriorating financial condition of clients due to prolonged decline in oil prices;
- ii) Possibility of mid-termination of construction contract due to increase of geopolitical risk and delayed takeover of unusual construction site;
- iii) Decreased productivity due to the application of the Nominated Sub-Contractor system in the Southeast Asian region; and
- iv) By frequent design changes of the client and extension of the construction period.

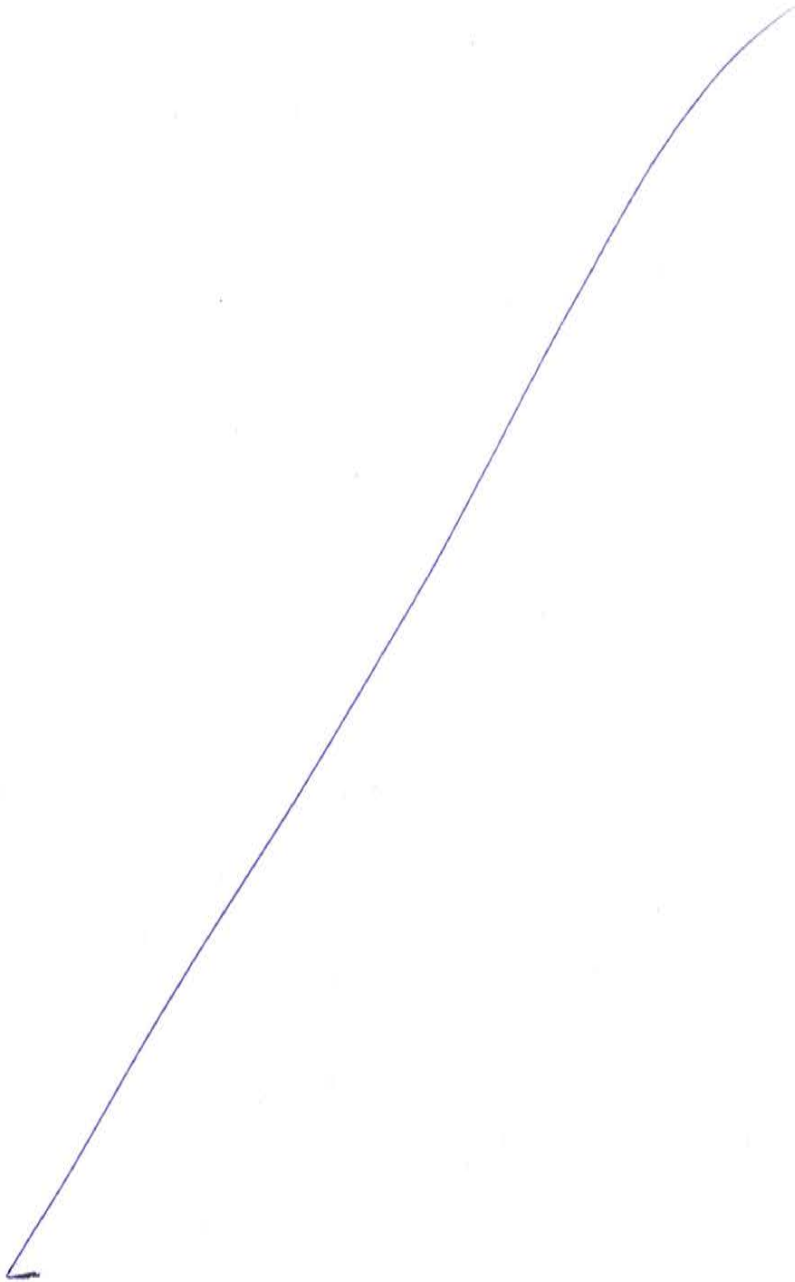
As disclosed in Note 8 in consolidated financial statements, the Group's management estimates that total contract revenue and total contract costs have increased by ₩ 232,876 million (equivalent to US \$ 192,698 thousand) and ₩ 996,765 million (equivalent to US \$ 824,795 thousand), respectively. As a result of this change, the current profit or loss decreased by ₩ 1,031,680 million (equivalent to US \$ 853,686 thousand), and future profit and loss is estimated to increase by ₩ 267,791 million (equivalent to US \$ 221,590 thousand).

If the stage of contract completion by the input method does not measure reliably the performed construction work, there are the risks of misstatement of amount of revenue recognition. Therefore, we identified adequacy of revenue recognition and the stage of contract completion by input method as significant risk.



FILE X000000000

4897



The main audit procedures that we conducted to evaluate the adequacy of the Group's revenue recognition by input method as of December 31, 2016, are as follows:

- Review and document inspection of key construction contract terms.
- Review of appropriateness of revenue recognition accounting policy.
- Inquire and perform analytical procedure on current progress and significant changes in key projects.
- Analytical procedures on major financial indicators, such as initial amount of revenue agreed in the contract, the estimated total contract costs, cost ratio, percentage of due from customers for contract work.
- Inquire and document inspection on whether the results of construction contracts can be reliably estimated for major projects with significant changes, such as construction stops or abnormal delays.
- Review and document inspection of the timeliness of application of the revenue recognition standard (the 'zero profit' method) for projects that cannot be reliably estimated of the outcome of a construction contract.

Uncertainty of estimated total contract costs

As disclosed in Note 3 in consolidated financial statements, the Group estimates the total contract cost based on future estimates of material costs, labor costs and construction period. In addition, as described in Note 8, the cost of construction has increased compared to the planned cost due to unpredictable delays in overseas civil works and construction and plant projects.

We consider the uncertainty of the estimated total contract costs of the Group as significant risk considering the uncertainty of the estimated total cost of contracts and the effect of changes in the estimates on the profit or loss (or future profit or loss) identified.

As of December 31, 2016, the main audit procedures we have conducted in relation to the uncertainty of the Group's total contract cost estimate on its consolidated financial statements are as follows:

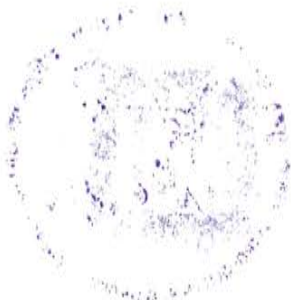
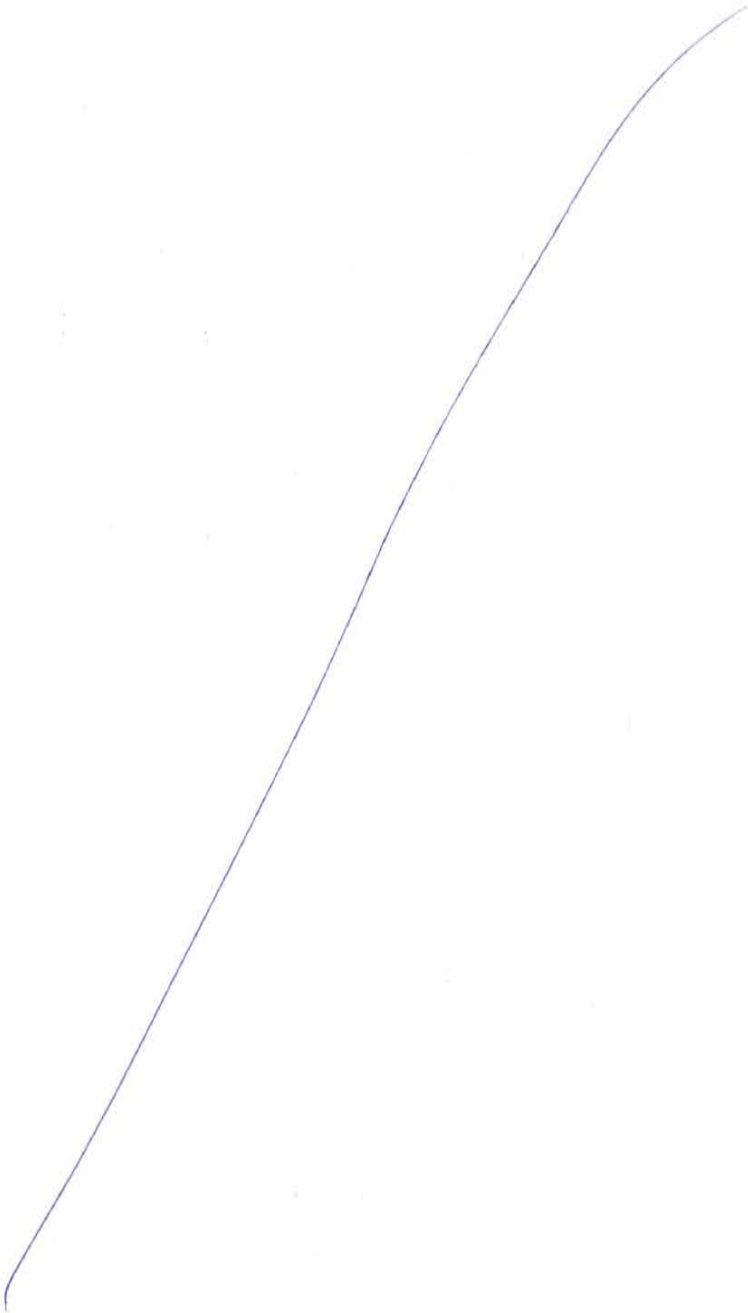
- Analytical procedure for the change in the major components of total contract costs by reporting period.
- Dividing the estimated total contract costs into incurred costs and residual costs. The incurred costs are checked against the general ledger by project and verified with the related evidence, and the residual costs are reviewed by analytical procedures and verified with relevant evidence on the causal relationship with the remaining construction period.
- A comparative analysis of the projected cost ratio (total contract cost ÷ total contract revenue) of the end of the prior period and the end of the current period to ask about projects with significant differences. If necessary, verify the related evidence.
- Compare and contrast the planned and actual progress percentage to identify the cause of the difference for projects with significant differences and, if necessary, verify the relevant evidence.
- Inquire and perform analytical procedure to determine whether the project-specific critical events identified through the Minutes of Meeting (MOM) and Monthly Progress Report (MPR) are appropriately reflected in the total contract cost estimate.
- Utilizing overseas construction experts in order to identify the potential risks, such as the increase in construction costs due to delays in overseas megaprojects and the possibility of Liquidated Damages (LD).
- Carried out on-site visits to 24 domestic sites and 24 overseas sites and desk review four overseas sites in order to verify whether the total contract cost estimate is appropriate.



8511

2009

4899



Determination of the stage of completion

As we have noted in Note 8, due to unforecastable reasons, such as delay on the overseas construction and plant construction, the construction cost compared to the scheduled amount increased, and the expected change during the current period is W 996,765 million (equivalent to US \$ 824,795 thousand). We have identified determination of the stage of completion as significant risk taking the effect of the increased contract cost in comparison with the estimated total contract cost and the uncertainty of estimated total contract costs.

We have conducted the following main audit procedures with regard to total contract costs and cumulative contract cost amounts that affect the calculation of the construction progress are as follows:

- Analytical review and inquire of the cause of variations of the stage of completion quarterly.
- Inquire of the reason and forecast of the increase of the construction costs.
- Analytical procedure of the fluctuation about the estimated total contract costs and cost incurred to date.
- Perform recalculation of percentage of completion by input method independently for contracts whose construction progress has significantly changed.
- Compare the actual progress percentage to the percentage of completion by input method to identify the cause of the difference for projects with significant differences and, if necessary, verify the relevant evidence.

Recoverability of the due from customers

As we have noted in Note 8, the due from customers is W 1,340,273 million, decreased 22.7% from the last year-end amount (equivalent to US \$ 1,109,038 thousand) (2015: W 1,720,085 million, equivalent to US \$ 1,423,322 thousand). We have identified recoverability of the due from customers as significant risk since its proportion in total assets is significant and used as a key indicator for assessing the financial soundness of the construction industry.

We have conducted the following main audit procedures about the project such that the amount due from customers for contract work increases significantly for year ended December 31, 2016:

- Inquire of the payment condition, delayed compensation, delivery period and other obligations of the contract and verify the relevant evidence.
- Inquire and review the delayed reason and evaluated possibility of collectability of long-term due from customer amount as identified through age analysis of unredeemed construction amount, and verify the relevant evidence.
- Inquire and perform analytical procedure for the possibility of impairment to due from customer and assessment of the recoverable amount, and verify the relevant evidence.
- Review management's reasons for the possibility of recovering due from customer.

Accounting for variations in contract work

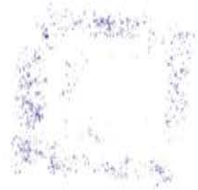
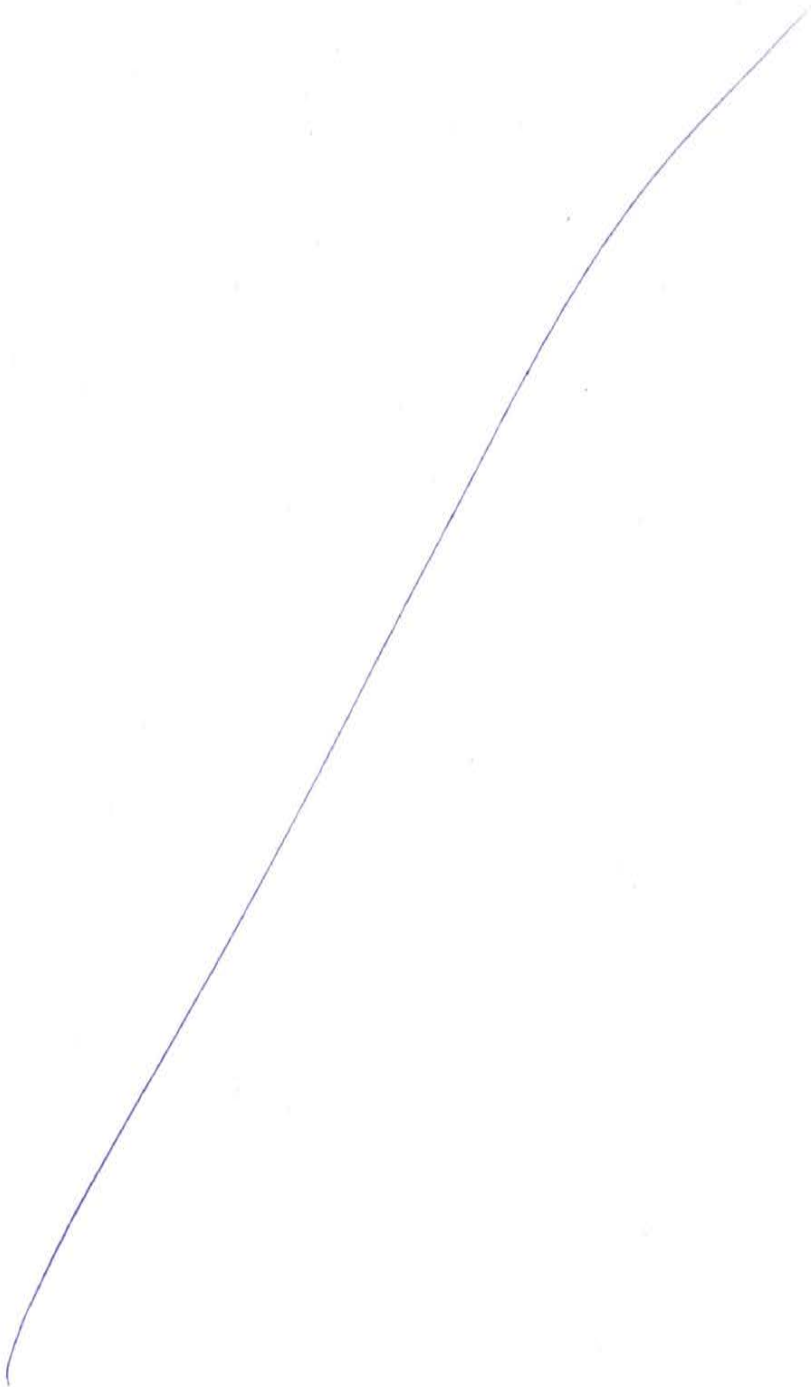
As we have noted in Note 3, revenue recognition of the contract is under the influence of numerous uncertainties of future events. Included in contract revenue when there is a high possibility by the client to approve the change (Variation), significant negotiations with the contractor have progressed and the amount is likely to be reliably measured as highly acceptable claims (Claim) and incentives that the amount can be reliably measured and likely to meet performance criteria (Incentive). As we have noted in Note 8, increase of total construction revenue is W 232,876 million (equivalent to US \$ 192,698 thousand) for the current period, and we have identified the accounting procedures on the change of construction contract as significant risk.



4901

000300

4901



We have conducted the following main audit procedures about the accounting for variations in contract work and disclosures:

- Inquire and perform analytical procedure of the projects with significant changes in total contract revenue and total contract costs, and verify the relevant evidence.
- Inquire of the progress of negotiations with the contractor regarding the construction change, the possibility of acceptance, possibility of meeting the performance standard, and verify the relevant evidence.
- Review whether additional contract cost estimate due to construction change is reflected in estimated total contract cost and progress rate.
- Inquire of the possibility of compensation for delays of projects that have a high possibility of delay and projects that have passed the due date on contract, and verify the relevant evidence.
- Inquire and review of the accounting procedures of estimating the compensation for delays.

(2) Restatement of prior years' financial statements

As we have noted in Note 39, the Group has restated its financial statements (including the reclassification of due from customers) based on errors in the application of derivative hedging accounting and errors in estimating the total estimated costs. As a result, retained earnings as of December 31, 2015, decreased by W 37,389 million (equivalent to US \$ 30,939 thousand) and net income as of December 31, 2015, decreased by W 37,389 million (equivalent to US \$ 30,939 thousand). It is impracticable to determine the cumulative effect of certain prior-period errors, such as hedge accounting effect, as the Group could not restate the beginning of the prior-period consolidated financial statements. If retrospective application of the hedge accounting cancellation is made before the beginning of the prior period, the total retained earnings, related asset and liabilities may differ.

Others

The accompanying consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended December 31, 2015, were audited by other accountants whose report thereon dated March 17, 2016, expressed an unqualified opinion. The financial statements for which the auditor expressed an unqualified opinion are prior to the reconciliation of the reconciliations described in Note 39 and the comparative financial statements for the reporting period ending on December 31, 2015, are the financial statements that reflect those adjustments.

Deloitte Anjan LLC

March 16, 2017



Notice to Readers

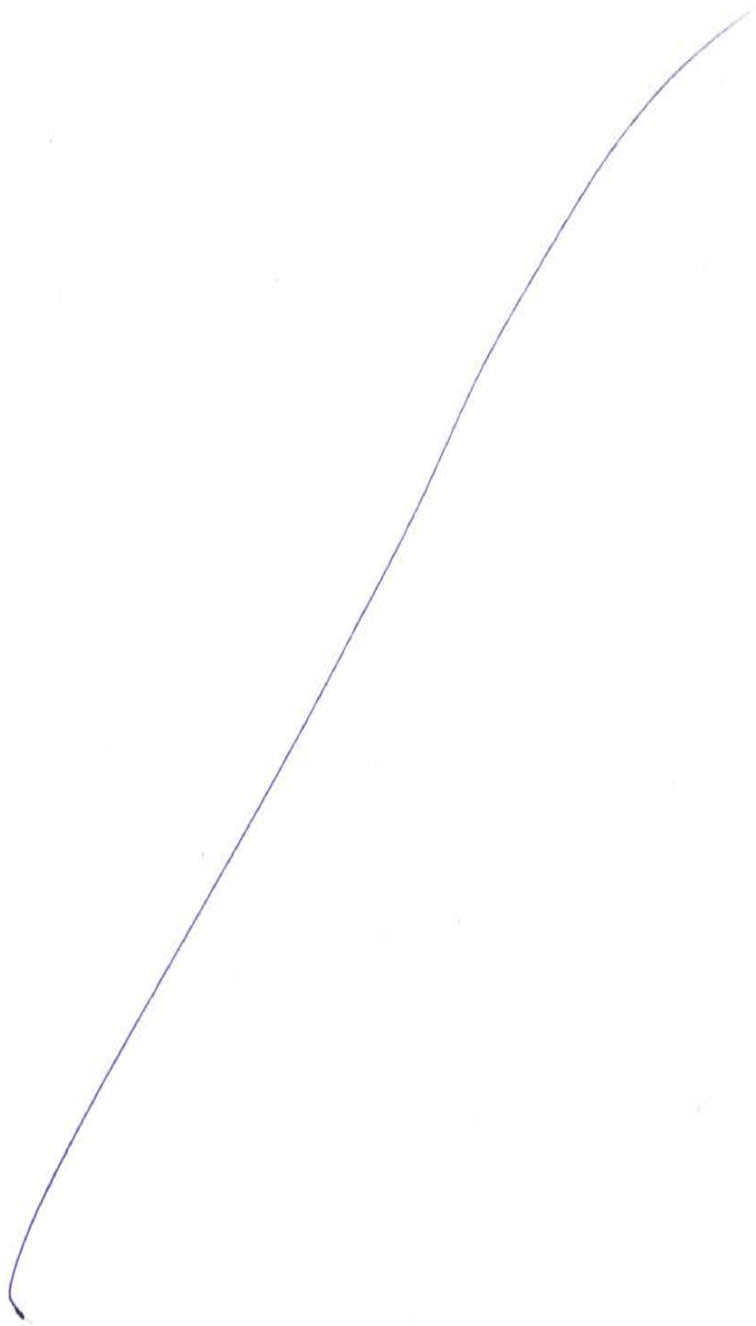
This report is effective as of March 16, 2017, the independent auditor's report date. Certain subsequent events or circumstances may have occurred between the independent auditor's report date and the time the independent auditor's report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the independent auditor's report.



0801

4903

4903



**DAEWOO ENGINEERING &
CONSTRUCTION CO., LTD.
AND ITS SUBSIDIARIES (the "Group")**

**Consolidated Financial Statements
As of and For the Years Ended
December 31, 2016 And 2015**

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

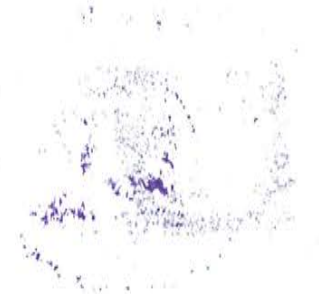
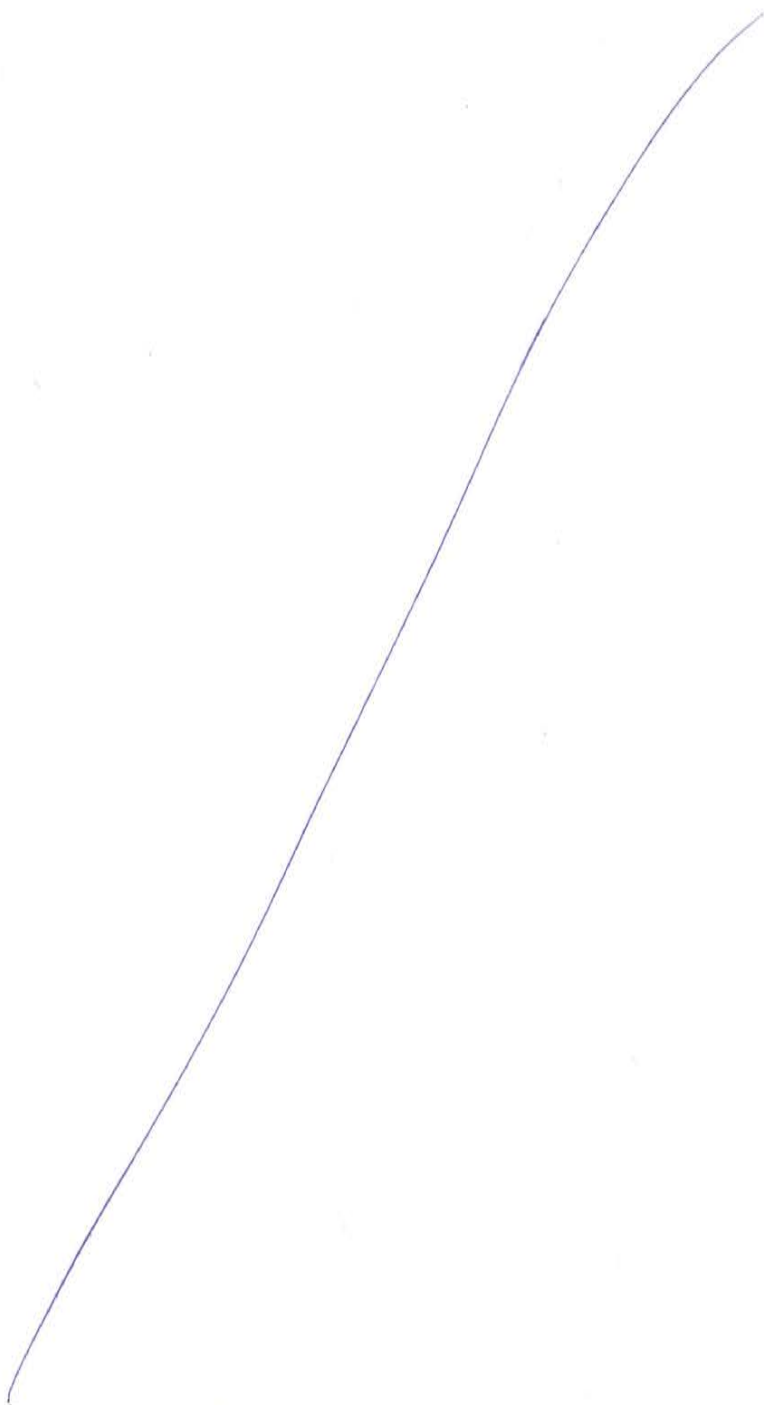
**Park, Changmin
Chief Executive Officer,
DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.**



1811

1905

4905



11

11

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2016, December 31, 2015, and January 1, 2015

(in millions of Korean won and thousands of US dollars (Note 4))

	Note	December 31, 2016	December 31, 2015	January 1, 2015	December 31, 2016	December 31, 2015	January 1, 2015
ASSETS:							
CURRENT ASSETS:							
Cash and cash equivalents	5,6,9,37	₩ 816,784	₩ 539,046	₩ 325,690	\$ 675,866	\$ 446,046	\$ 269,499
Financial instrument assets	5,6,12,13,24,37	263,415	189,115	196,564	217,969	156,487	162,651
Trade receivables	5,6,8,10,37	1,191,125	1,049,129	1,501,870	985,623	868,125	1,242,756
Other receivables	5,6,10,37	452,267	604,706	619,349	374,238	500,377	512,494
Due from customers for contract work	8	1,340,273	1,720,085	1,761,244	1,109,038	1,423,322	1,457,381
Advance payments		385,393	455,351	494,476	318,903	376,790	409,165
Prepaid expenses		191,126	220,849	255,817	158,151	182,746	211,681
Inventories	11	1,239,324	1,293,005	1,231,598	1,025,506	1,069,926	1,019,114
Assets held for sale	14,24	442,030	505,375	568,248	365,767	418,184	470,209
Income tax receivable		37,264	23,742	33,059	30,835	19,646	27,355
		<u>6,359,001</u>	<u>6,600,403</u>	<u>6,987,915</u>	<u>5,261,896</u>	<u>5,461,649</u>	<u>5,782,305</u>
NON-CURRENT ASSETS:							
Investments in associates	15,24	109,803	137,732	54,003	90,859	113,969	44,686
Financial instrument assets	5,6,13,24,37	21,368	40,264	73,184	17,681	33,317	60,558
Investments in securities	5,6,12,24,37	301,077	321,858	351,144	249,133	266,329	290,562
Other receivables	5,6,8,10,37	1,126,785	1,017,028	969,635	932,383	841,562	802,346
Prepaid expenses		28,828	22,864	39,863	23,854	18,921	32,986
Investment property	18,24	283,895	171,902	178,460	234,915	142,244	147,671
Property, plant and equipment	16,24	731,256	936,319	797,642	605,094	774,778	660,025
Intangible assets	17,24	86,682	120,349	115,191	71,727	99,585	95,317
Deferred tax assets		921,551	694,987	693,181	762,558	575,082	573,588
		<u>3,611,245</u>	<u>3,463,303</u>	<u>3,272,303</u>	<u>2,988,204</u>	<u>2,865,787</u>	<u>2,707,739</u>
TOTAL ASSETS		<u>₩ 9,970,246</u>	<u>₩ 10,063,706</u>	<u>₩ 10,260,218</u>	<u>\$ 8,250,100</u>	<u>\$ 8,327,436</u>	<u>\$ 8,490,044</u>

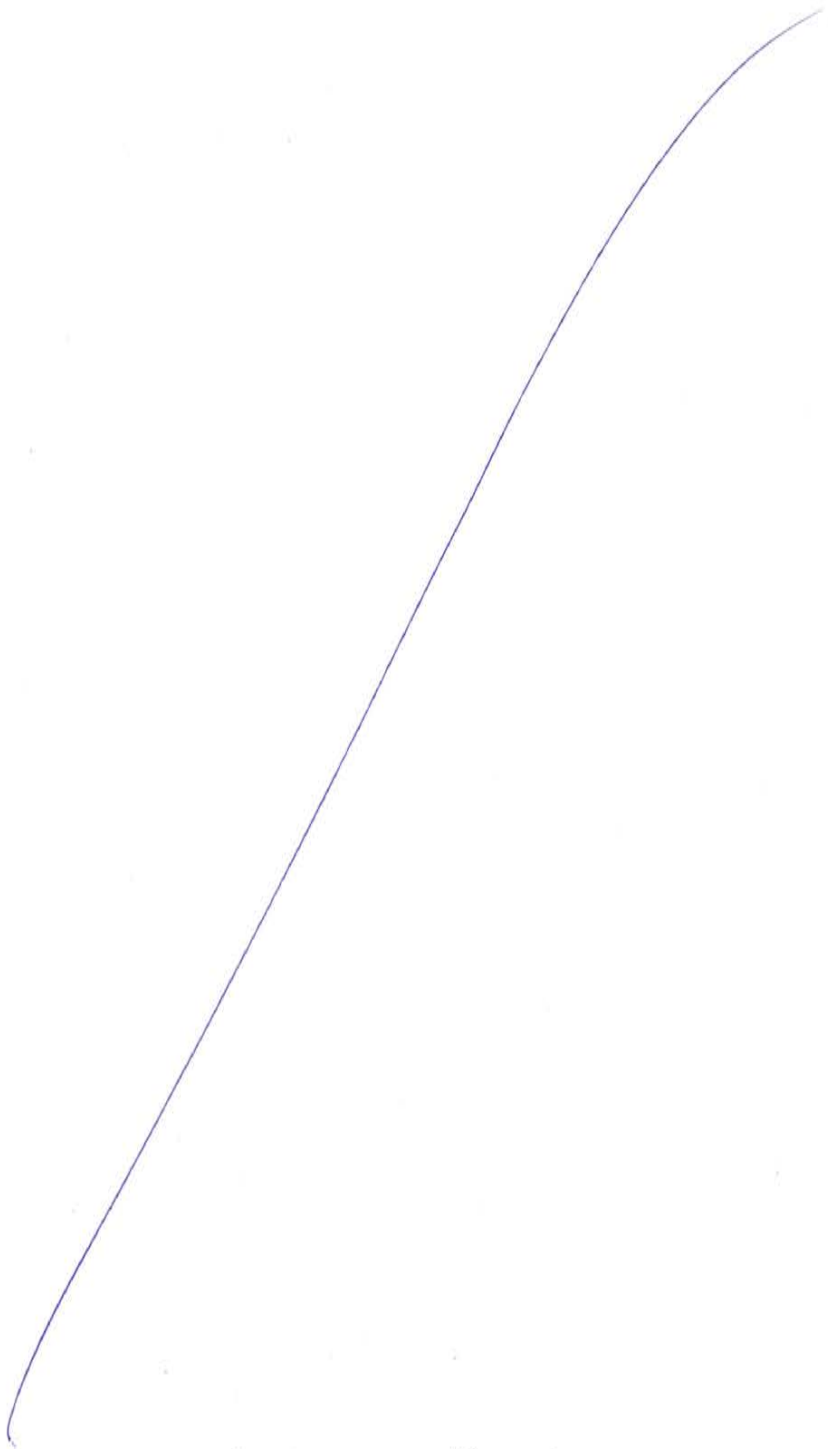
(Continued)



2801

8000

4907



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2016, December 31, 2015, and January 1, 2015

(in millions of Korean won and thousands of US dollars (Note 4))

	Note	December 31, 2016	December 31, 2015	January 1, 2015	December 31, 2016	December 31, 2015	January 1, 2015
LIABILITIES							
CURRENT LIABILITIES							
Financial instrument liabilities	5,6,13,20,37	₩ 2,633,578	₩ 1,634,601	₩ 1,569,890	\$ 2,179,212	\$ 1,352,587	\$ 1,299,040
Trade payables	5,6,37	528,699	459,419	480,967	437,484	380,156	397,987
Other payables	5,6,19,37	1,306,464	1,353,532	1,124,444	1,081,062	1,120,010	930,446
Advances received	8,19	516,139	232,203	146,329	427,091	192,141	121,083
Due to customers for contract work	8	1,376,824	768,474	683,846	1,139,283	635,891	565,863
Withholdings		139,544	133,372	149,396	115,469	110,362	123,621
Guarantee deposits received	5,6	92,528	57,341	61,079	76,564	47,448	50,541
Income tax payable		14,692	35,108	17,750	12,157	29,051	14,688
		<u>6,608,468</u>	<u>4,674,050</u>	<u>4,233,701</u>	<u>5,468,322</u>	<u>3,867,646</u>	<u>3,503,269</u>
NON-CURRENT LIABILITIES							
Financial instruments' liabilities	5,6,13,20,37	177,179	987,567	1,319,551	146,611	817,184	1,091,892
Advances received	8,19	419,453	853,997	923,250	347,086	706,659	763,964
Provisions	22	374,449	330,948	572,417	309,846	273,850	473,659
Guarantee deposits received	5,6	136,522	235,258	271,163	112,968	194,669	224,380
Defined benefit liabilities	21	165,015	172,325	198,029	136,545	142,594	163,863
Long-term employee benefits liabilities		2,987	-	-	2,472	-	-
Other payables		-	-	250	-	-	207
Deferred income tax liabilities		16,263	16,258	16,262	13,457	13,453	13,456
		<u>1,291,868</u>	<u>2,596,353</u>	<u>3,300,922</u>	<u>1,068,985</u>	<u>2,148,409</u>	<u>2,731,421</u>
TOTAL LIABILITIES		<u>7,900,336</u>	<u>7,270,403</u>	<u>7,534,623</u>	<u>6,537,307</u>	<u>6,016,055</u>	<u>6,234,690</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY							
Capital stock	1,25	2,078,113	2,078,113	2,078,113	1,719,580	1,719,580	1,719,580
Capital surplus	25	549,538	549,538	548,907	454,727	454,727	454,205
Other components of equity	26	(99,174)	(99,174)	(99,174)	(82,064)	(82,064)	(82,064)
Accumulated other comprehensive income	26	(134,022)	(150,967)	(154,967)	(110,899)	(124,920)	(128,231)
Retained earnings	27	(362,839)	358,027	256,819	(300,239)	296,257	212,512
		<u>2,031,616</u>	<u>2,735,537</u>	<u>2,629,698</u>	<u>1,681,105</u>	<u>2,263,580</u>	<u>2,176,002</u>
NON-CONTROLLING INTERESTS		38,294	57,766	95,897	31,688	47,801	79,352
TOTAL EQUITY		<u>2,069,910</u>	<u>2,793,303</u>	<u>2,725,595</u>	<u>1,712,793</u>	<u>2,311,381</u>	<u>2,255,354</u>
TOTAL LIABILITIES AND EQUITY		₩ 9,970,246	₩ 10,063,706	₩ 10,260,218	\$ 8,250,100	\$ 8,327,436	\$ 8,490,044

(Concluded)

See accompanying notes to consolidated financial statements.

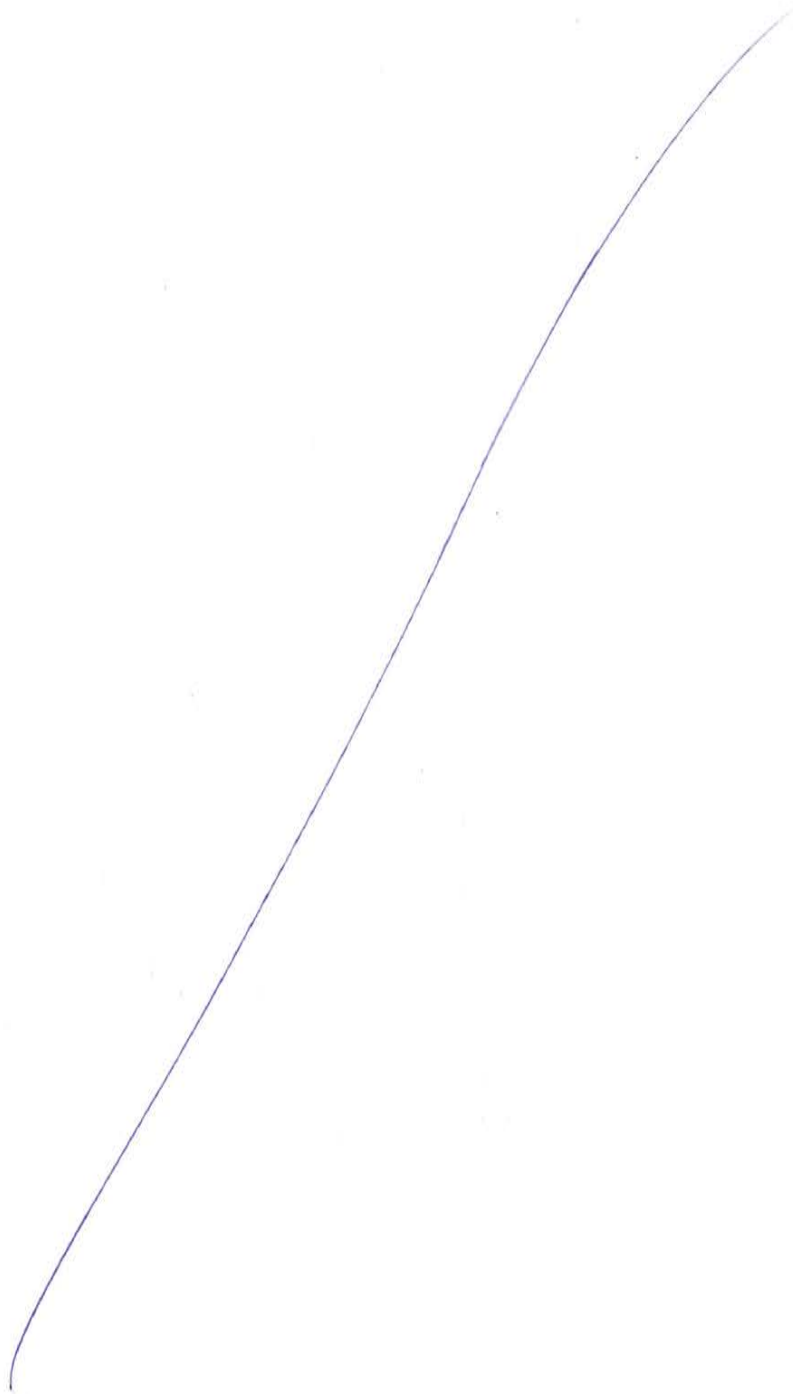
The U.S. dollar figures are provided for information purpose only and do not form part of consolidated financial statements. Refer to Note 4. The accompanying notes are an integral part of these consolidated financial statements.



1983

3989

4909



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Income
For the Years Ended December 31, 2016 and 2015

(in millions of Korean won and thousands of US dollars, except per share amounts (Note 4))

	Note	2016	2015	2016	2015
SALES	7,8	₩ 11,105,930	₩ 9,889,965	\$ 9,189,847	\$ 8,183,670
COST OF SALES	8,29	11,010,874	9,331,162	9,111,191	7,721,276
GROSS PROFIT		<u>95,056</u>	<u>558,803</u>	<u>78,656</u>	<u>462,394</u>
Selling and administrative expenses	29,30	562,298	389,868	465,286	322,605
OPERATING INCOME (LOSS)	7	<u>(467,242)</u>	<u>168,935</u>	<u>(386,630)</u>	<u>139,789</u>
Income from associates	15	(5,907)	(19,119)	(4,887)	(15,821)
Other income	31	472,611	453,314	391,072	375,105
Other expenses	31	942,395	407,872	779,806	337,503
Financial income	32	24,930	21,460	20,629	17,758
Financial costs	32	93,134	97,248	77,066	80,470
PROFIT (LOSS) BEFORE INCOME TAX		<u>(1,011,137)</u>	<u>119,470</u>	<u>(836,688)</u>	<u>98,858</u>
INCOME TAX EXPENSE	33	<u>(256,210)</u>	<u>14,822</u>	<u>(212,007)</u>	<u>12,265</u>
PROFIT (LOSS) FOR THE PERIOD		<u>(754,927)</u>	<u>104,648</u>	<u>(624,681)</u>	<u>86,593</u>
Equity holders of the Parent Company	₩	(735,847)	₩ 105,903	\$ (608,893)	\$ 87,632
Non-controlling interests		(19,080)	(1,255)	(15,788)	(1,039)
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY DURING THE PERIOD					
Basic earnings per share	28	₩ (1,791)	₩ 258	\$ (1,482)	\$ 0.213
Diluted earnings per share	28	(1,791)	257	(1,482)	0.213

See accompanying notes to consolidated financial statements.

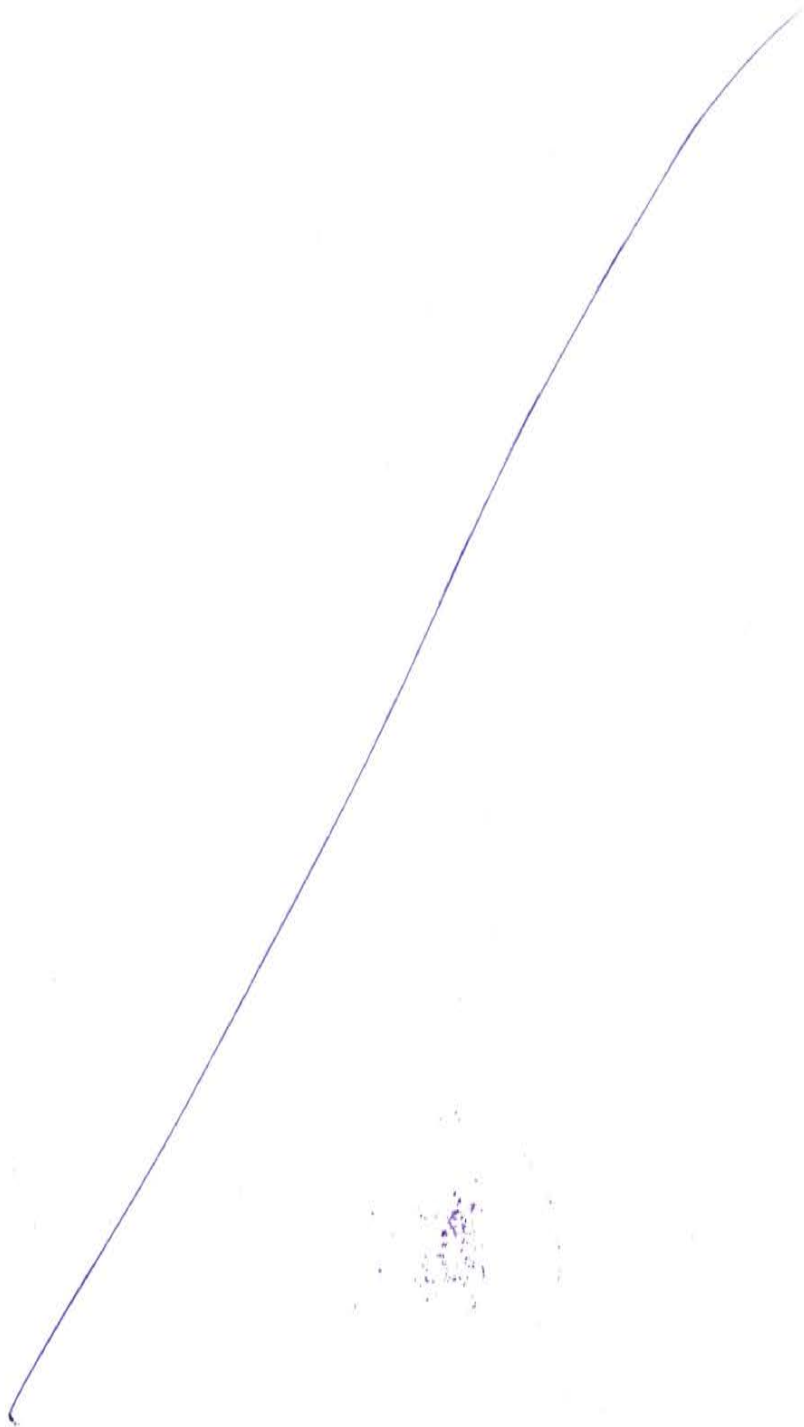
The U.S. dollar figures are provided for information purpose only and do not form part of consolidated financial statements. Refer to Note 4. The accompanying notes are an integral part of these consolidated financial statements.



4801

59007

4911



15

17

14

16

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2016 and 2015

(in millions of Korean won and thousands of US dollars (Note 4))

	Note	2016	2015	2016	2015
PROFIT (LOSS) FOR THE PERIOD		₩ (754,927)	₩ 104,648	\$ (624,681)	\$ 86,593
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX					
Items not to be reclassified to profit or loss		14,981	(4,695)	12,397	(3,885)
Remeasurements of net defined benefit liabilities	21	14,981	(4,695)	12,397	(3,885)
Items to be reclassified to profit or loss subsequently		16,206	5,140	13,409	4,253
Gain on valuation of available-for-sale financial assets	12,26	5,514	(12,909)	4,563	(10,682)
Loss on overseas operations translation	26	10,853	18,135	8,979	15,006
Other comprehensive loss from associates	15,26	(161)	(86)	(133)	(71)
		<u>31,187</u>	<u>445</u>	<u>25,806</u>	<u>368</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		₩ (723,740)	₩ 105,093	\$ (598,875)	\$ 86,961
Equity holders of the Parent Company		(703,921)	105,208	(582,475)	87,057
Non-controlling interests		(19,819)	(115)	(16,400)	(96)

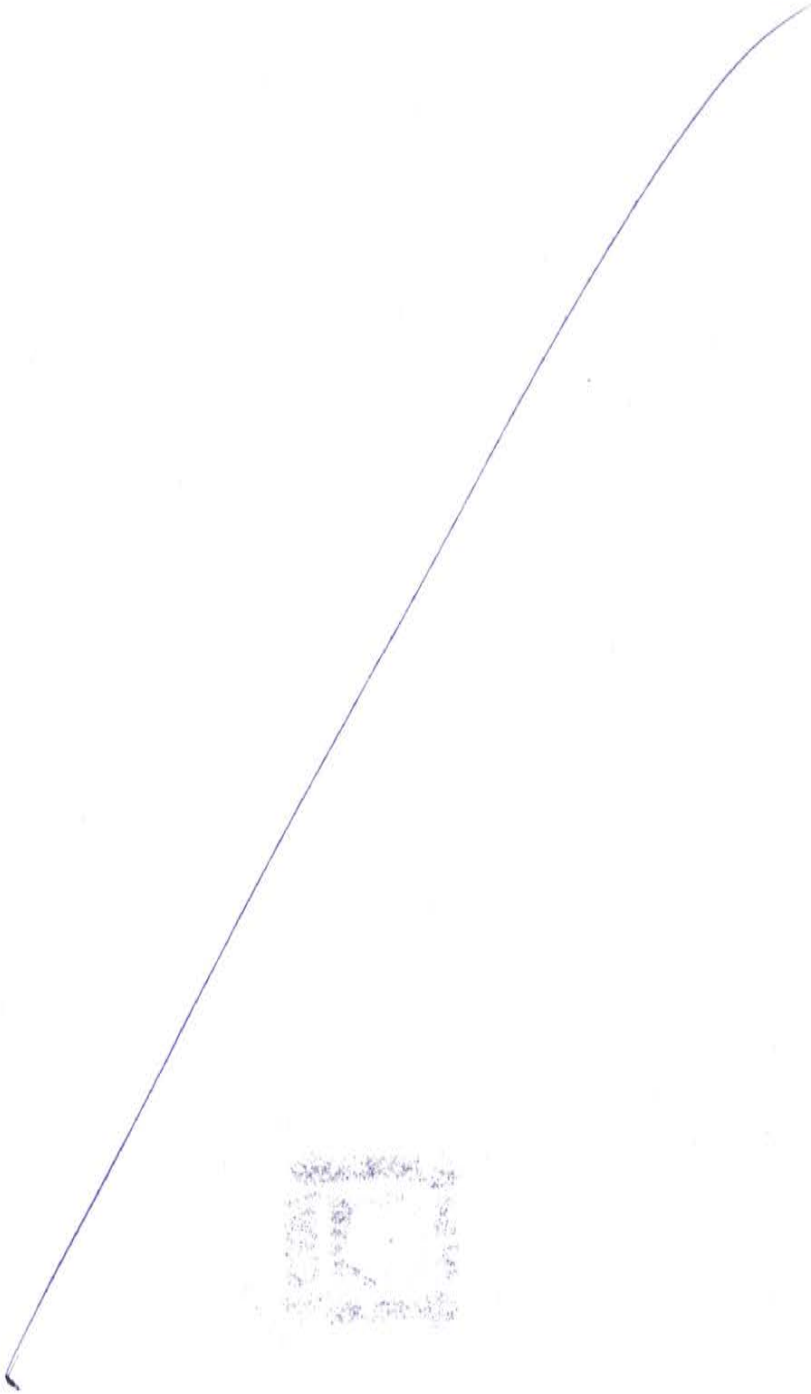
See accompanying notes to consolidated financial statements.

The U.S. dollar figures are provided for information purpose only and do not form part of consolidated financial statements. Refer to Note 4. The accompanying notes are an integral part of these consolidated financial statements.



2811

4913



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2016 and 2015

(in millions of Korean won)

Notes	Capital stock	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Subtotal	Non-controlling interests	Total
	₩ 2,078,113	₩ 548,907	₩ (99,174)	₩ (154,967)	₩ 256,819	₩ 2,629,698	₩ 95,896	₩ 2,725,594
Balance as of January 1, 2015								
Comprehensive income (loss):								
Profit for the period	-	-	-	-	105,903	105,903	(1,255)	104,648
Loss on valuation of available-for-sale financial assets	-	-	-	(12,909)	-	(12,909)	-	(12,909)
Loss on overseas operations translation	-	-	-	16,995	-	16,995	1,140	18,135
Remeasurements of net defined benefit liabilities	-	-	-	-	(4,695)	(4,695)	-	(4,695)
Other comprehensive income of associates	-	-	-	(86)	-	(86)	-	(86)
Total comprehensive income (loss)	-	-	-	4,000	101,208	105,208	(115)	105,093
Transactions with equity holders of the Parent Company:								
Increase in paid-in capital of the non-controlling interests	-	-	-	-	-	-	736	736
Decrease in paid-in capital of the non-controlling interests	-	-	-	-	-	-	(495)	(495)
Changes in scope of subsidiaries	-	631	-	-	-	631	(38,257)	(37,626)
	-	631	-	-	-	631	(38,016)	(37,385)
Total transactions with equity holders of the Parent Company								
Balance as of December 31, 2015	₩ 2,078,113	₩ 549,538	₩ (99,174)	₩ (150,967)	₩ 358,027	₩ 2,735,537	₩ 57,766	₩ 2,793,303
	₩ 2,078,113	₩ 549,538	₩ (99,174)	₩ (150,967)	₩ 358,027	₩ 2,735,537	₩ 57,766	₩ 2,793,303
Balance as of January 1, 2016								
Comprehensive income (loss):								
Loss for the period	-	-	-	-	(735,847)	(735,847)	(19,080)	(754,927)
Gain on valuation of available-for-sale financial assets	-	-	-	5,514	-	5,514	-	5,514
Profit (Loss) on overseas operations translation	-	-	-	11,592	-	11,592	(739)	10,853
Remeasurements of net defined benefit liabilities	-	-	-	-	14,981	14,981	-	14,981
Other comprehensive income of associates	-	-	-	(161)	-	(161)	-	(161)
Total comprehensive income (loss)	-	-	-	16,945	(720,866)	(703,921)	(19,819)	(723,740)
Transactions with equity holders of the Parent Company:								
Increase in paid-in capital of the non-controlling interests	-	-	-	-	-	-	518	518
Changes in scope of subsidiaries	-	-	-	-	-	-	(171)	(171)
	-	-	-	-	-	-	347	347
Total transactions with equity holders of the Parent Company								
Balance as of December 31, 2016	₩ 2,078,113	₩ 549,538	₩ (99,174)	₩ (134,022)	₩ (362,839)	₩ 2,031,616	₩ 38,294	₩ 2,069,910

(Continued)

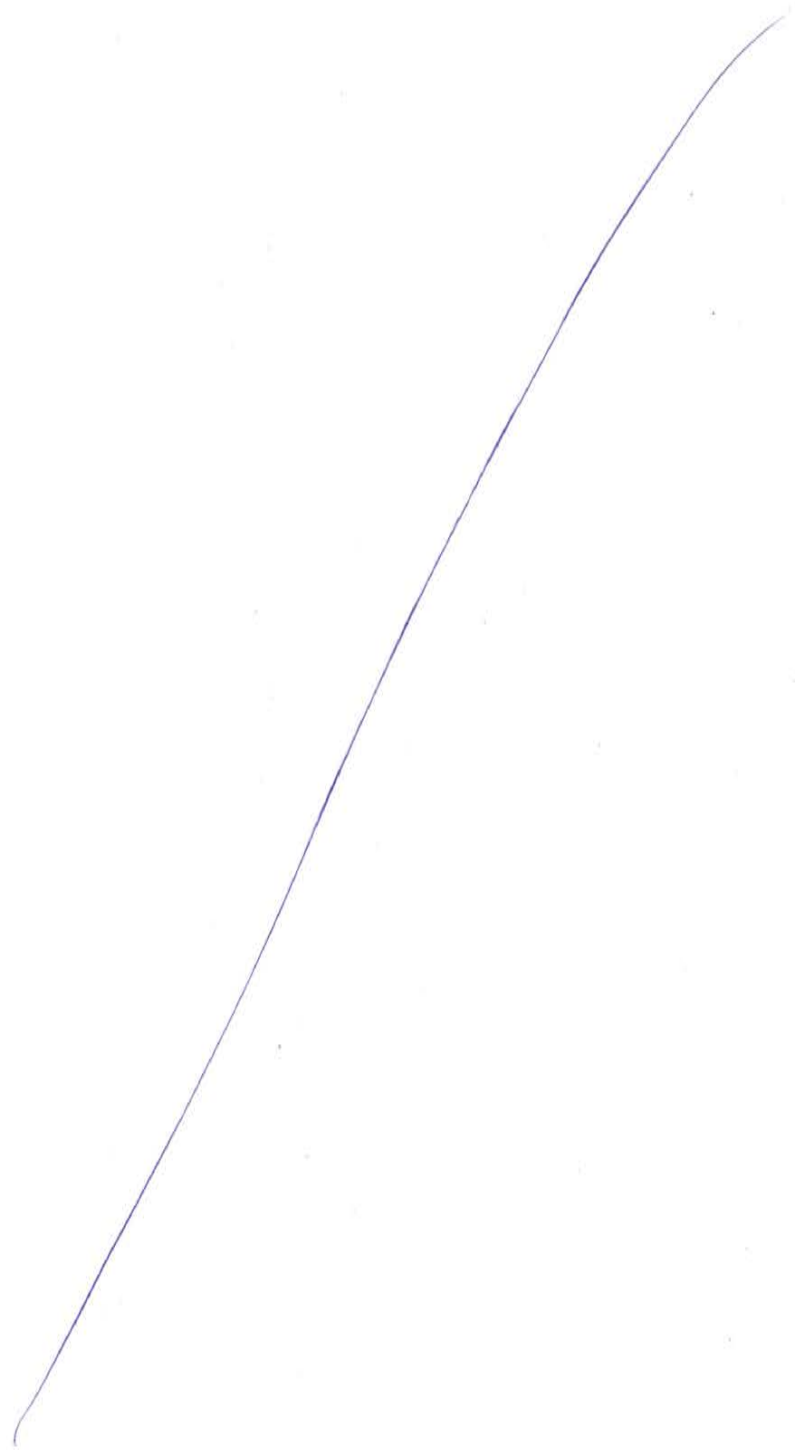


4914 1086

3881

2102107-10

4915



4916 1087

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2016 and 2015

(in thousands of US dollars (Note 4))

Notes	Capital stock	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Subtotal	Non-controlling interests	Total
	\$ 1,719,580	\$ 454,205	\$ (82,064)	\$ (128,230)	\$ 212,510	\$ 2,176,001	\$ 79,353	\$ 2,255,354
Balance as of January 1, 2015								
Comprehensive income (loss):								
Profit for the period	-	-	-	-	87,632	87,632	(1,039)	86,593
Loss on valuation of available-for-sale financial assets	-	-	-	(10,682)	-	(10,682)	-	(10,682)
Loss on overseas operations translation	-	-	-	14,063	-	14,063	943	15,006
Remeasurements of net defined benefit liabilities	-	-	-	-	(3,885)	(3,885)	-	(3,885)
Other comprehensive income of associates	-	-	-	(71)	-	(71)	-	(71)
Total comprehensive income (loss)				\$ 3,310	\$ 83,747	\$ 87,057	\$ (96)	\$ 86,961
Transactions with equity holders of the Parent Company:								
Increase in paid-in capital of the non-controlling interests	-	-	-	-	-	-	609	609
Decrease in paid-in capital of the non-controlling interests	-	-	-	-	-	-	(410)	(410)
Changes in scope of subsidiaries	-	522	-	-	-	522	(31,657)	(31,135)
	-	522	-	-	-	522	(31,458)	(30,936)
Total transactions with equity holders of the Parent Company					\$ 296,257	\$ 2,263,580	\$ 47,801	\$ 2,311,381
Balance as of December 31, 2015	\$ 1,719,580	\$ 454,727	\$ (82,064)	\$ (124,920)	\$ 296,257	\$ 2,263,580	\$ 47,801	\$ 2,311,381
	\$ 1,719,580	\$ 454,727	\$ (82,064)	\$ (124,920)	\$ 296,257	\$ 2,263,580	\$ 47,801	\$ 2,311,381
Balance as of January 1, 2016								
Comprehensive income (loss):								
Loss for the period	-	-	-	-	(608,893)	(608,893)	(15,788)	(624,681)
Gain on valuation of available-for-sale financial assets	-	-	-	4,563	-	4,563	-	4,563
Profit (Loss) on overseas operations translation	-	-	-	9,591	-	9,591	(612)	8,979
Remeasurements of net defined benefit liabilities	-	-	-	-	12,397	12,397	-	12,397
Other comprehensive income of associates	-	-	-	(133)	-	(133)	-	(133)
Total comprehensive income (loss)				\$ 14,021	\$ (596,496)	\$ (582,475)	\$ (16,400)	\$ (598,875)
Transactions with equity holders of the Parent Company:								
Increase in paid-in capital of the non-controlling interests	-	-	-	-	-	-	429	429
Changes in scope of subsidiaries	-	-	-	-	-	-	(141)	(141)
	-	-	-	-	-	-	288	288
Total transactions with equity holders of the Parent Company					\$ (300,239)	\$ 1,681,105	\$ 31,688	\$ 1,712,793
Balance as of December 31, 2016	\$ 1,719,580	\$ 454,727	\$ (82,064)	\$ (110,899)	\$ (300,239)	\$ 1,681,105	\$ 31,688	\$ 1,712,793

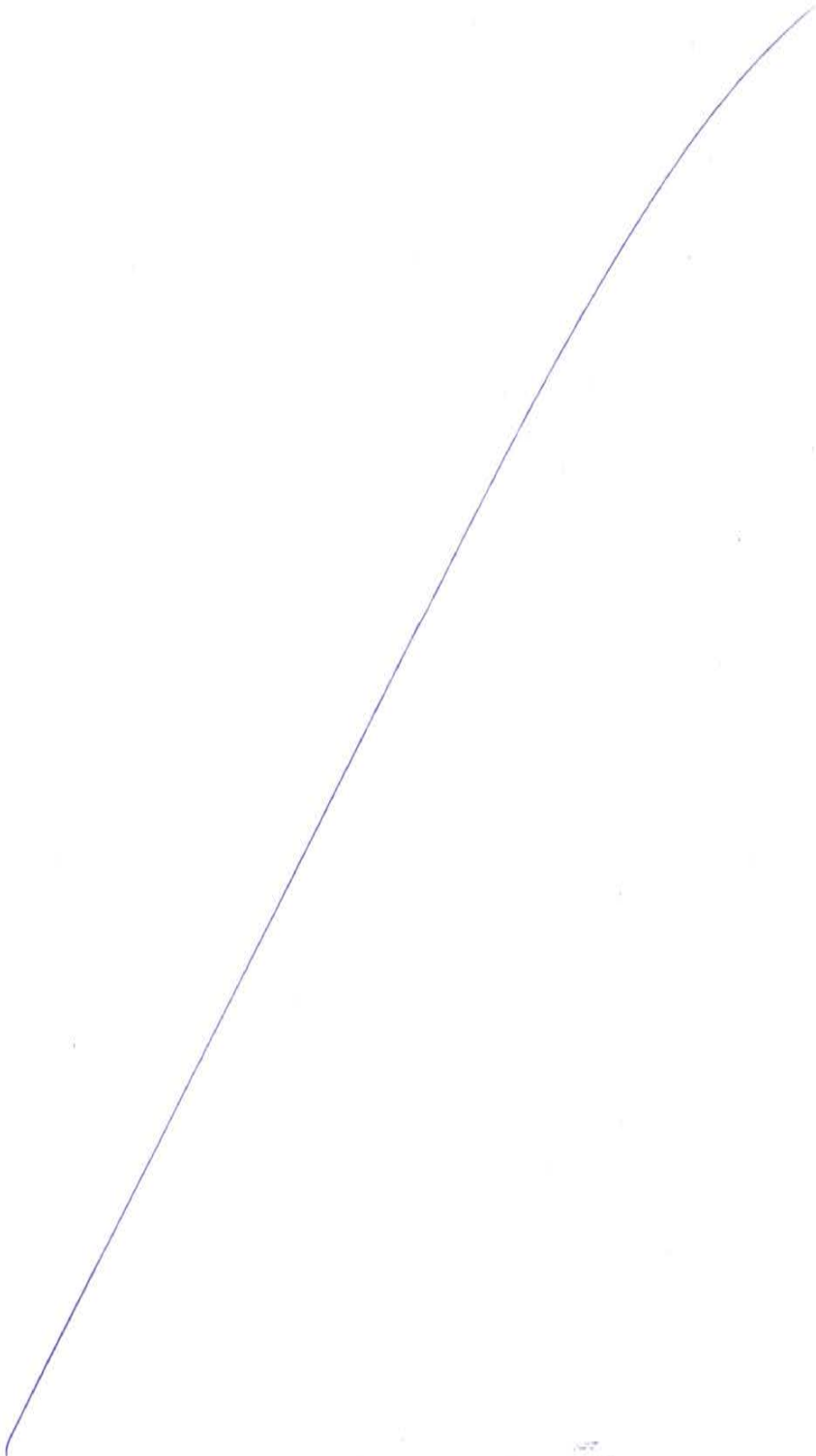
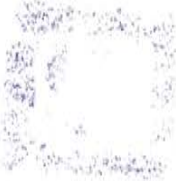
See accompanying notes to consolidated financial statements

The U.S. dollar figures are provided for information purpose only and do not form part of the consolidated financial statements. Refer to Note 4. The accompanying notes are an integral part of these consolidated financial statements.



1001 8787-22

4917



4918 1088

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Interim Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

(in millions of Korean won and thousands of US dollars (Note 4))

	Note	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	36	₩ 436,558	₩ 728,324	\$ 361,240	\$ 602,668
Interest received		22,227	23,079	18,392	19,097
Interest paid		(86,372)	(93,867)	(71,470)	(77,672)
Income tax paid		(21,863)	15,637	(18,091)	12,939
Dividends received		8,284	11,869	6,854	9,821
Net cash provided by operating activities		358,834	685,042	296,925	566,853
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease in current financial instrument assets		90,831	85,793	75,160	70,991
Decrease in current other receivables		71,158	22,089	58,881	18,278
Disposal of assets held for sale		268,582	87,519	222,244	72,420
Decrease in investments in securities		32,204	147,247	26,648	121,843
Disposal of investments in subsidiaries and associates		22,221	-	18,387	-
Decrease in non-current other receivables		95,513	96,682	79,034	80,002
Disposal of investment property		-	5,394	-	4,463
Disposal of property, plant and equipment		6,437	6,410	5,326	5,304
Decrease in non-current financial instrument assets		2	-	2	-
Disposal of intangible assets		-	8	-	7
Others		6,864	18,829	5,680	15,580
Increase in current financial instrument assets		(114,330)	(126,697)	(94,605)	(104,838)
Increase in current other receivables		(52,827)	(36,267)	(43,713)	(30,010)
Acquisition of assets held for sale		(87,537)	-	(72,434)	-
Acquisition of investments in securities		(74,644)	(126,444)	(61,766)	(104,629)
Acquisition of investments in associates		(6,186)	(30,359)	(5,119)	(25,121)
Increase in non-current financial instrument assets		(2,093)	(4,400)	(1,732)	(3,641)
Increase in non-current other receivables		(240,136)	(222,706)	(198,706)	(184,283)
Acquisition of property, plant and equipment		(273,589)	(440,552)	(226,387)	(364,544)
Acquisition of intangible assets		(4,055)	(5,332)	(3,355)	(4,412)
Changes in scope of subsidiaries		(172)	(1,992)	(142)	(1,648)
Others		-	(16,339)	-	(13,521)
Net cash used in investing activities		(261,757)	(541,117)	(216,597)	(447,759)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in current financial instrument liabilities		5,298,171	4,572,226	4,384,089	3,783,389
Increase in non-current financial instrument liabilities		393,938	847,142	325,973	700,986
Increase in paid-in capital of the non-controlling interests		518	48,295	428	39,963
Decrease in current financial instrument liabilities		(5,500,614)	(5,397,699)	(4,551,604)	(4,466,445)
Decrease in non-current financial instrument liabilities		(17,554)	(495)	(14,525)	(410)
Decrease in paid-in capital of the non-controlling interests		-	(495)	-	(410)
Net cash provided by (used in) financing activities		174,459	68,974	144,360	57,075
EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS					
		6,202	456	5,132	377
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		277,738	213,356	229,820	176,546
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR					
	9	539,046	325,690	446,046	269,500
CASH AND CASH EQUIVALENTS AT THE END OF YEAR					
	9	₩ 816,784	₩ 539,046	\$ 675,866	\$ 446,046

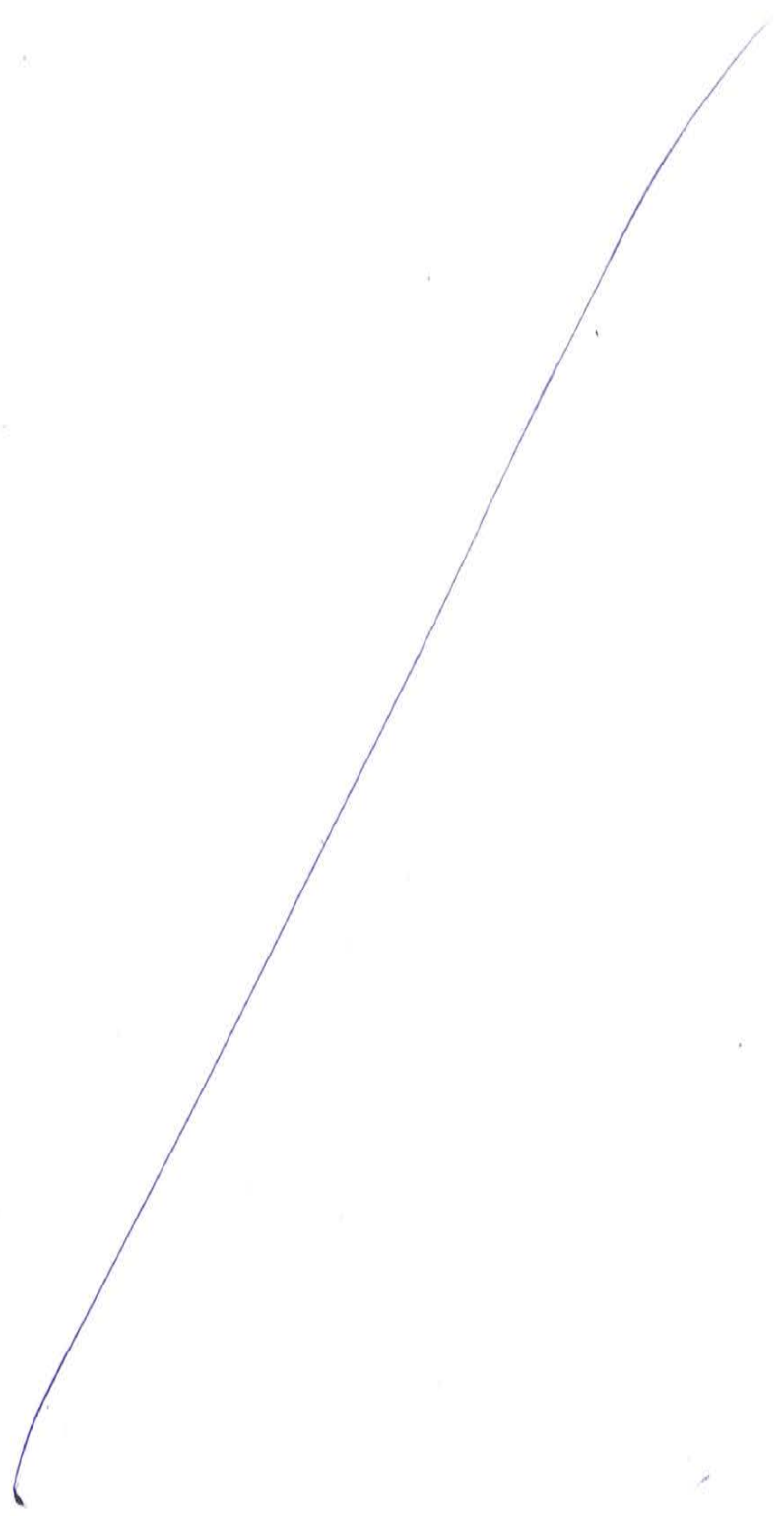
See accompanying notes to consolidated financial statements.

The U.S. dollar figures are provided for information purpose only and do not form part of consolidated financial statements. Refer to Note 4. The accompanying notes are an integral part of these consolidated financial statements.



68.1

4919



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1. GENERAL INFORMATION:

General information about DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. (the "Parent Company") and its subsidiaries (collectively referred to the "Group") is as follows.

(1) General information of the Parent Company

The Parent Company was incorporated on December 27, 2000, upon the split-up of the former Daewoo Corporation. The Parent Company is engaged in the engineering and construction business, including civil works (construction of infrastructures, such as roads and railroads), architectural (construction of office and commercial buildings), housing (construction of residential buildings), plants (construction of petrochemical and gas plants), power plants (construction of energy-related plants).

The Parent Company's major shareholders and their respective percentage of ownership as of December 31, 2016, are as follows:

	Number of shares	Par value (in millions)	Percentage of ownership
KDB Value VI LLC	210,931,209	₩ 1,054,656	50.75%
SEBT Investment LLC	51,042,007	255,210	12.28%
Kumho Tire Co., Inc.	18,277,029	91,385	4.40%
Asiana Airlines Inc.	9,138,514	45,693	2.20%
Others	126,233,879	631,169	30.37%
Total	415,622,638	₩ 2,078,113	100%

(2) General information of the subsidiaries

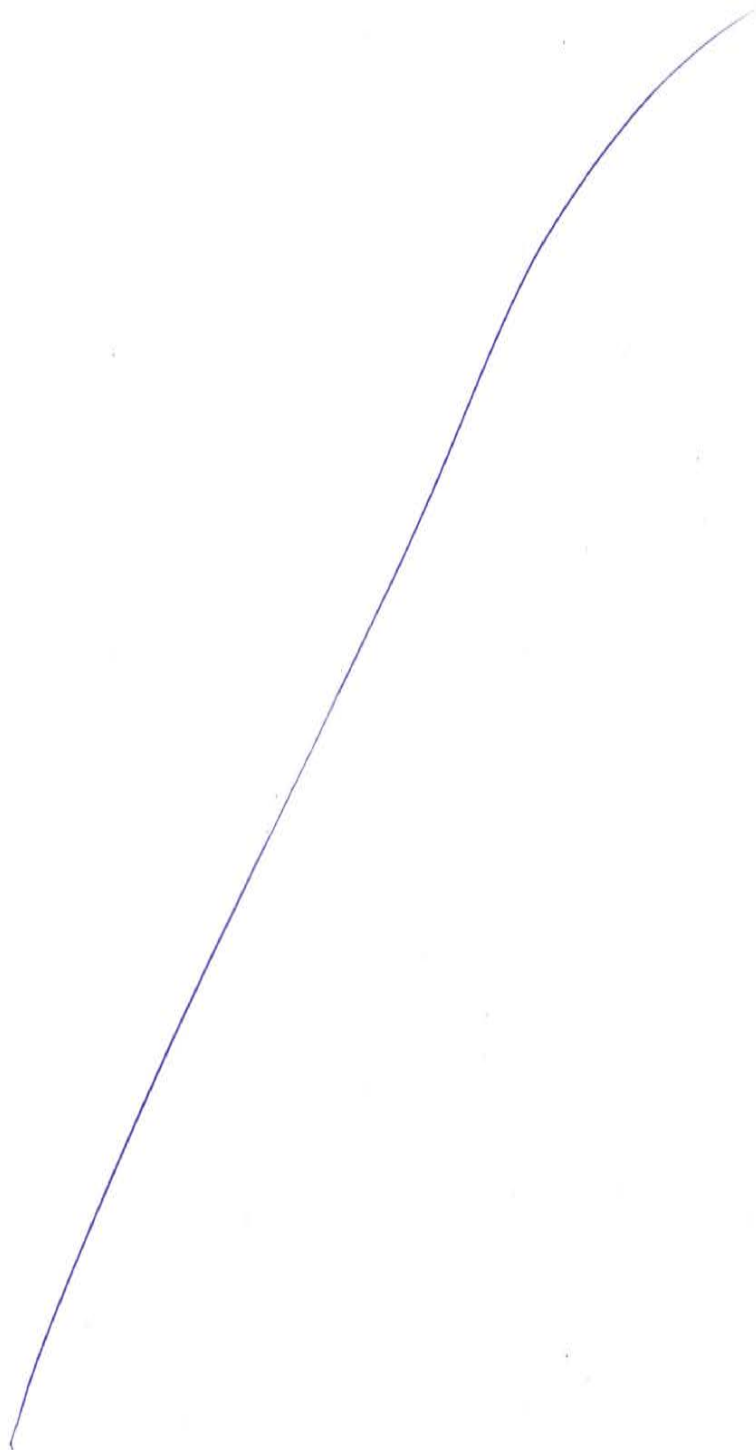
	Location	Type of business	Percentage of ownership (%)		Year-end
			2016	2015	
DW Steel Tech Co., Ltd.	Korea	Construction	100	100	December 31
Daewoo Songdo Hotel Co., Ltd.	Korea	Hotel	100	100	December 31
Prugio Service Co., Ltd.	Korea	Construction			December 31
		Warranties	100	100	
Korea Infrastructure Management Co., Ltd.	Korea	Management	100	100	December 31
Foodream Ltd.	Korea	Food service	100	100	December 31
Busan Hi Tech Industrial Complex Co., Ltd. (*2)	Korea	Real estate	-	85	December 31
Gangdong Project Financing Investment Co., Ltd.	Korea	Real estate	89.5	89.5	December 31
Daewoo Power Co., Ltd.	Korea	Service	100	100	December 31
DW AMERICA DEVELT INC.	U.S.A.	Real estate	100	100	December 31
Daewoo Tripoli Investment & Development Co.	Libya	Hotel	60	60	December 31
SAIPAN LAULAU DEVELOPMENT, INC.	Saipan	Golf resort	100	100	December 31
THT DEVELOPMENT CO., LTD	Vietnam	Real estate	100	100	December 31
Daewoo E&C Nigeria Limited(*1)	Nigeria	Construction	49	49	December 31

(*1) Although the Group's ownership does not exceed 50%, it is classified as a consolidated subsidiary since the Group is considered to have control of the entity.

(*2) The entity has been liquidated and excluded from the consolidated subsidiaries during the current year.



4921



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(3) The financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015, is as follows:

① 2016

(in millions of Korean won)

	Assets	Liabilities	Equity	Sales	Net profit (loss)	Comprehensive income (loss)
DW Steel Tech Co., Ltd.	₩ 95,684	₩ 41,599	₩ 54,085	₩ 132,088	₩ 3,198	₩ 3,198
Daewoo Songdo Hotel Co., Ltd.	162,752	141,712	21,040	30,729	(4,589)	(4,589)
Prugio Service Co., Ltd.	25,843	16,187	9,656	73,481	2,821	2,849
Korea Infrastructure Management Co., Ltd.	14,658	3,974	10,684	25,750	4,193	4,193
Foodream Ltd.	6,361	4,187	2,174	17,726	649	649
Gangdong Project Financing Investment Co., Ltd.	1,109	557	552	621	(1,546)	(1,546)
Daewoo Power Co., Ltd.	6,625	4,200	2,425	21,451	2,053	2,053
DW AMERICA DEVEL'T INC.	159	8,716	(8,557)	-	4,287	3,937
Daewoo Tripoli Investment & Development Co.	128,884	33,602	95,282	-	(47,245)	(49,086)
SAIPAN LAULAU DEVELOPMENT, INC.	64,949	25,449	39,500	6,975	(3,924)	(2,802)
THT DEVELOPMENT CO., LTD	457,772	360,624	97,148	-	(1,531)	1,706
Daewoo E&C Nigeria Limited(*)	118	151	(33)	-	(250)	(297)

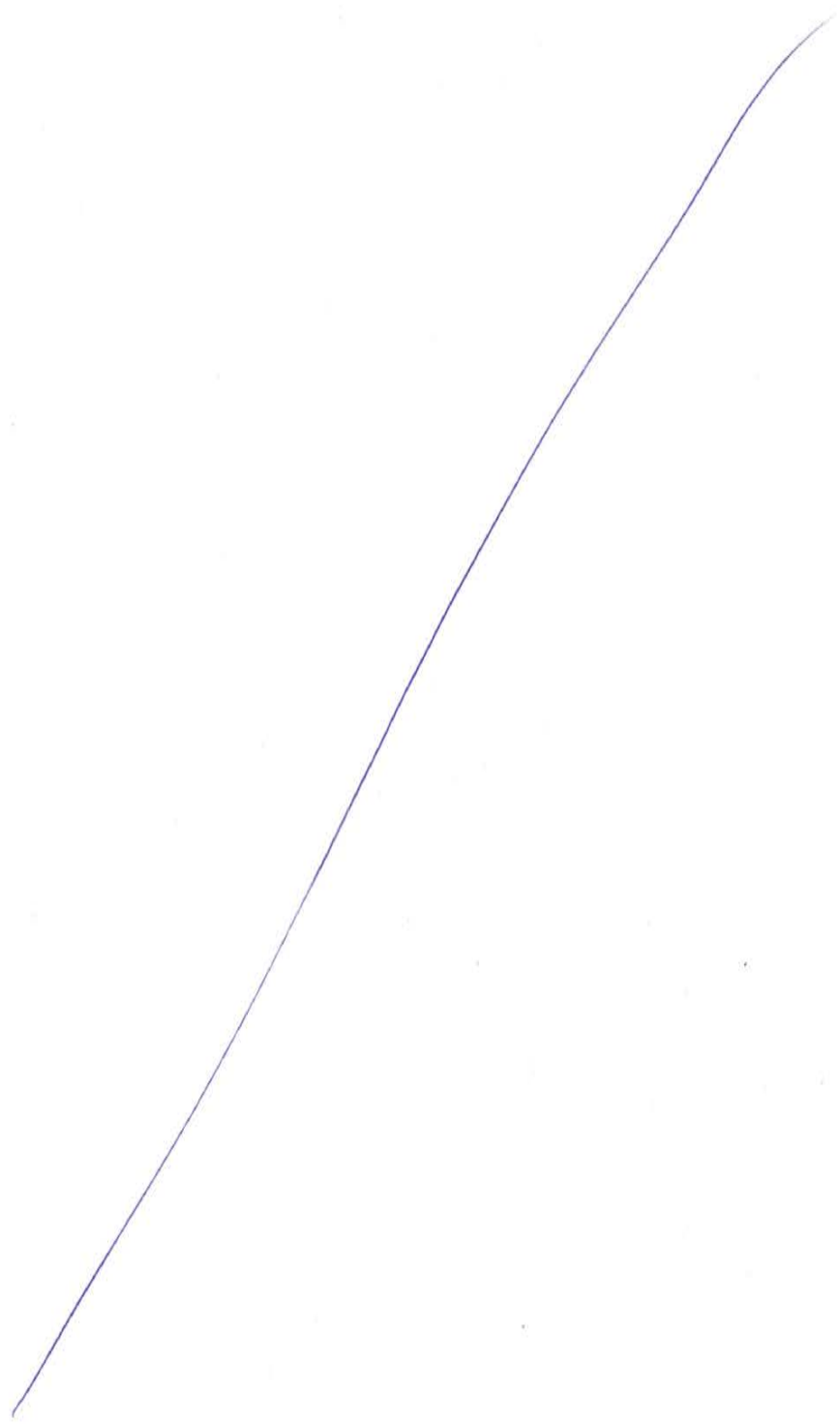
(in thousands of US dollars (Note 4))

	Assets	Liabilities	Equity	Sales	Net profit (loss)	Comprehensive income (loss)
DW Steel Tech Co., Ltd.	\$ 79,176	\$ 34,422	\$ 44,754	\$ 109,299	\$ 2,646	\$ 2,646
Daewoo Songdo Hotel Co., Ltd.	134,673	117,263	17,410	25,427	(3,797)	(3,797)
Prugio Service Co., Ltd.	21,384	13,394	7,990	60,803	2,334	2,357
Korea Infrastructure Management Co., Ltd.	12,129	3,288	8,841	21,307	3,470	3,470
Foodream Ltd.	5,264	3,465	1,799	14,668	537	537
Gangdong Project Financing Investment Co., Ltd.	918	461	457	514	(1,279)	(1,279)
Daewoo Power Co., Ltd.	5,482	3,475	2,007	17,750	1,699	1,699
DW AMERICA DEVEL'T INC.	132	7,212	(7,080)	-	3,547	3,258
Daewoo Tripoli Investment & Development Co.	106,648	27,805	78,843	-	(39,094)	(40,617)
SAIPAN LAULAU DEVELOPMENT, INC.	53,743	21,058	32,685	5,772	(3,247)	(2,319)
THT DEVELOPMENT CO., LTD	378,794	298,406	80,388	-	(1,267)	1,412
Daewoo E&C Nigeria Limited(*)	98	125	(27)	-	(207)	(246)

(*) The Group prepared its consolidated financial statements based on the unaudited financial statements of consolidated subsidiaries and reviewed the reliability of these financial statements.



0001 4923



4923

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

② 2015

(in millions of Korean won)

	Assets	Liabilities	Equity	Sales	Net profit (loss)	Comprehensive income (loss)
DW Steel Tech Co., Ltd.	₩ 81,940	₩ 28,845	₩ 53,095	₩ 124,862	₩ 4,833	₩ 4,747
Daewoo Songdo Hotel Co., Ltd.	167,644	142,180	25,464	28,850	(7,480)	(7,644)
Prugio Service Co., Ltd.	19,478	12,259	7,219	62,959	1,921	1,947
Korea Infrastructure Management Co., Ltd.	12,268	4,235	8,033	21,831	3,144	3,062
Foodream Ltd.	4,956	3,340	1,616	16,333	250	210
Busan Hi Tech Industrial Complex Co., Ltd	1,146	1	1,145	-	(115)	(115)
Gangdong Project Financing Investment Co., Ltd.	5,824	3,727	2,097	69,485	2,367	2,367
Daewoo Power Co., Ltd.	381	9	372	-	(128)	(128)
DW AMERICA DEVEL'T INC. (*)	5,197	20,069	(14,872)	-	(161)	(1,080)
Daewoo Tripoli Investment & Development Co. (*)	176,005	32,932	143,073	-	(2,743)	110
SAIPAN LAULAU DEVELOPMENT, INC.	66,616	24,314	42,302	7,010	(4,084)	(1,309)
THT DEVELOPMENT CO., LTD	354,077	258,635	95,442	-	(3,434)	2,601
Daewoo E&C Nigeria Limited(*)	476	211	265	-	(242)	(275)

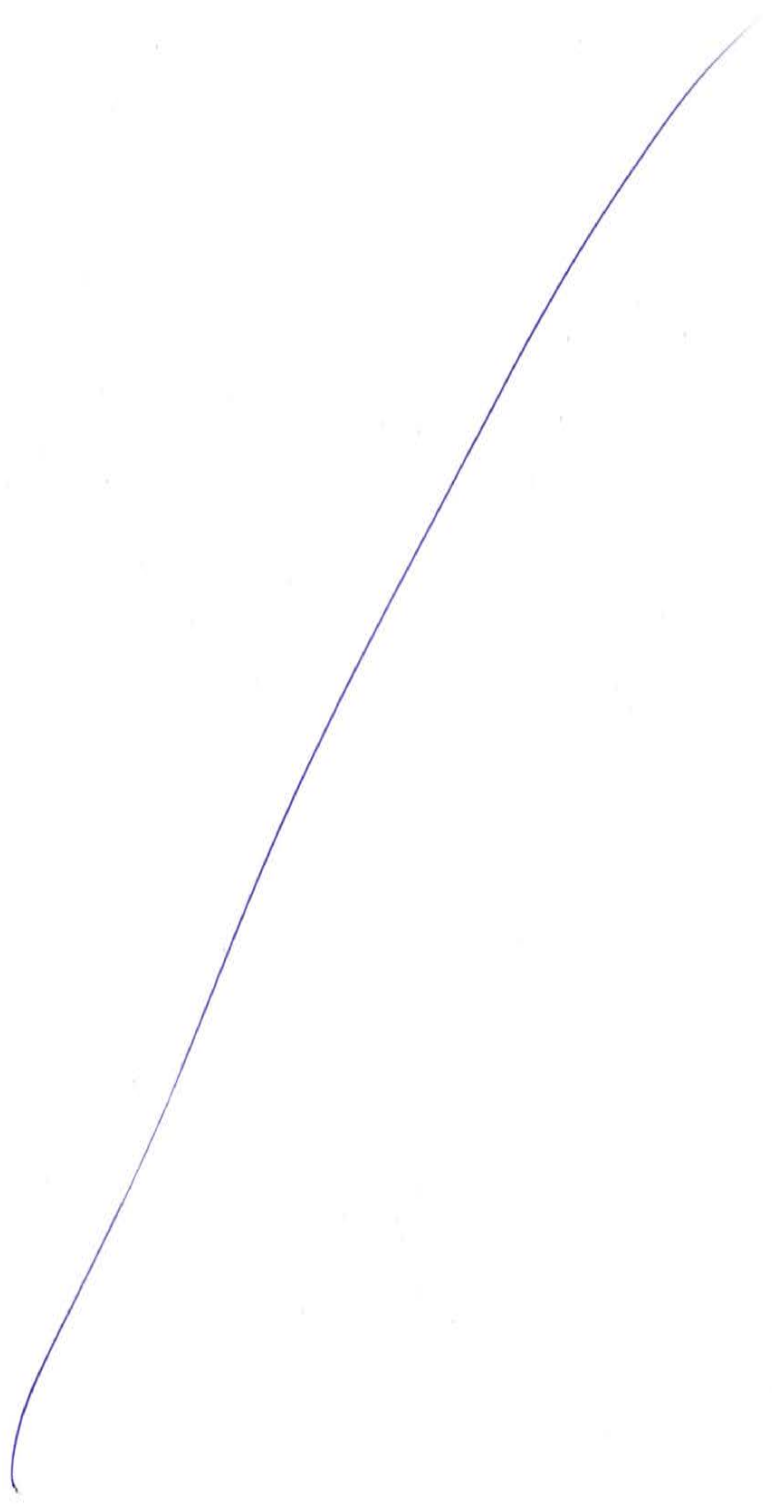
(in thousands of US dollars (Note 4))

	Assets	Liabilities	Equity	Sales	Net profit (loss)	Comprehensive income (loss)
DW Steel Tech Co., Ltd.	\$ 67,803	\$ 23,868	\$ 43,935	\$ 103,320	\$ 3,999	\$ 3,928
Daewoo Songdo Hotel Co., Ltd.	138,721	117,650	21,071	23,873	(6,189)	(6,325)
Prugio Service Co., Ltd.	16,118	10,144	5,974	52,097	1,590	1,611
Korea Infrastructure Management Co., Ltd.	10,151	3,504	6,647	18,065	2,602	2,534
Foodream Ltd.	4,101	2,764	1,337	13,515	207	174
Busan Hi Tech Industrial Complex Co., Ltd	948	1	947	-	(95)	(95)
Gangdong Project Financing Investment Co., Ltd.	4,819	3,084	1,735	57,497	1,959	1,959
Daewoo Power Co., Ltd.	315	7	308	-	(106)	(106)
DW AMERICA DEVEL'T INC. (*)	4,300	16,607	(12,307)	-	(133)	(894)
Daewoo Tripoli Investment & Development Co. (*)	145,639	27,250	118,389	-	(2,270)	91
SAIPAN LAULAU DEVELOPMENT, INC.	55,123	20,119	35,004	5,801	(3,379)	(1,083)
THT DEVELOPMENT CO., LTD	292,989	214,013	78,976	-	(2,842)	2,152
Daewoo E&C Nigeria Limited(*)	394	175	219	-	(200)	(228)

(*) The Group prepared its consolidated financial statements based on the unaudited financial statements of consolidated subsidiaries and reviewed the reliability of these financial statements.



4925



4926 1092

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group's financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"). The adoption of K-IFRS refers to the adoption of Korea's standards and interpretations by the International Accounting Standards Board ("IASB").

The adoption of K-IFRS allows the use of significant accounting estimates in the preparation of financial statements and requires management's judgment in applying accounting policies. Where more complex and higher-level judgments or where significant assumptions and estimates are described in Note 3.

2.2 Changes in accounting policy and disclosures

(1) New and amended standards adopted by the Group

The Group has applied the following revised standards and amendments as of January 1, 2016.

- Amendment of K-IFRS 1001 'Presentation of Financial Statements'
- Amendment of K-IFRS 1016 'Tangible Assets'
- Amendment to K-IFRS 1038 'Intangible Assets'
- Amendment to K-IFRS 1041 'Agriculture, Forestry and Fisheries'
- Amendment to K-IFRS 1110 'Consolidated Financial Statements', 1112 'Disclosure of Interests in Other Companies' and 1028 'Investments in Associated Companies and Joint Ventures'
- Amendment to the 'Joint Arrangement' of K-IFRS 1111
- Amendment of K-IFRS 1027 'Separate Financial Statements'
- Annual Improvements to K-IFRS 2012-2014

The effect of the new amendments and interpretations to the financial statements has not been significant since the accounting periods beginning on January 1, 2016.

(2) New standards and interpretations not yet adopted

As of December 31, 2016, the new K-IFRS, which was enacted and promulgated but has not been effective due to its effective date, is as follows.

- Enactment to K-IFRS 1109 (Enactment): 'Financial Instruments'

Financial instruments of Korean IFRS 1109 issued on September 25, 2015, is effective for annual periods beginning on or after January 1, 2018, but may be applied early. The standard will replace the current Korean IFRS 1039, Financial Instruments: Recognition and Measurement. The Group will apply K-IFRS 1109 from the fiscal year beginning on or after January 1, 2018.

The new K-IFRS 1109 is applied retroactively, but there are some exceptions, such as exemption from the restatement of comparative information in the case of classification, measurement and impairment of financial instruments. In the case of hedge accounting, except for some exceptions such as the time value accounting of the option, it is applied prospectively.

The main characteristics of K-IFRS 1109 are (i) the classification and measurement of financial assets and financial liabilities based on the business model whose objective is management of financial instruments and the nature of the contractual cash flows, (ii) the impairment methodology reflecting credit losses, (iii) the broadening of the hedging instrument and hedged item that meet the conditions, and (iv) the change of the hedge effectiveness assessment.

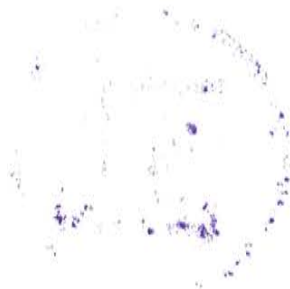
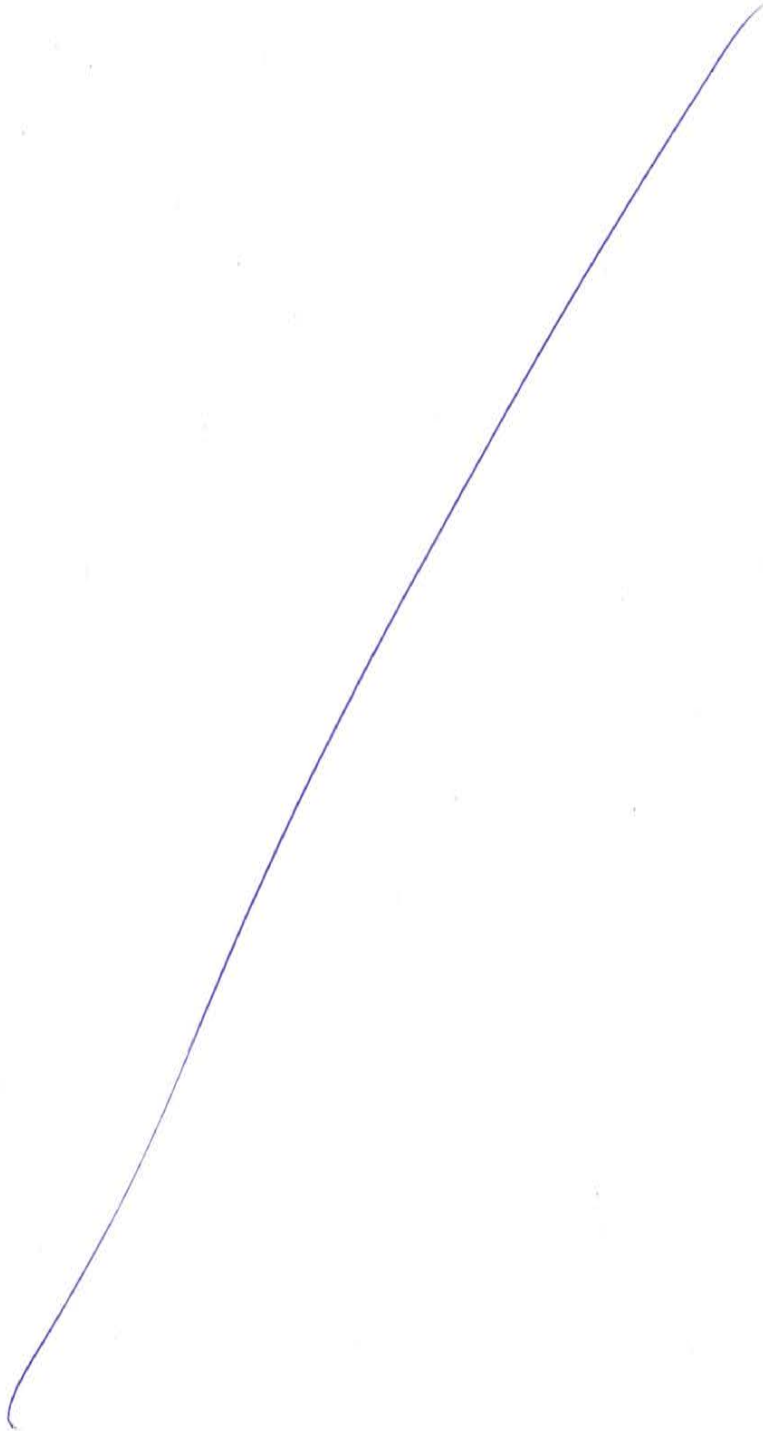
For the smooth adoption of K-IFRS 1109, it is generally necessary to prepare the financial impact analysis, accounting policy establishment, accounting system construction and stabilization. The effect on the financial statements for the first-time adoption of this IFRS may differ from the selection and judgment of accounting policies in accordance with this standards, as well as the financial instruments of the Group and economic conditions during the period.



20

0999

4927



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

In connection with the adoption of K-IFRS 1109, the Group has not been able to undertake any internal management process improvement or change of accounting system related to the reporting of financial instruments and to start the financial impact analysis of adoption. However, the general effects of the major items of the Standard on the Financial Statements are as follows:

- Classification and measurement of financial assets

The amendments to K-IFRS 1109 contain the requirements for the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows. All recognized financial assets will be subsequently measured either at amortized cost, fair value through other comprehensive income (FVTOCI), or fair value through Profit or Loss (FVTPL) under K-IFRS 1109. If the hybrid contract includes financial assets as a main contract, the financial assets are classified based on the entire composite contract without separating embedded derivatives.

Business model	Contractual cash flow characteristics	
	Solely consist of principal amount and interest	The others
Collect contractual cash flows	Amortized cost(*1)	
Collect contractual cash flows and selling financial assets	FVTOCI(*1)	FVTPL(*2)
Selling financial assets or others	FVTPL	

(*1) To eliminate or reduce accounting inconsistencies Profit or loss - Can be designated as fair value measurement item (not cancelable)

(*2) If equity investments is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI.

In accordance with K-IFRS 1109, the requirement to classify and measure the financial assets as amortized cost or FVTOCI is more stringent than the requirements of current IFRS 1039. As the proportion of financial assets subject to FVTPL increases, the volatility of profit or loss may increase.

As of December 31, 2016, the Group has loans and receivables amounting to ₩ 3,803,540 million (equivalent to US \$ 3,147,323 thousand), available-for-sale financial assets amounting to ₩ 302,277 million (equivalent to US \$ 250,126 thousand) and financial assets at fair value through profit or loss amounting to ₩ 67,004 million (equivalent to US \$ 55,444 thousand).

According to K-IFRS 1109, a debt instrument that is held within a business model whose objective is to collect the contractual cash flows and has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at FVTPL under the fair value option. As of December 31, 2016, the Group has measured loans and receivables of ₩ 3,803,540 million (equivalent to US \$ 3,147,323 thousand) at amortized cost.

According to K-IFRS 1109, a debt instrument that is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option. As of December 31, 2016, the Group has debt securities classified as available-for-sale financial assets amounting to ₩ 5,552 million (equivalent to US \$ 4,594 thousand).

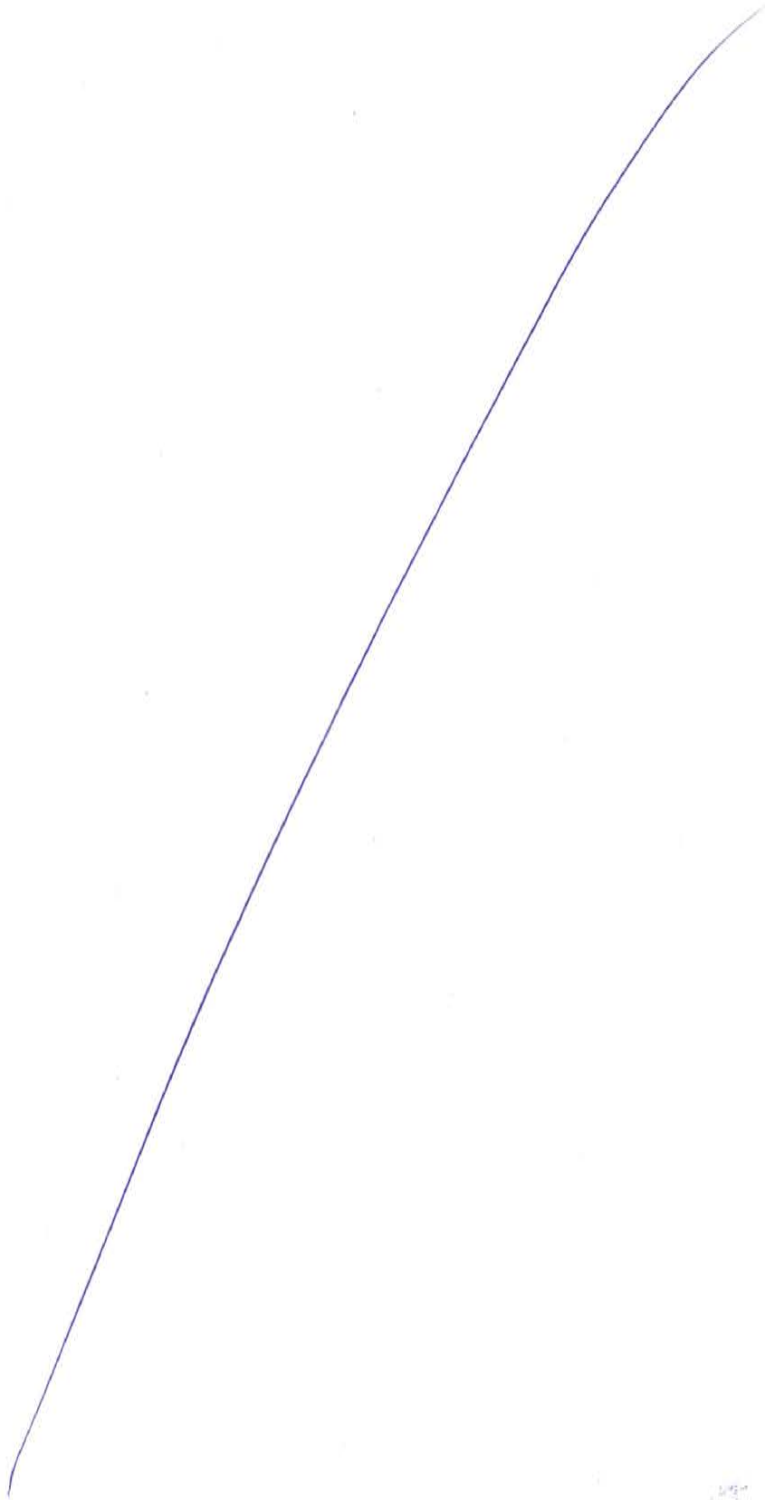
In accordance with K-IFRS 1109, equity instruments that are not held for trading purposes are subject to irrevocable selection at initial recognition as FVTOCI and subsequent other comprehensive income will not be recycled. As of December 31, 2016, the equity instruments classified as available-for-sale financial assets amounted to ₩ 296,725 million (equivalent to US \$ 245,532 thousand) and unrealized gains and losses on available-for-sale equity securities amounting to ₩ 5,587 million (equivalent to US \$ 4,623 thousand) were recycled to the current profit or loss.

In accordance with K-IFRS 1109, debt instruments which the cash flow under the terms of the contract does not consist of interest on the principal and principal or which is primarily trading for sale are measured at FVTPL. Also, equity instruments not designated as FVTOCI are measured at FVTPL. As of December 31, 2016, the Group has debt securities classified as financial assets at FVTPL amounting to ₩ 67,004 million (equivalent to US \$ 55,444 thousand).



2011 10 25 10:00 AM

4929



4930 1094

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

- Classification and measurement of financial liabilities

In accordance with K-IFRS 1109, the change due to credit risk fluctuation in the fair value of the financial liability designated as FVTPL are recognized in other comprehensive income not to be reclassified to profit or loss subsequently. However, if the change resulting from credit risk fluctuation occurs and increases accounting inconsistency, the change in fair value are recognized in profit or loss.

Some profit and loss related to the valuation of financial liabilities which are designated as FVTPL in current K-IFRS 1039 may be reduced as some portion of changes in the fair value of the financial liabilities are measured in other comprehensive income in K-IFRS 1109.

As of December 31, 2016, the Group has financial liabilities amounting to ₩ 4,874,970 million (equivalent to US \$ 4,033,902 thousand) and its financial liabilities designated as FVTPL amounted to ₩ 30,233 million (equivalent to US \$ 25,017 thousand).

- Impairment methodology: financial assets and contract assets

Under current IFRS 1039, an impairment is recognized only when there is objective evidence of an impairment according to an incurred loss model. But, the impairment model under K-IFRS 1109 reflects expected credit losses. Under the impairment approach in K-IFRS 1109, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. These impairment methods apply to debt instruments measured at amortization cost or FVTOCI, lease receivables, contract assets, loan commitments and financial guarantee contracts measured that are not measured at FVTPL.

In accordance with K-IFRS 1109, a loss allowance recognised on initial recognition of a financial asset is measured by the amount corresponding to 12-month expected credit losses or the lifetime expected credit losses, divide into three stages as shown in the table below. The credit loss can be recognized early compared with the loss incurrence model of K-IFRS 1039.

	CASE(*1)	Loss allowance
Stage 1	In case of not significant increase in credit risk after initial recognition(*2)	12 months expected credit losses: the portion of the lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date
Stage 2	In case of significant increase in credit risk after initial recognition	Total expected credit losses: the expected credit losses that result from all possible default events over the expected life of a financial instrument
Stage 3	In case of compromised credit	

(*1) For trade receivables and contractual assets that are included in the scope of application of K-IFRS 1115 "Revenue from contracts with customers," the amount corresponding to the expected credit loss for the whole period and if there is a significant financial component, the accounting policy may choose to measure the allowance for losses at an amount equal to the expected credit loss for the entire period. An accounting policy can also be used to measure the provision for losses with an amount equal to the expected credit loss for the entire period.

(*2) If credit risk is low at the end of the reporting period, the credit risk may be considered to have not increased significantly.

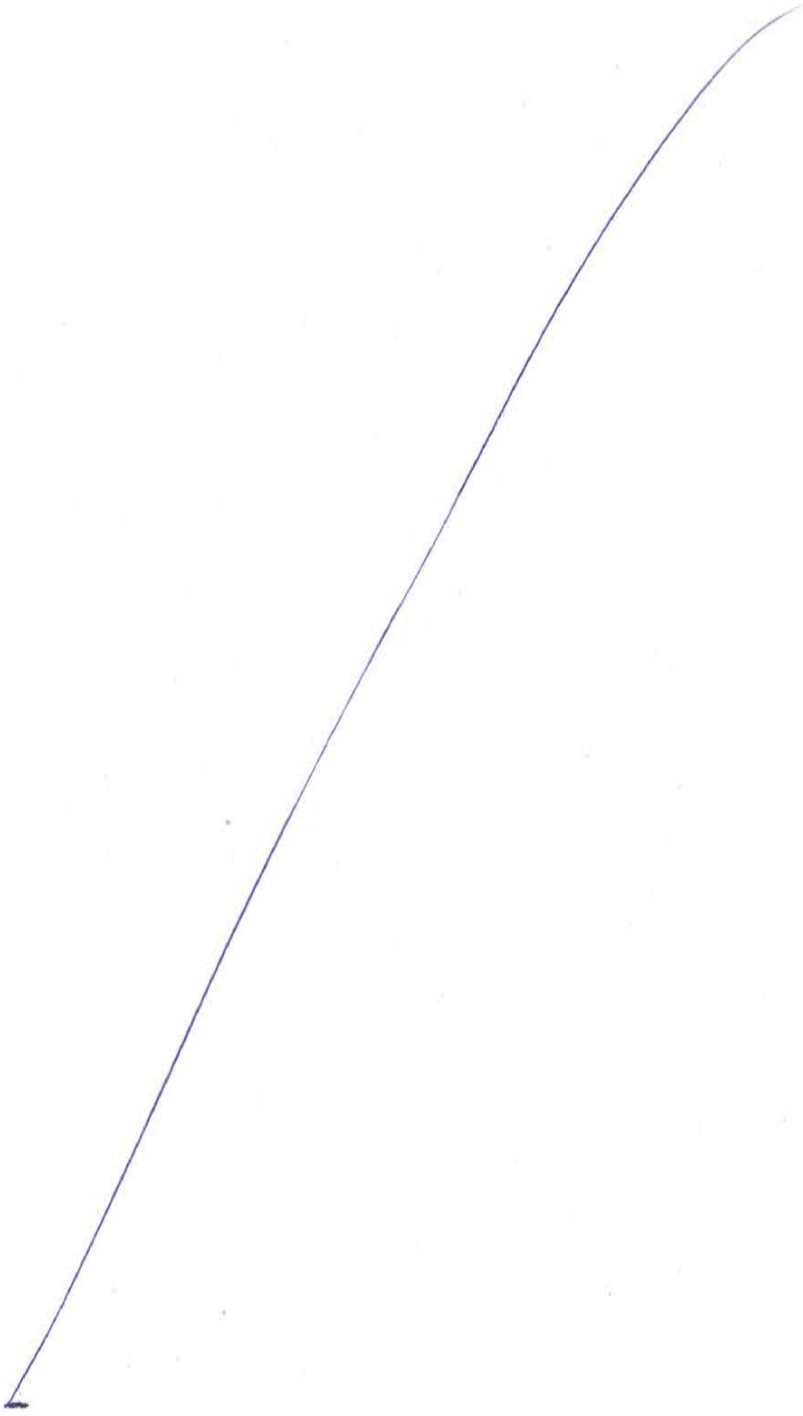
In accordance with K-IFRS 1109, a financial asset impaired at the initial recognition is accounted for as an allowance for the cumulative change in total expected credit losses after initial recognition.

As of December 31, 2016, the Group has debt securities (loans and receivables) amounting to ₩ 3,803,540 million (equivalent to US \$ 3,147,323 thousand) as measured at amortized cost and classified as available-for-sale financial assets and other comprehensive income amounting to ₩ 5,552 million (equivalent to US \$ 4,594 thousand) and allowance for losses on these assets amounted to ₩ 1,617,908 million (equivalent to US \$ 1,338,774 thousand).



4901

4931



4932

1095

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

- Enactment to K-IFRS 1115 (Enactment): 'Revenue from Contracts with Customers'

K-IFRS 1115 'Revenue from contracts with customers', which was enacted on November 6, 2015, is effective for the first time after January 1, 2018, but may be applied early. This standard will supersede K-IFRS 1011 'Construction Contracts', K-IFRS 1018 'Revenue', K-IFRS 2113 'Customer Loyalty Programmes', K-IFRS 2115 'Agreements for the Construction of Real Estate', K-IFRS 2118 'Transfers of Assets from Customers', and K-IFRS 2031 'Revenue: Barter Transactions Involving Advertising Services'. The Group will adopt K-IFRS 1115 from the fiscal year beginning on or after January 1, 2018. The Group shall apply this Standard retrospectively to each prior reporting period presented in accordance with K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors', using practical expedients need not restate contracts that are completed contracts as of January 1, 2017.

Current K-IFRSs provide revenue recognition standards for different types of transactions, such as sales of goods, provision of services, interest income, royalty income, dividend income and construction contracts. The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The enactment introduces a five-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract and 5) Recognize revenue when (or as) the entity satisfies a performance obligation

As of December 31, 2016, the Group did not start to revise its internal control procedures or change its accounting system in connection with the adoption of K-IFRS 1115. The Group will analyze the financial impact of adoption of K-IFRS 1115 by the fourth quarter of 2017 and announce its results to the 2017 annual financial statement. The general effects of the consolidated financial statements on the consolidated financial statements are as follows:

- Progress measurement using input methods

The plant business division of the Group concludes a plant construction contract, including purchase and installation of special equipment, and conducts construction over a long period of time of three years or more. Revenues from plant construction contracts for the year ended December 31, 2016, amounted to ₩ 2,791,670 million (equivalent to US \$ 2,310,029 thousand), representing 25.1% of total consolidated revenues.

According to K-IFRS 1115, the Group's performance might be to recognise revenue at an amount equal to the cost of a good used to satisfy a performance obligation if the Group expects at contract inception that all of the following conditions would be met: i) the good is not distinct, ii) the customer is expected to obtain control of the good significantly before receiving services related to the good, iii) the cost of the transferred good is significant relative to the total expected costs to completely satisfy the performance obligation, and iv) the Group procures the good from a third party and is not significantly involved in designing and manufacturing the good.

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110, Consolidated Financial Statements.

(1) Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidation of a subsidiary begins from the date the Company obtains control of a subsidiary and ceases when the Company loses control of the subsidiary.

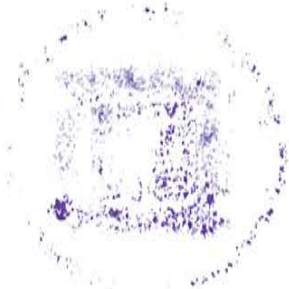
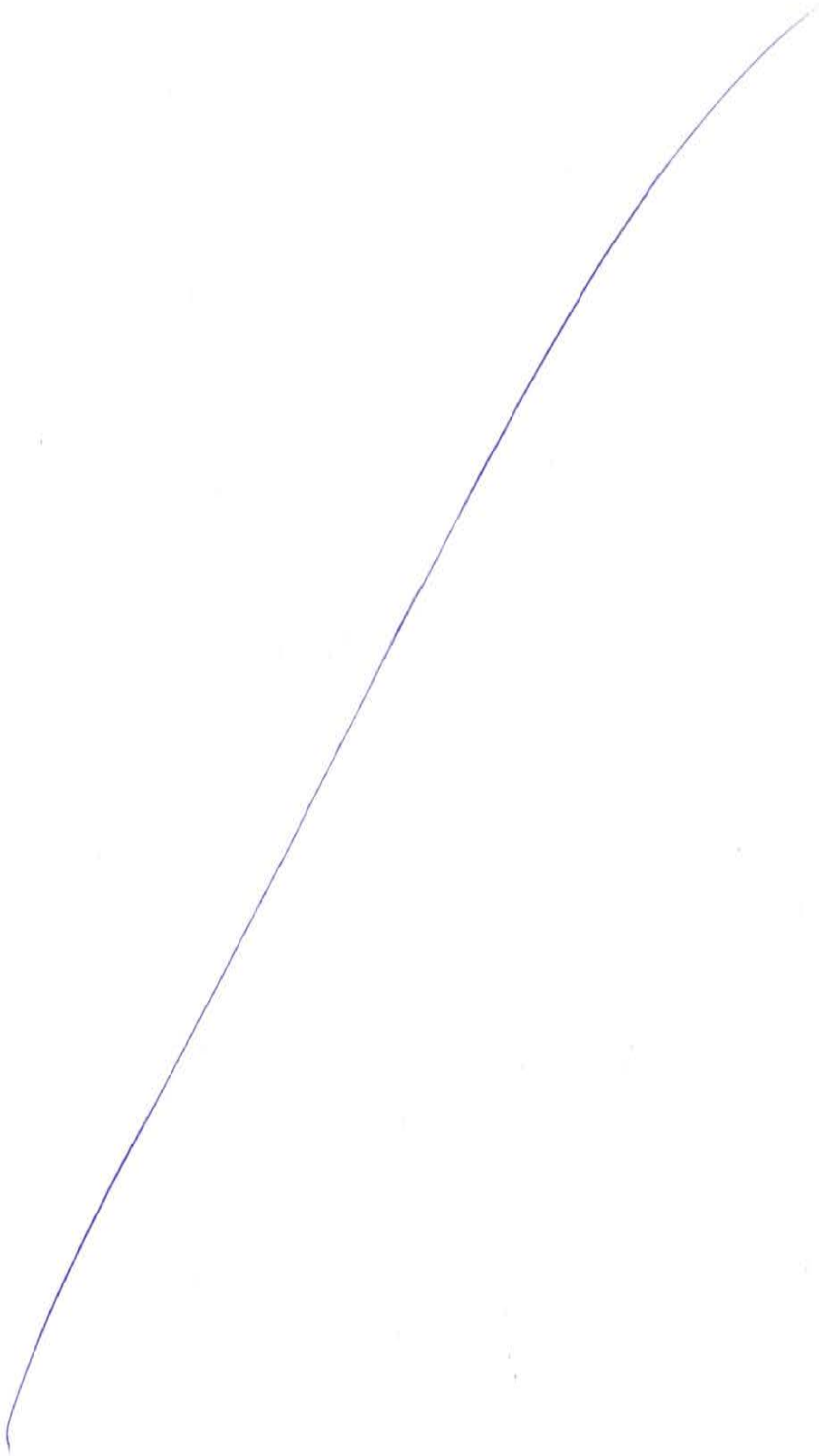
The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are expensed as incurred.



2001

4933

4933



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

As of December 31, 2016 and 2015

Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Group subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(2) Associates

Associates are all entities over which the Group has significant influence, and investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is any objective evidence that the investment in the associate is impaired, the Group recognizes the difference between the recoverable amount of the associate and its book value as impairment loss.

(3) Joint arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

2.4 Foreign currency translation

(1) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company (except for foreign branches)'s functional and presentation currency.

(1) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company (except for foreign branches)'s functional and presentation currency.

(2) Transactions and balances

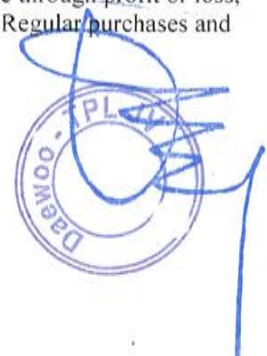
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and available-for-sale equity instruments are recognized in profit or loss and included in other comprehensive income, respectively, as part of the fair value gain or loss.

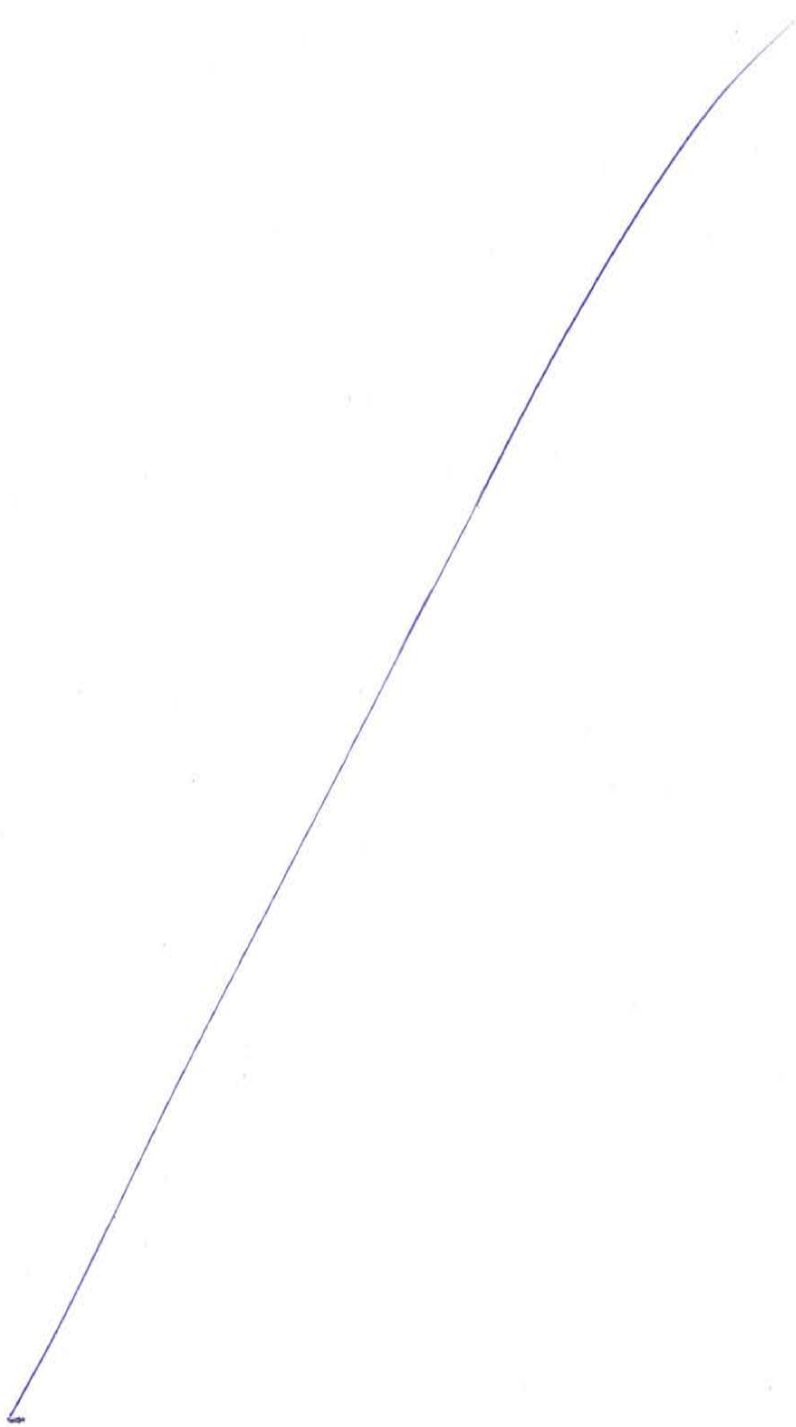
2.5 Financial Assets

(1) Classification and measurement

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity financial assets. Regular purchases and sales of financial assets are recognized on the trade date.



4935



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

At initial recognition, financial assets are measured at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of income. After the initial recognition, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables, and held-to-maturity investments are subsequently carried at amortized cost using the effective interest rate method.

Changes in fair value of financial assets at fair value through profit or loss are recognized in profit or loss and changes in fair value of available-for-sale financial assets are recognized in other comprehensive income. When the available-for-sale financial assets are sold or impaired, the fair value adjustments recorded in equity are reclassified into profit or loss.

(2) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly deducted from their carrying amount. The Group writes off financial assets when the assets are determined to be no longer recoverable.

The objective evidence that a financial asset is impaired includes significant financial difficulty of the issuer or obligor; a delinquency in interest or principal payments over three months; or the disappearance of an active market for that financial asset because of financial difficulties. A significant or prolonged decline in the fair value of an available-for-sale equity instrument significantly from its cost is also objective evidence of impairment.

(3) Derecognition

If the Group transfers a financial asset and the transfer does not result in derecognition because the Group has retained substantially of all risks and rewards of ownership of the transferred asset due to a recourse in the event the debtor defaults, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The related financial liability is classified as 'financial instrument liabilities' in the statement of financial position.

(4) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.6 Derivatives

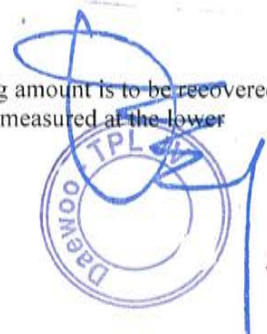
Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives that are not qualified for hedge accounting are recognized in the statement of income within 'other income (expenses)' according to the nature of transactions.

2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Raw materials and supplies are valued at cost using first-in, first-out method (FIFO) and temporary materials are valued at cost less related periodic expense. Other inventories are valued at cost using the specific identification method.

2.8 Assets (or disposal group) held for sale

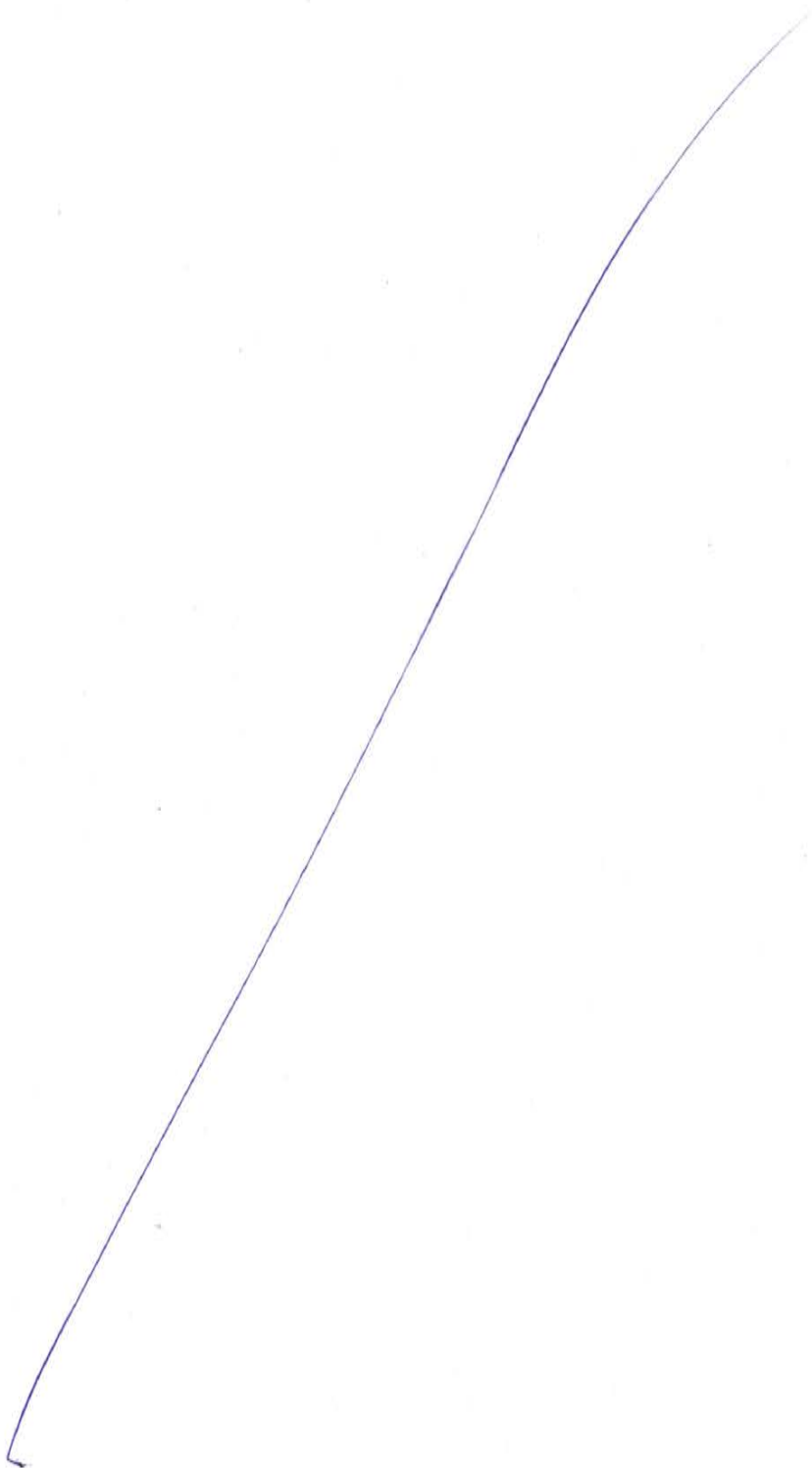
Non-current assets (or disposal group) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.



000000

1001

4937



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

2.9 Property, plant and equipment

Property, plant and equipment are stated at its cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

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:

	<u>Estimated useful life</u>
Buildings	18 - 60 years
Structures	4 - 40 years
Ships	5 - 12 years
Machinery	2 - 8 years
Vehicles	4 - 8 years
Tools	4 years
Furniture and fixtures	4 years

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed at each financial year-end and, if appropriate, accounted for as changes in accounting estimates.

2.10 Intangible Assets

Goodwill is measured as explained in Note 2.3.(1) and carried at its cost less accumulated impairment losses.

Intangible assets, except for goodwill, are initially recognized at its historical cost and carried at its cost less accumulated amortization and accumulated impairment losses. Intangible assets with definite useful life that are amortized using the straight-line method over their estimated useful lives, are as follows:

	<u>Estimated useful life</u>
Usage rights (except for trademark rights)	Stipulated term of usage
Software	4 years

Membership rights and trademark rights are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

2.11 Investment Property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property, except for land, is depreciated using the straight-line method over their useful lives of 40 years.

2.12 Borrowing costs

Borrowing costs incurred in the acquisition or construction of a qualifying asset are capitalized in the period when it is prepared for its intended use, and investment income earned on the temporary investment of borrowings made specifically for the purpose obtaining a qualifying asset is deducted from the borrowing costs eligible for capitalization during the period. Other borrowing costs are recognized as expenses for the period in which they are incurred.

2.13 Impairment of non-financial assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

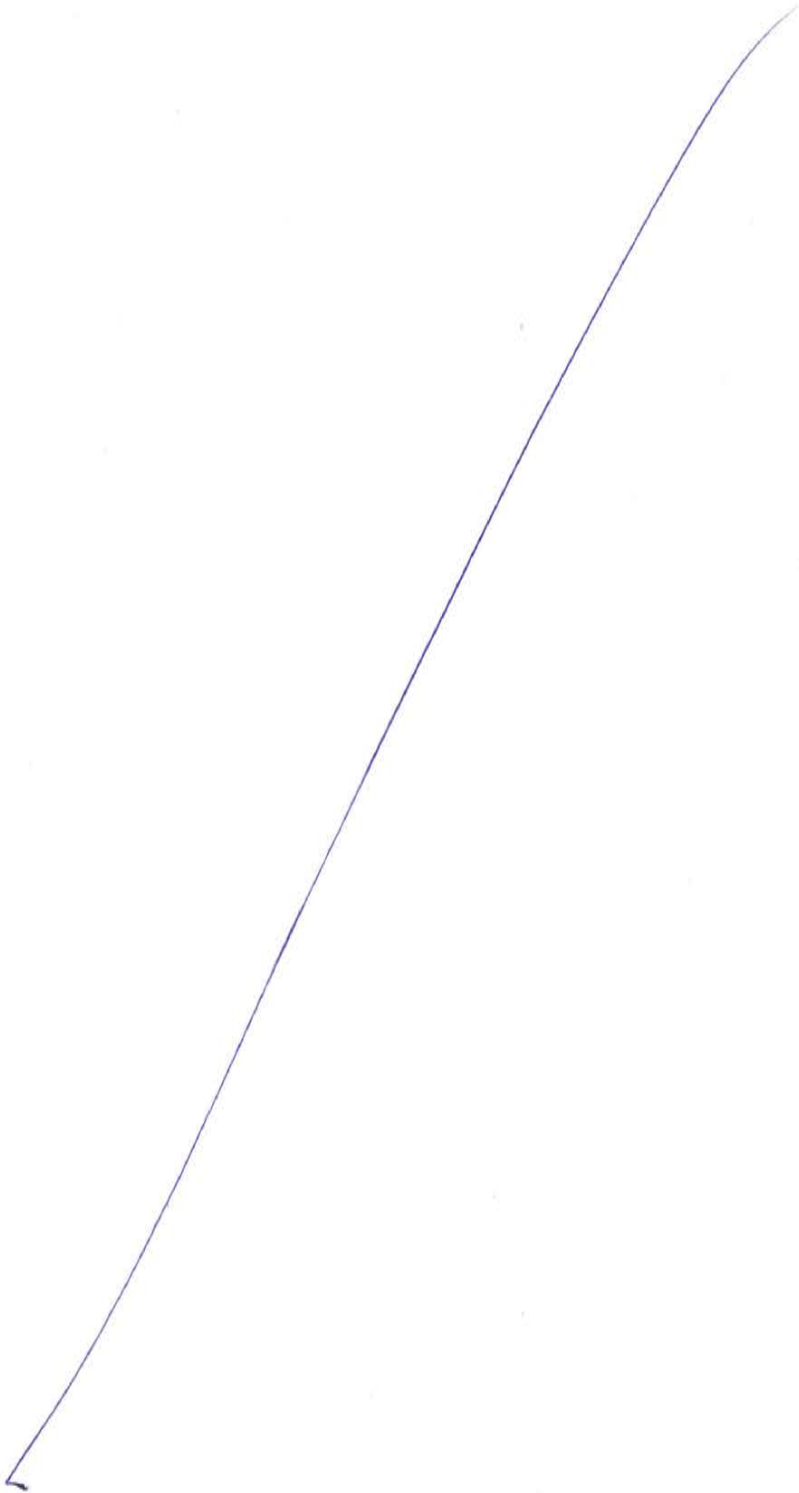


YAS 13

SE 1

4939

4939



2.14 Financial liabilities

(1) Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally for the purpose of repurchasing them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'trade payables', 'financial instrument liabilities and 'other payables' in the statement of financial position.

Preferred shares that provide for a mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares calculated using the effective interest method are recognized in the statement of income as 'finance costs', together with interest expenses recognized on other financial liabilities.

(2) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

2.15 Financial guarantee contracts

Financial guarantee contracts provided by the Group are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amounts below and recognized as 'financial instrument liabilities':

- (1) Amount determined in accordance with K-IFRS 1037, Provisions, Contingent Liabilities and Contingent Assets
- (2) Or the initial amount, less accumulated amortization recognized in accordance with Korean IFRS1018, Revenue.

2.16 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the increase in the provision due to passage of time is recognized as interest expense.

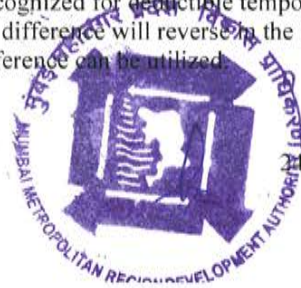
2.17 Current and deferred tax

The tax expense for the period consists of current and deferred tax. Tax is recognized on the profit for the period in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

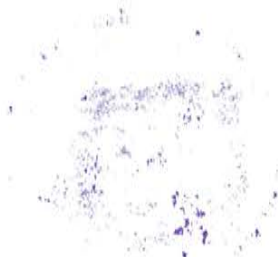
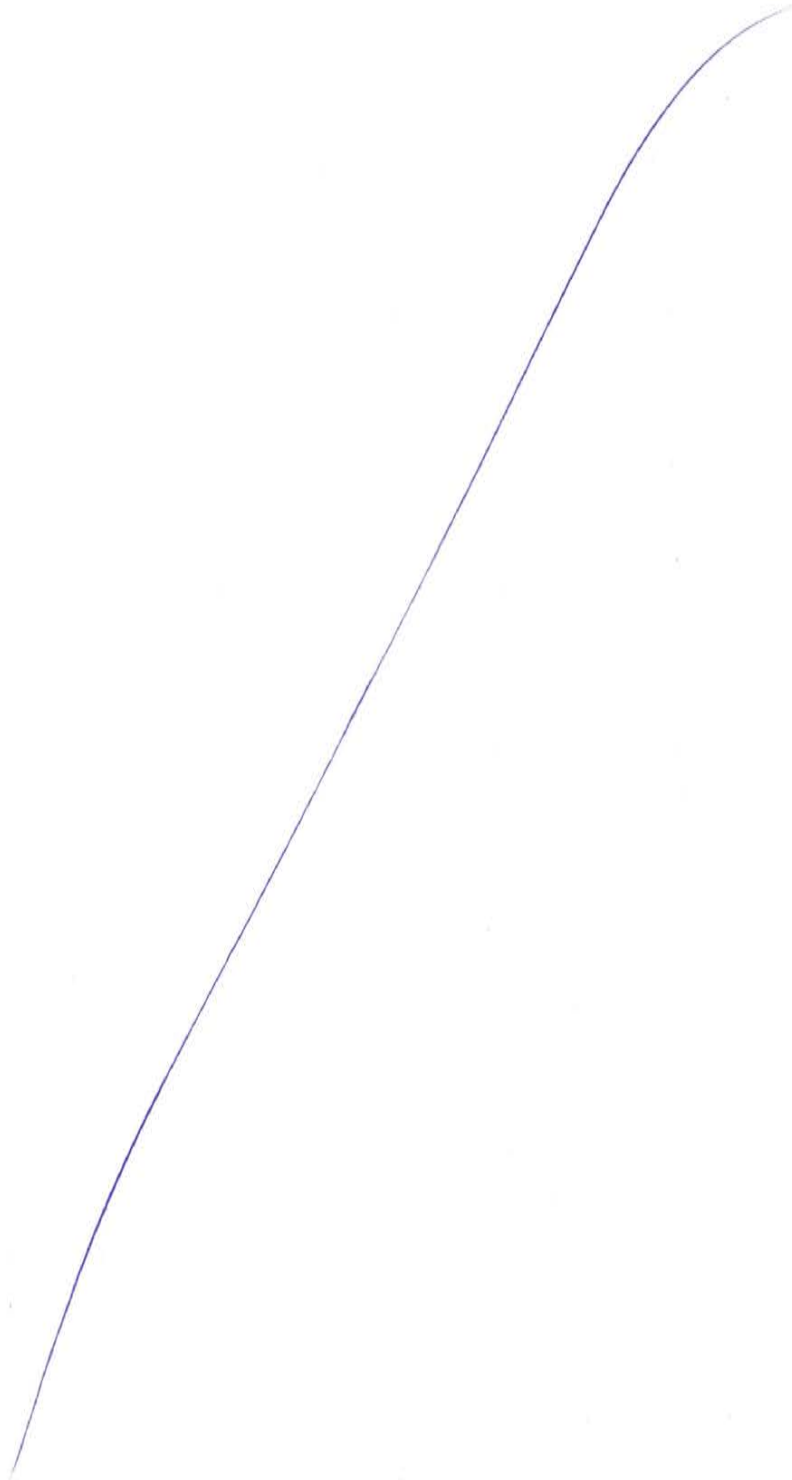
Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

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



1990
00:1

4941



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

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 the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

2.18 Employee Benefits

The Group operates the defined benefit plan. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liability are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services arising from the normal activities of the Group. It is stated as net of value added taxes, returns, rebates and discounts, after elimination of intra-company transactions.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(1) Construction contract

A construction contract is defined by Korean IFRS 1011, Construction Contracts, as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion. Contract costs are recognized as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss on the construction contract is immediately recognized as an expense. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

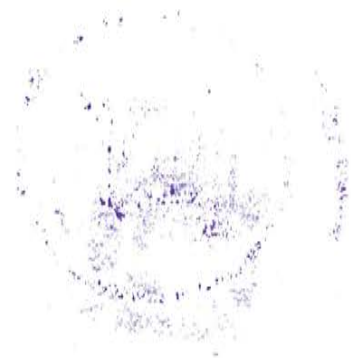
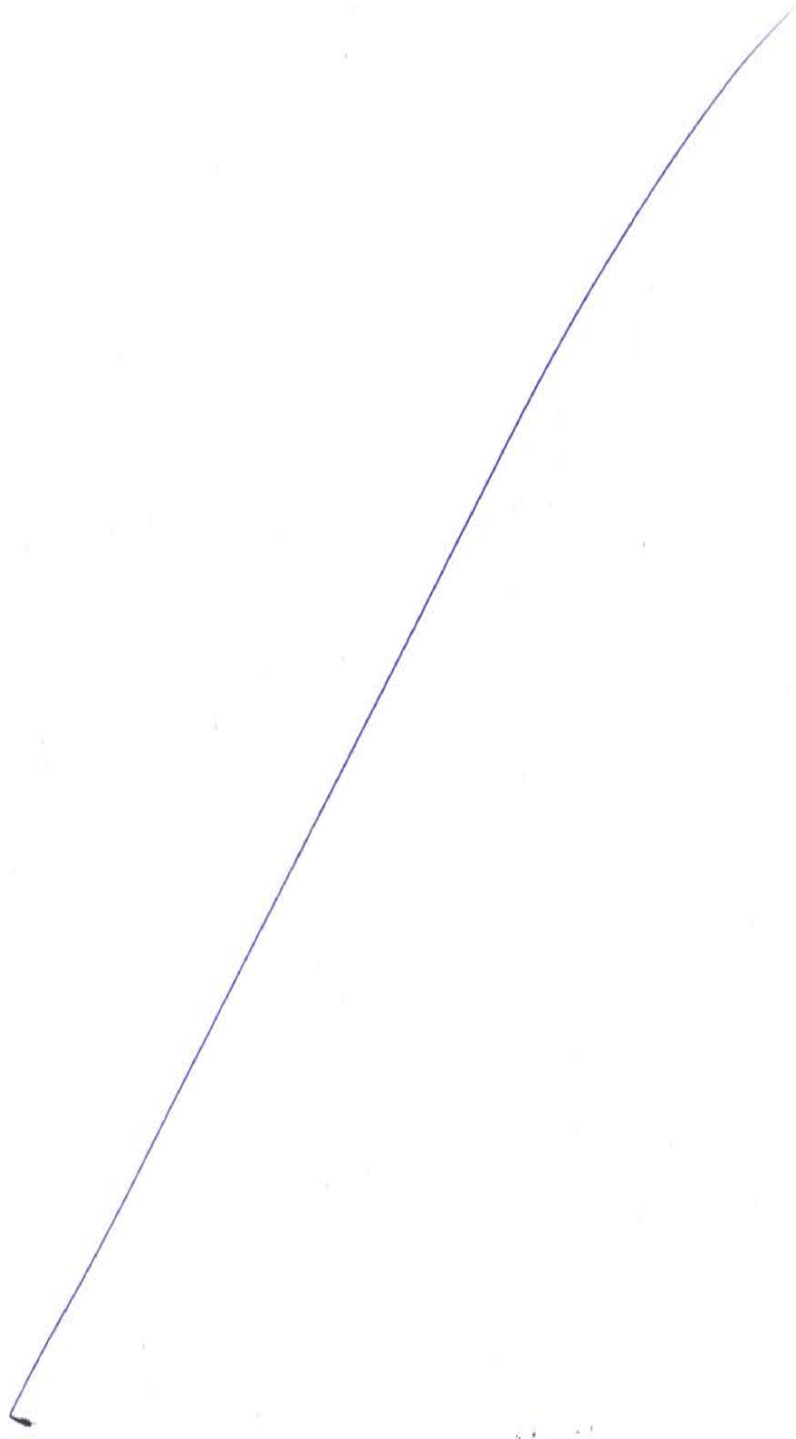
Variations in contract work are included in the contract revenue when the customer is highly likely to approve the amount of revenues due to the change of the construction and can reliably measure the amount of the revenues. Claims are included in contract revenue to the extent that may have been agreed with the customer when the negotiation is considerably advanced and are capable of being reliably measured

The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These amounts are recognized as inventory, prepaid expenses or other assets.

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset when costs incurred plus recognized profits (less recognized losses) exceed progress billings (due from customers for contract work); and a contract represents a liability when the opposite is the case (due to customers for contract work).



0011 4943



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(2) Sale of goods

Sales of goods are recognized when the Group delivers the products to the customer. The Group uses the percentage-of-completion method to recognize its revenues from building and selling apartment houses in accordance with "2011-I-KQA", an official opinion issued by Korea Accounting Institute. This accounting treatment is valid only under the Korean International Financial Reporting Standards as stated in sub-clause 1 of clause 1, Article 13 of the Act on External Audit of Corporations.

(3) Rendering of services

Rendering of services are recognized by reference to the stage of completion of a contract. The stage of completion of a contract is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

(4) Interest income

Interest income is recognized using the effective interest method. When receivables are impaired, the Group reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized using the original effective interest rate.

(5) Dividend income

Dividend income is recognized when the right to receive dividends is established.

2.20 Lease

A lease is an agreement, whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases where all the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Lease payments under operating leases are recognized as expenses on a straight-line basis over the lease term.

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases and recognized as lease assets and liabilities at the lower of the fair value of the leased property and the present value of the minimum lease payments on the opening date of the lease period.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership at the inception of the lease. A lease other than a finance lease is classified as an operating lease. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred by the lessor in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

2.21 Segment Reporting

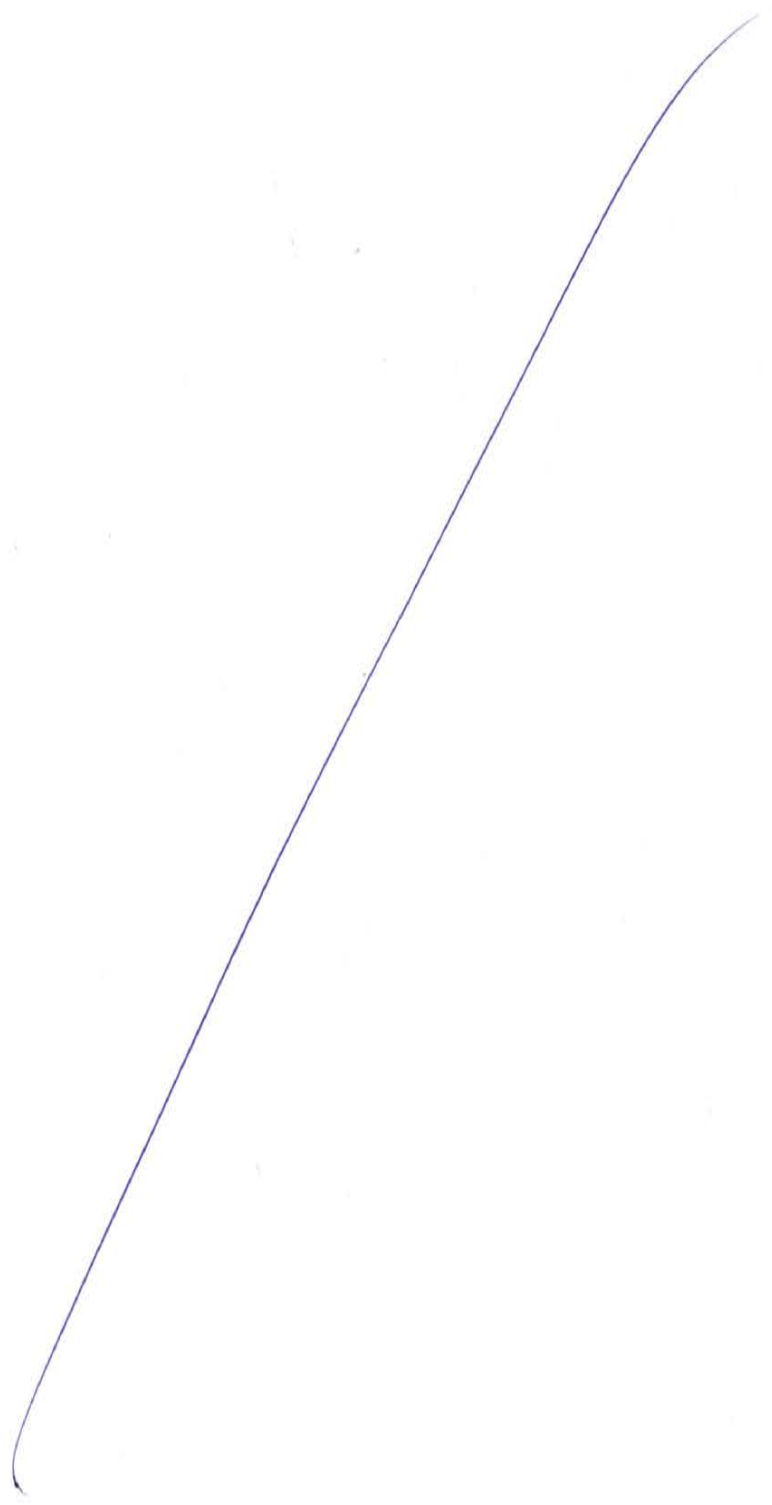
Information of each operating segment is reported in a manner consistent with the business segment reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of director that makes strategic decisions.

2.22 Approval of issuance of the financial statements

The issuance of the December 31, 2016 consolidated financial statements of the Company was approved by the Board of Directors on March 13, 2017, and will be approved at the annual shareholders' meeting on March 28, 2017.



1011 4945



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The Group makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(1) Uncertainty of the estimated total contract revenue and contract cost

Total contract revenue is measured based on contractual amount initially agreed. The contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. Therefore, this measurement of contract revenue is affected by the uncertainty of the occurrence of future events.

When it is expected that the Group may incur delay penalty as the completion date is delayed with the causes attributable to the Group, the Group decreases the amount of contract revenue. Also, the Group makes persistent efforts to minimize the delay penalty by making an extension claim to a customer when it expects a delay in the completion and proving that the Group is not attributable for the delay, and there are uncertainties that may vary based on the outcome.

The amount of construction revenues is influenced by the stage of completion that is measured based on the contract costs incurred up to the end of the reporting period. There are uncertainties that may vary based on future estimates of material costs, labor costs, outside processing expenses and indirect costs etc. according to variations in probable changes in construction design or construction period.

In the case of Jazan site in Saudi Arabia, which is carried out jointly with Japanese company JGC Corporation, the Group recognized the revenue within the scope of the cost until it can estimate the contract cost reliably because the construction period is delayed due to the delay of transfer of the construction site. However the Group recognized the estimated loss by re-estimating the contract cost in cooperation with JGC Corporation(main contractor) during the current year. In addition, JGC Corporation has filed a claim with the client in August 2015, and contract revenue may increase if negotiations with the client are substantially advanced.

The Group reviews periodically whether there is a significant variation in estimated total contract revenue and cost.

(2) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is, in principle, determined using valuation techniques. The Group makes judgments on the selection of various valuation techniques and assumptions based on important market conditions at the end of the reporting period (*4). The allowance for doubtful accounts of trade receivables and other receivables, including loans and receivables, is determined based on estimates based on historical experience and forecasts of future events, such as the projected performance of the related project. There is uncertainty that one difference may occur.

(3) Provisions

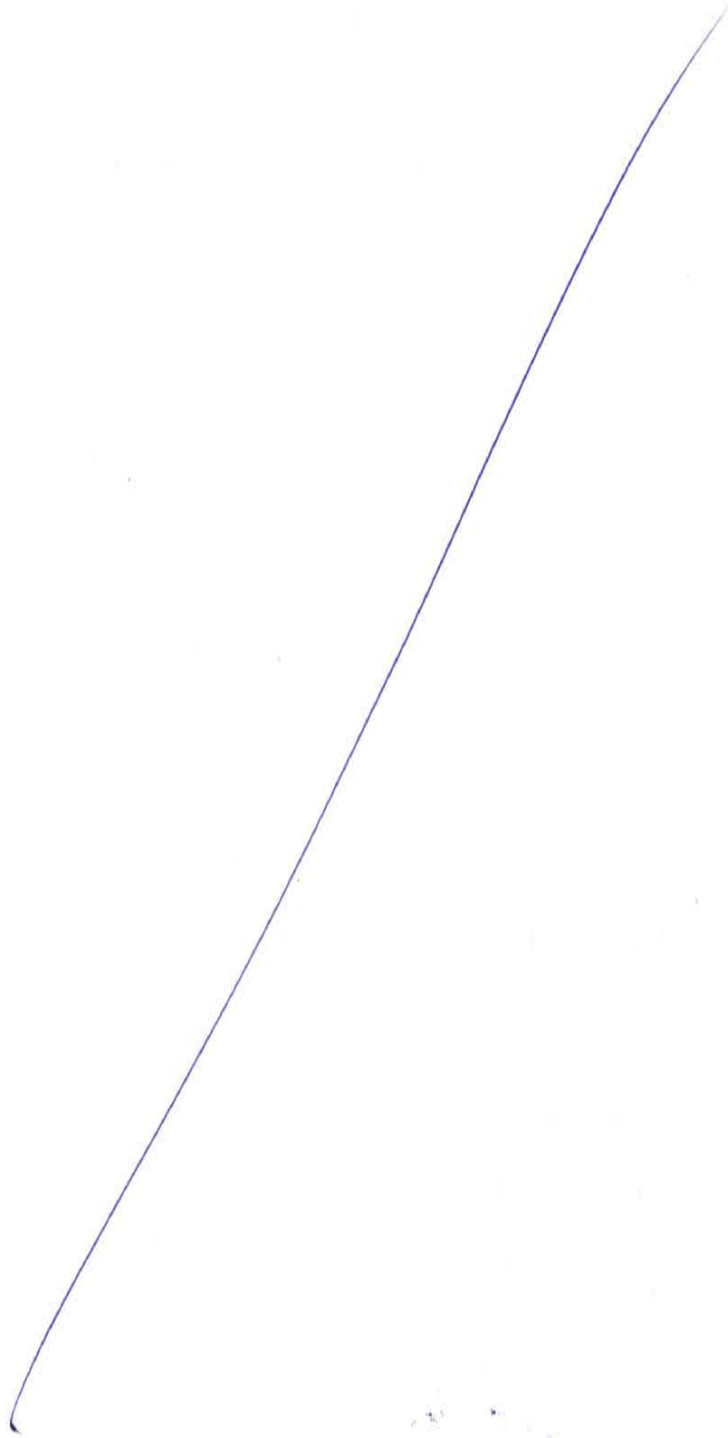
The Group recognized provisions related to construction warranty, litigations and PF payment guarantee. Provisions are estimated based on historical experience and expectation. However, future events can be different significantly with historical experience and expectation, and therefore, there is uncertainty that may cause significant differences with actual amount.

(4) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate.



4947



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

4948

1103

4. UNITED STATES DOLLAR AMOUNTS:

The Group operates primarily in Korean won and its accounting records are maintained in Korean won. The U.S. dollar amounts, provided herein, represent supplementary information, solely for the convenience of the reader. All won amounts are expressed in U.S. dollars at US \$ 1: ₩ 1,208.5, the exchange rate in effect on December 31, 2016. Such presentation is not in accordance with accounting principles generally accepted in either the Republic of Korea or the United States, and should not be considered as a representation that the won amounts shown could be readily converted, realized or settled in U.S. dollars at this or any other rate.

The 2015 U.S. dollar amounts, which were previously expressed at US \$ 1: ₩ 1,172, the rate in effect on December 31, 2015, have been restated to reflect the exchange rate in effect on December 31, 2016.

5. FAIR VALUE:

5.1 Fair Value of Financial Instruments by Category

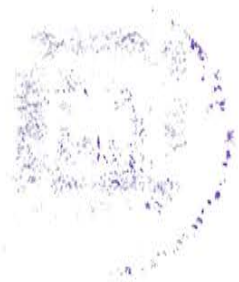
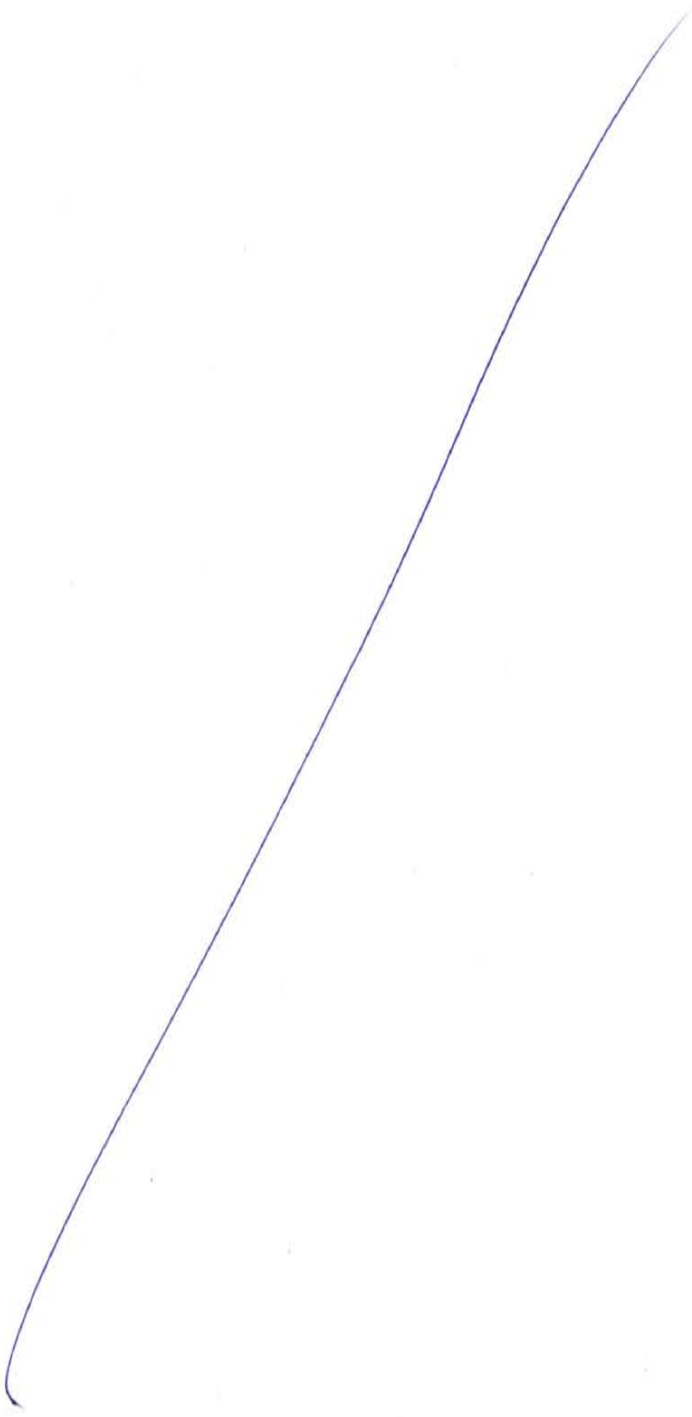
Carrying amount and fair value of financial instruments by category as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 816,784	₩ 816,784	₩ 539,046	₩ 539,046
Short-term financial instrument assets	263,415	263,415	189,115	189,115
Trade receivables	1,191,125	1,191,125	1,049,129	1,049,129
Short-term other receivables	452,267	452,267	604,706	604,706
Long-term financial instrument assets	21,368	21,368	40,264	40,264
Long-term other receivables	1,126,785	1,126,785	1,017,028	1,017,028
Investment in securities(*1)	163,238	163,238	160,268	160,268
Total	₩ 4,034,982	₩ 4,034,982	₩ 3,599,556	₩ 3,599,556
Financial liabilities				
Short-term financial instrument liabilities	₩ 2,633,578	₩ 2,633,578	₩ 1,634,601	₩ 1,634,601
Trade payables	528,699	528,699	459,419	459,419
Short-term other payables	1,306,464	1,306,464	1,353,532	1,353,532
Guarantee deposits received	92,528	92,528	57,341	57,341
Long-term financial instrument liabilities	177,179	177,179	987,567	987,567
Long-term other payables	-	-	-	-
Long-term guarantee deposits received	136,522	136,522	235,258	235,258
Total	₩ 4,874,970	₩ 4,874,970	₩ 4,727,718	₩ 4,727,718



1230
1103 4949



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(in thousands of US dollars (Note 4))

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	\$ 675,866	\$ 675,866	\$ 446,046	\$ 446,046
Short-term financial instrument assets	217,969	217,969	156,487	156,487
Trade receivables	985,623	985,623	868,125	868,125
Short-term other receivables	374,238	374,238	500,377	500,377
Long-term financial instrument assets	17,681	17,681	33,317	33,317
Long-term other receivables	932,383	932,383	841,562	841,562
Investment in securities(*1)	135,075	135,075	132,617	132,617
Total	\$ 3,338,835	\$ 3,338,835	\$ 2,978,531	\$ 2,978,531
Financial liabilities				
Short-term financial instrument liabilities	\$ 2,179,212	\$ 2,179,212	\$ 1,352,587	\$ 1,352,587
Trade payables	437,484	437,484	380,156	380,156
Short-term other payables	1,081,062	1,081,062	1,120,010	1,120,010
Guarantee deposits received	76,564	76,564	47,448	47,448
Long-term financial instrument liabilities	146,611	146,611	817,184	817,184
Long-term other payables	-	-	-	-
Long-term guarantee deposits received	112,968	112,968	194,669	194,669
Total	\$ 4,033,901	\$ 4,033,901	\$ 3,912,054	\$ 3,912,054

(*1) Equity securities that do not have a quoted price in an active market are measured at cost and excluded from the fair value disclosures.

5.2 Financial Instruments Measured at Cost

(in millions of Korean won and thousands of US dollars (Note 4))

	2016	2015	2016	2015
Investment in securities				
Equity securities (*)	₩ 137,839	₩ 161,590	\$ 114,058	\$ 133,712

(*) Unlisted equity securities of Social Overhead Capital ("SOC") and developers measured using cost method since estimated cash flows cannot be assessed reliably due to its early stages of construction.

The Group will not dispose of the debt and equity securities in the short term, and will measure the debt and equity securities at fair values when the fair values are reliably measured in accordance with the progress of the project.

5.3 Fair Value Hierarchy

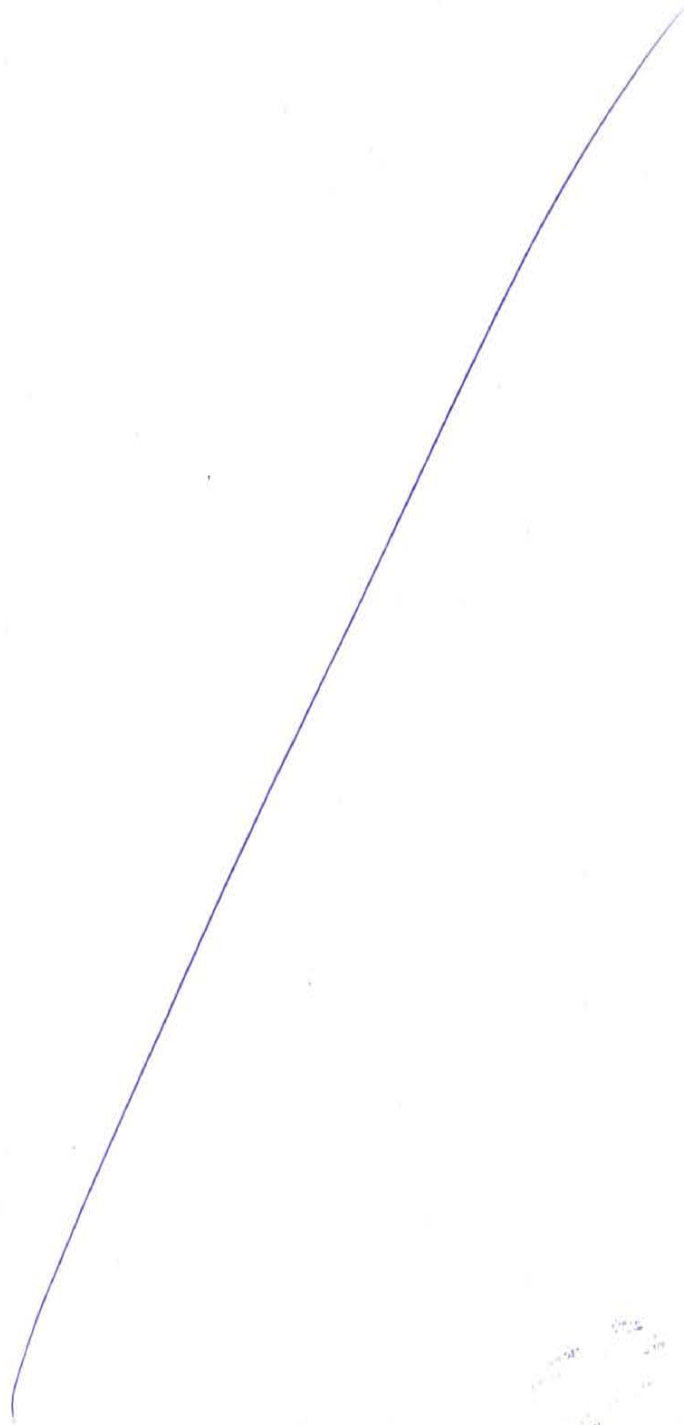
Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined Levels are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).



1950
1001

4951



1001
1002
1003
1004
1005
1006
1007
1008
1009
1010

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

4952

1105

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or its fair value are disclosed are as follows:

① 2016

(in millions of Korean won)

	Level 1	Level 2	Level 3	Total
Financial assets/liabilities that are measured at fair value				
Current derivative instruments assets	₩ -	₩ 53,783	₩ -	₩ 53,783
Non-current derivative instruments assets	-	13,221	-	13,221
Available-for-sale financial assets	86	4,785	159,567	164,438
Current derivative instruments liabilities	-	27,995	-	27,995
Non-current derivative instruments liabilities	-	2,238	-	2,238

(in thousands of US dollars (Note 4))

	Level 1	Level 2	Level 3	Total
Financial assets/liabilities that are measured at fair value				
Current derivative instruments assets	\$ -	\$ 44,504	\$ -	\$ 44,504
Non-current derivative instruments assets	-	10,940	-	10,940
Available-for-sale financial assets	71	3,960	132,037	136,068
Current derivative instruments liabilities	-	23,165	-	23,165
Non-current derivative instruments liabilities	-	1,852	-	1,852

Fair value hierarchy of financial assets and liabilities that are not measured at their fair value but whose fair value is disclosed are classified as Level 3.

② 2015

(in millions of Korean won)

	Level 1	Level 2	Level 3	Total
Financial assets/liabilities that are measured at fair value				
Current derivative instruments assets	₩ -	₩ 17,530	₩ -	₩ 17,530
Non-current derivative instruments assets	-	32,862	-	32,862
Available-for-sale financial assets	48	12,033	148,973	161,054
Current derivative instruments liabilities	-	37,257	-	37,257
Non-current derivative instruments liabilities	-	22,869	-	22,869

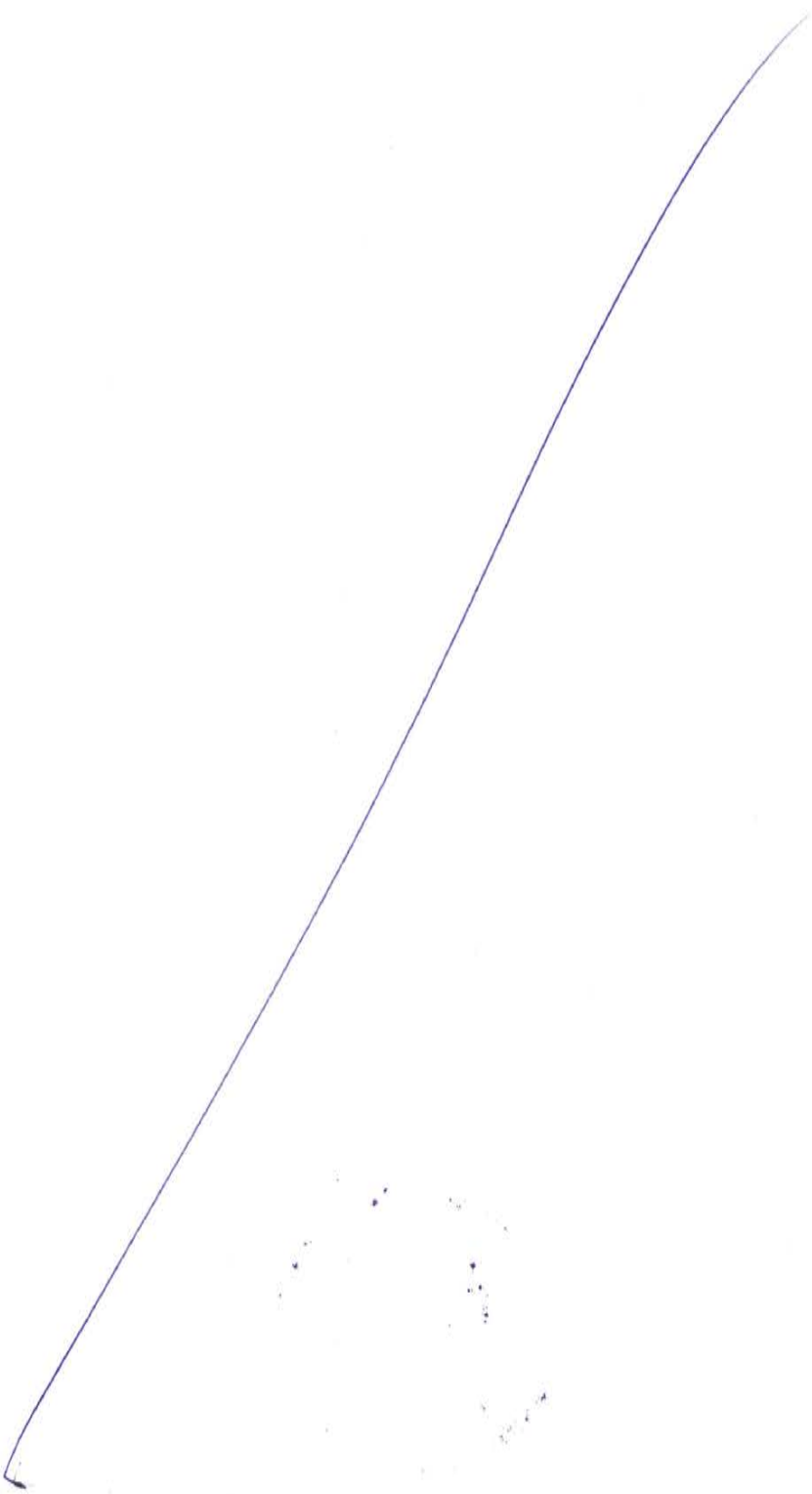
(in thousands of US dollars (Note 4))

	Level 1	Level 2	Level 3	Total
Financial assets/liabilities that are measured at fair value				
Current derivative instruments assets	\$ -	\$ 14,506	\$ -	\$ 14,506
Non-current derivative instruments assets	-	27,192	-	27,192
Available-for-sale financial assets	40	9,957	123,271	133,268
Current derivative instruments liabilities	-	30,829	-	30,829
Non-current derivative instruments liabilities	-	18,923	-	18,923

Fair value hierarchy of financial assets and liabilities that are not measured at their fair value but whose fair value is disclosed are classified as Level 3.



4953



4954
1106

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5.4 Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements

The Group recognizes transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There are no transfers of recurring measurements between Level 1 and Level 2 of the fair value hierarchy.

(in millions of Korean won and thousands of US dollars (Note 4))

	Available-for-sale financial assets			
	2016	2015	2016	2015
Beginning balance	₩ 148,973	₩ 159,632	\$ 123,271	\$ 132,091
Acquisition	35,612	90,234	29,468	74,666
Disposal	(3,533)	(90,243)	(2,923)	(74,674)
Reclassification from using cost method	34,616	6,609	28,644	5,469
Impairment	(63,353)	(320)	(52,423)	(265)
Other comprehensive loss	7,252	(16,939)	6,001	(14,017)
Ending balance	₩ 159,567	₩ 148,973	\$ 132,038	\$ 123,270

5.5 Valuation Technique and the Inputs

The Group uses valuation techniques, such as discounted cash flows and net asset approach, and variable inputs in the recurring, non-recurring fair value measurements and discloses fair values categorized within Level 2 and Level 3 of the fair value hierarchy.

5.6 Valuation Processes for Fair Value Measurements Categorized Within Level 3

The Group performs the fair value measurements, including Level 3 fair values, by external rating agencies, which have public confidence.

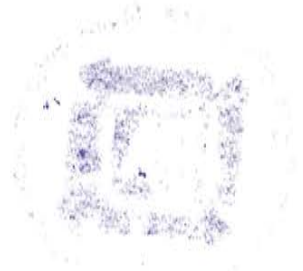
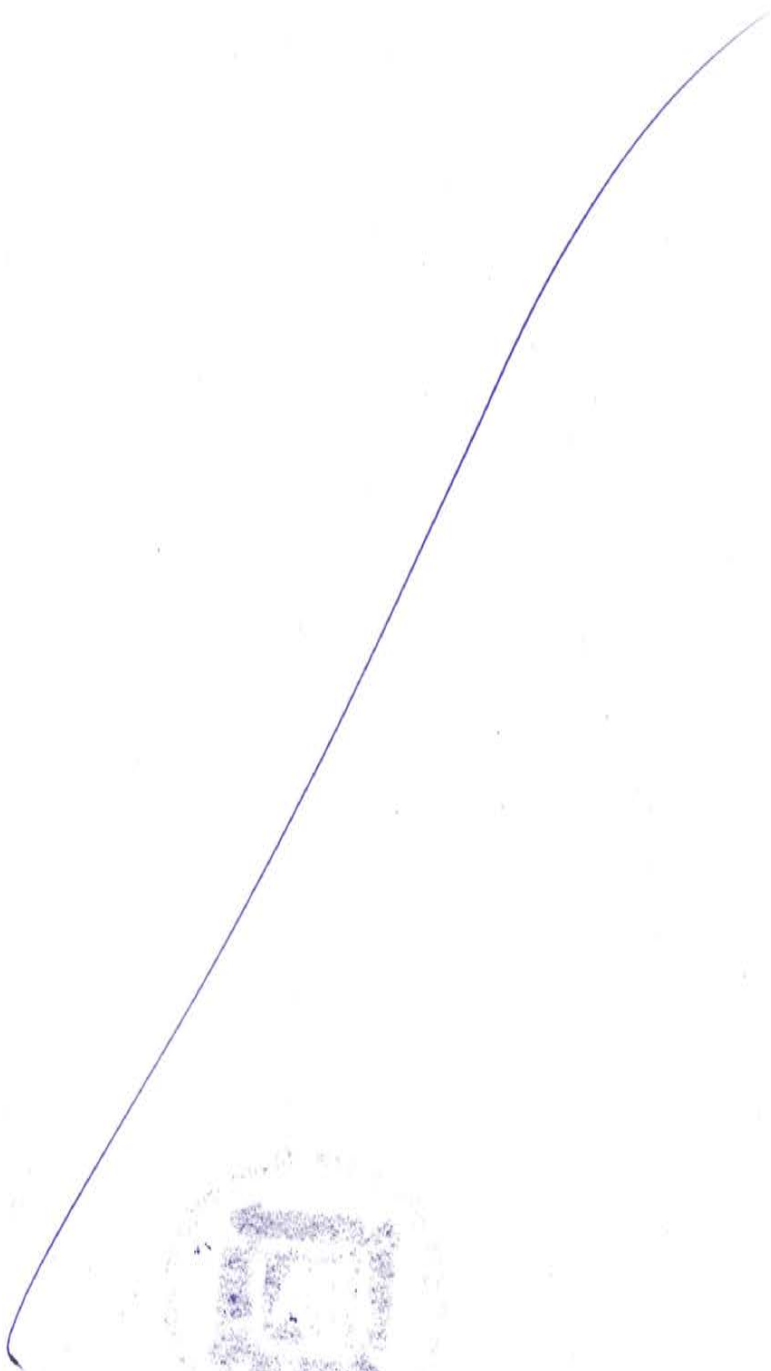
5.7 Sensitivity analysis for Recurring Fair Value Measurements Categorized within Level 3

Changes in inputs for each financial instrument will not have a material effect on the equity.



1955

4955



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

6. FINANCIAL INSTRUMENTS BY CATEGORY:

6.1 Financial Instruments by Category

(1) Categorizations of financial assets as of December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

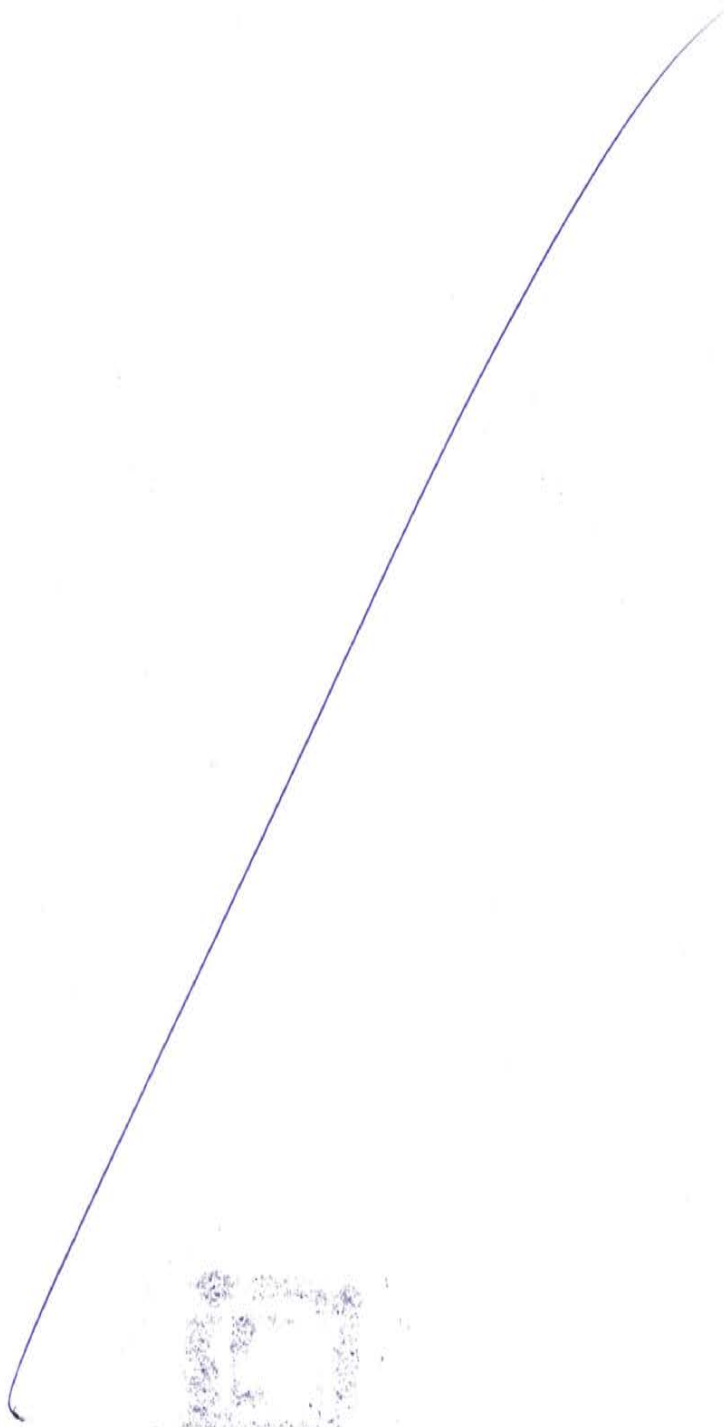
	Assets at fair value through profit or loss		Loans and receivables		Assets classified as available for sale		Total
Current							
Cash and cash equivalents	₩	-	₩	816,784	₩	-	₩ 816,784
Financial instrument assets		53,783		208,432		1,200	263,415
Trade receivables		-		1,191,125		-	1,191,125
Other receivables		-		452,267		-	452,267
Subtotal	₩	53,783	₩	2,668,608	₩	1,200	₩ 2,723,591
Non-current							
Financial instrument assets	₩	13,221	₩	8,147	₩	-	₩ 21,368
Investment in securities		-		-		301,077	301,077
Other receivables		-		1,126,785		-	1,126,785
Subtotal	₩	13,221	₩	1,134,932	₩	301,077	₩ 1,449,230
Total	₩	67,004	₩	3,803,540	₩	302,277	₩ 4,172,821

(in thousands of US dollars (Note 4))

	Assets at fair value through profit or loss		Loans and receivables		Assets classified as available for sale		Total
Current							
Cash and cash equivalents	\$	-	\$	675,866	\$	-	\$ 675,866
Financial instrument assets		44,504		172,472		993	217,969
Trade receivables		-		985,623		-	985,623
Other receivables		-		374,238		-	374,238
Subtotal	\$	44,504	\$	2,208,199	\$	993	\$ 2,253,696
Non-current							
Financial instrument assets	\$	10,940	\$	6,741	\$	-	\$ 17,681
Investment in securities		-		-		249,133	249,133
Other receivables		-		932,383		-	932,383
Subtotal	\$	10,940	\$	939,124	\$	249,133	\$ 1,199,197
Total	\$	55,444	\$	3,147,323	\$	250,126	\$ 3,452,893



4957



4

23



41

4958
1108

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

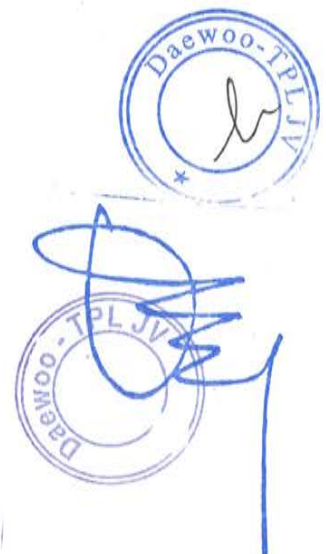
②2015

(in millions of Korean won)

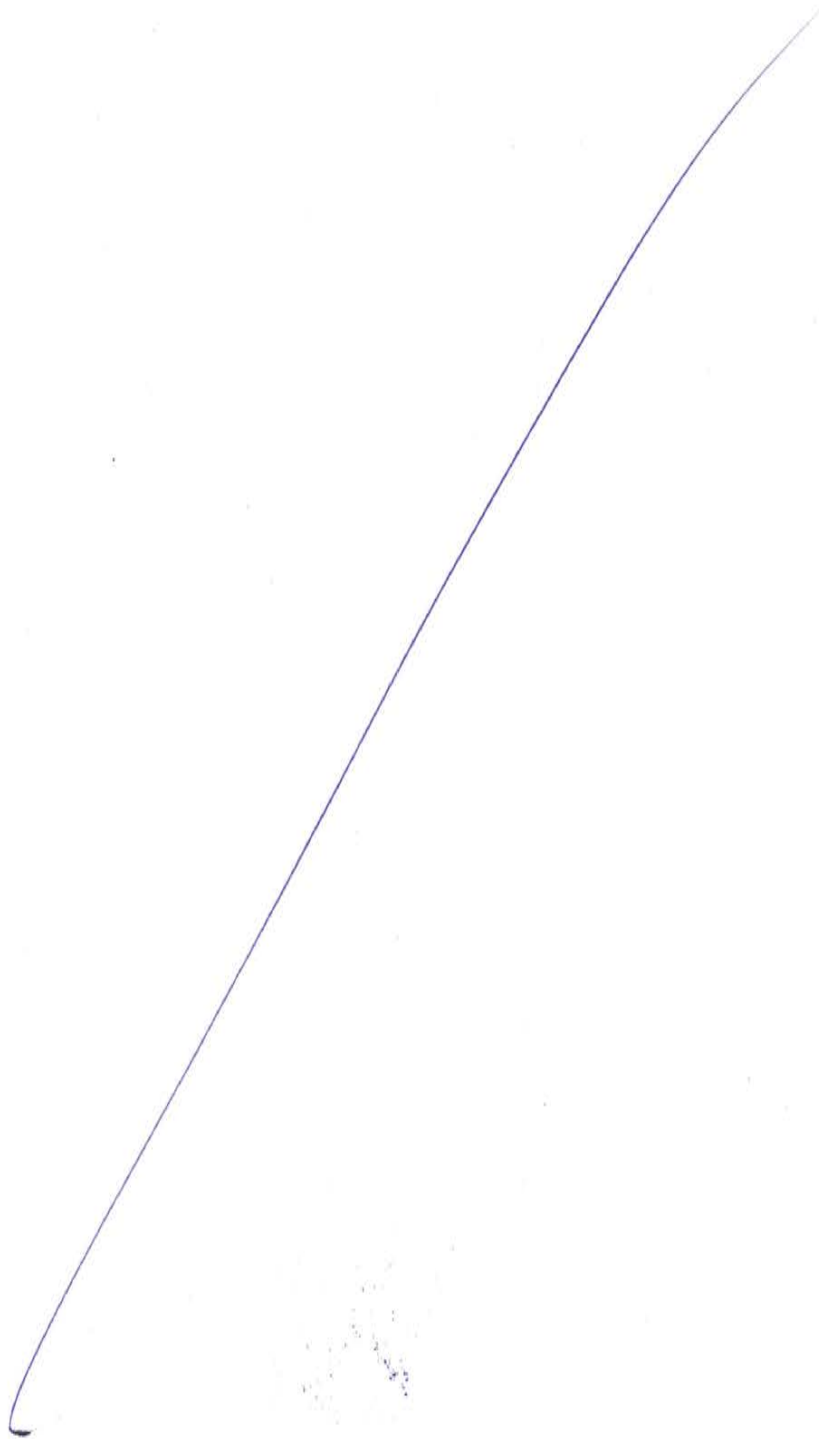
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available for sale	Total
Current				
Cash and cash equivalents	₩ -	₩ 539,046	₩ -	₩ 539,046
Financial instrument assets	17,530	170,799	786	189,115
Trade receivables	-	1,049,129	-	1,049,129
Other receivables	-	604,706	-	604,706
Subtotal	₩ 17,530	₩ 2,363,680	₩ 786	₩ 2,381,996
Non-current				
Financial instrument assets	₩ 32,862	₩ 7,402	₩ -	₩ 40,264
Investment in securities	-	-	321,858	321,858
Other receivables	-	1,017,028	-	1,017,028
Subtotal	₩ 32,862	₩ 1,024,430	₩ 321,858	₩ 1,379,150
Total	₩ 50,392	₩ 3,388,110	₩ 322,644	₩ 3,761,146

(in thousands of US dollars (Note 4))

	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available for sale	Total
Current				
Cash and cash equivalents	\$ -	\$ 446,046	\$ -	\$ 446,046
Financial instrument assets	14,506	141,331	650	156,487
Trade receivables	-	868,125	-	868,125
Other receivables	-	500,377	-	500,377
Subtotal	\$ 14,506	\$ 1,955,879	\$ 650	\$ 1,971,035
Non-current				
Financial instrument assets	\$ 27,192	\$ 6,125	\$ -	\$ 33,317
Investment in securities	-	-	266,329	266,329
Other receivables	-	841,562	-	841,562
Subtotal	\$ 27,192	\$ 847,687	\$ 266,329	\$ 1,141,208
Total	\$ 41,698	\$ 2,803,566	\$ 266,979	\$ 3,112,243



8000
6011 4959



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

4960
1109

(2) Categorizations of financial liabilities as of December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

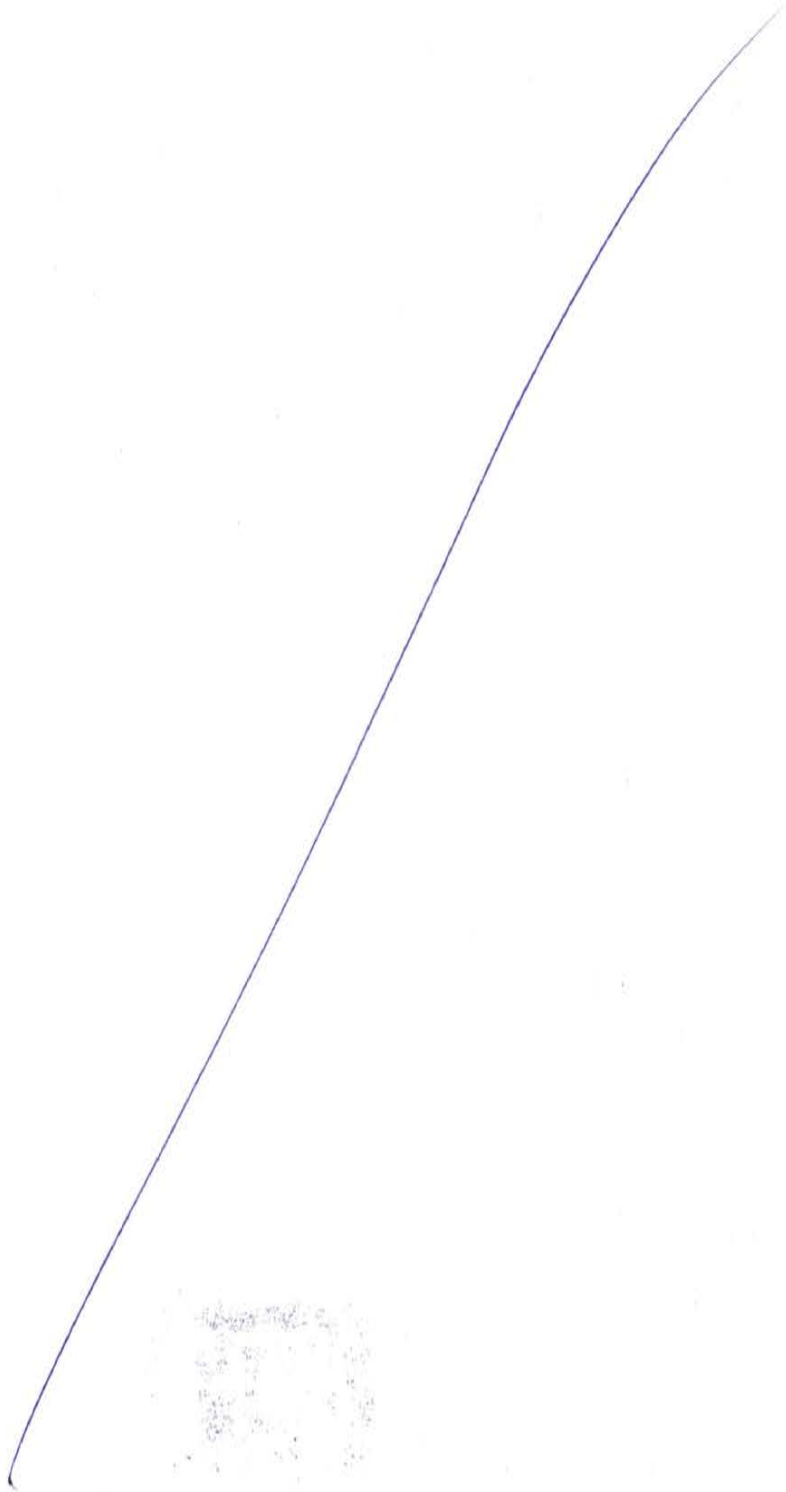
	Liabilities at fair value through profit or loss		Financial liabilities carried at amortized cost		Total
Current					
Financial instrument liabilities	₩	27,995	₩	2,605,583	₩ 2,633,578
Trade payables		-		528,699	528,699
Other payables		-		1,306,464	1,306,464
Guarantee deposits received		-		92,528	92,528
Subtotal	₩	27,995	₩	4,533,274	₩ 4,561,269
Non-current					
Financial instrument liabilities	₩	2,238	₩	174,941	₩ 177,179
Guarantee deposits received		-		136,522	136,522
Subtotal	₩	2,238	₩	311,463	₩ 313,701
Total	₩	30,233	₩	4,844,737	₩ 4,874,970

(in thousands of US dollars (Note 4))

	Liabilities at fair value through profit or loss		Financial liabilities carried at amortized cost		Total
Current					
Financial instrument liabilities	\$	23,165	\$	2,156,047	\$ 2,179,212
Trade payables		-		437,484	437,484
Other payables		-		1,081,062	1,081,062
Guarantee deposits received		-		76,564	76,564
Subtotal	\$	23,165	\$	3,751,157	\$ 3,774,322
Non-current					
Financial instrument liabilities	\$	1,852	\$	144,759	\$ 146,611
Guarantee deposits received		-		112,968	112,968
Subtotal	\$	1,852	\$	257,727	\$ 259,579
Total	\$	25,017	\$	4,008,884	\$ 4,033,901



1961 4961



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

4962

1110

② 2015

(in millions of Korean won)

	Liabilities at fair value through profit or loss		Financial liabilities carried at amortized cost		Total
Current					
Financial instrument liabilities	₩	37,257	₩	1,597,344	₩ 1,634,601
Trade payables		-		459,419	459,419
Other payables		-		1,353,532	1,353,532
Guarantee deposits received		-		57,341	57,341
Subtotal	₩	37,257	₩	3,467,636	₩ 3,504,893
Non-current					
Financial instrument liabilities	₩	22,869	₩	964,698	₩ 987,567
Guarantee deposits received		-		235,258	235,258
Subtotal	₩	22,869	₩	1,199,956	₩ 1,222,825
Total	₩	60,126	₩	4,667,592	₩ 4,727,718

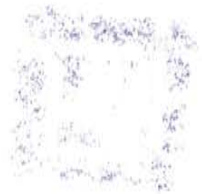
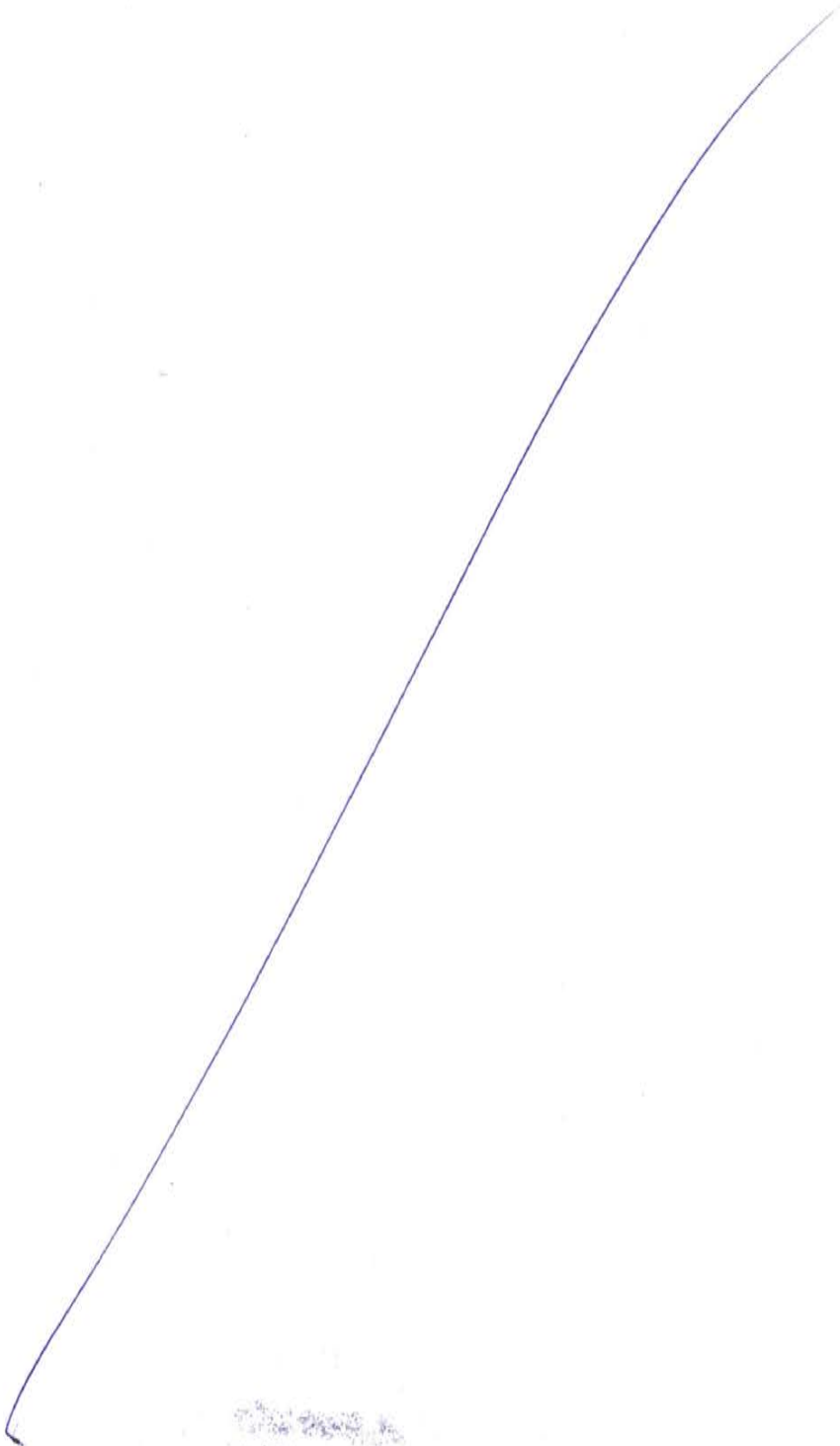
(in thousands of US dollars (Note 4))

	Liabilities at fair value through profit or loss		Financial liabilities carried at amortized cost		Total
Current					
Financial instrument liabilities	\$	30,829	\$	1,321,758	\$ 1,352,587
Trade payables		-		380,156	380,156
Other payables		-		1,120,010	1,120,010
Guarantee deposits received		-		47,448	47,448
Subtotal	\$	30,829	\$	2,869,372	\$ 2,900,201
Non-current					
Financial instrument liabilities	\$	18,923	\$	798,261	\$ 817,184
Guarantee deposits received		-		194,669	194,669
Subtotal	\$	18,923	\$	992,930	\$ 1,011,853
Total	\$	49,752	\$	3,862,302	\$ 3,912,054



0381 4963

0111



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

4964
1111

6.2 Gain and loss of financial instruments by category for years ended December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

	Assets/liabilities at fair value through profit or loss	Loans and receivables	Assets/liabilities classified as available for sale	Financial liabilities carried at amortized cost	Total
Dividend income	₩ -	₩ -	₩ 652	₩ -	₩ 652
Reversal of allowance of bad debts (bad debt expense)	-	(276,299)	-	-	(276,299)
Impairment loss on investments in securities	-	-	(63,352)	-	(63,352)
Gain (loss) on disposal of investment in securities	-	-	212	-	212
Interest expenses	-	-	-	(94,929)	(94,929)
Interest income	-	24,765	165	-	24,930
Gain (loss) on foreign currency translation	-	22,348	-	(37,192)	(14,844)
Loss on transactions of derivatives	(14,878)	-	-	-	(14,878)
Gain on transactions of derivatives	28,269	-	-	-	28,269
Loss on valuation of derivatives	(143,418)	-	-	-	(143,418)
Gain on valuation of derivatives	178,045	-	-	-	178,045
Gain (loss) on valuation (other comprehensive income)	-	-	5,514	-	5,514

(in thousands of US dollars (Note 4))

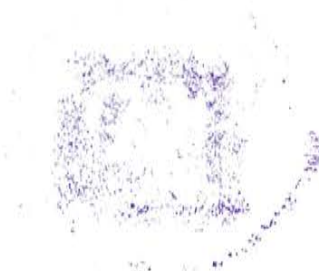
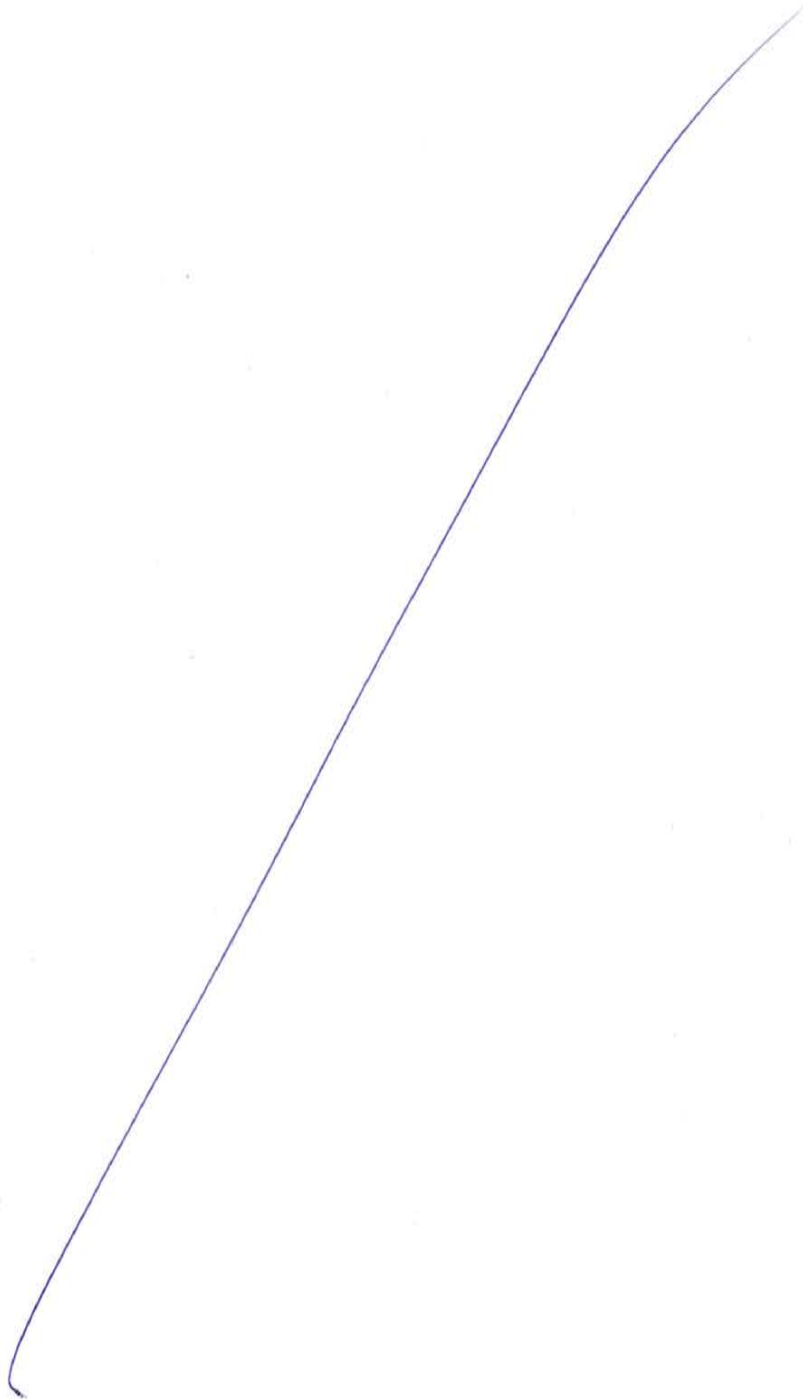
	Assets/liabilities at fair value through profit or loss	Loans and receivables	Assets/liabilities classified as available for sale	Financial liabilities carried at amortized cost	Total
Dividend income	\$ -	\$ -	\$ 540	\$ -	\$ 540
Reversal of allowance of bad debts (bad debt expense)	-	(228,630)	-	-	(228,630)
Impairment loss on investments in securities	-	-	(52,422)	-	(52,422)
Gain (loss) on disposal of investment in securities	-	-	175	-	175
Interest expenses	-	-	-	(78,551)	(78,551)
Interest income	-	20,492	137	-	20,629
Gain (loss) on foreign currency translation	-	18,492	-	(30,775)	(12,283)
Loss on transactions of derivatives	(12,311)	-	-	-	(12,311)
Gain on transactions of derivatives	23,392	-	-	-	23,392
Loss on valuation of derivatives	(118,674)	-	-	-	(118,674)
Gain on valuation of derivatives	147,327	-	-	-	147,327
Gain (loss) on valuation (other comprehensive income)	-	-	4,563	-	4,563



8688

4965

111



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

4966

1112

② 2015

(in millions of Korean won)

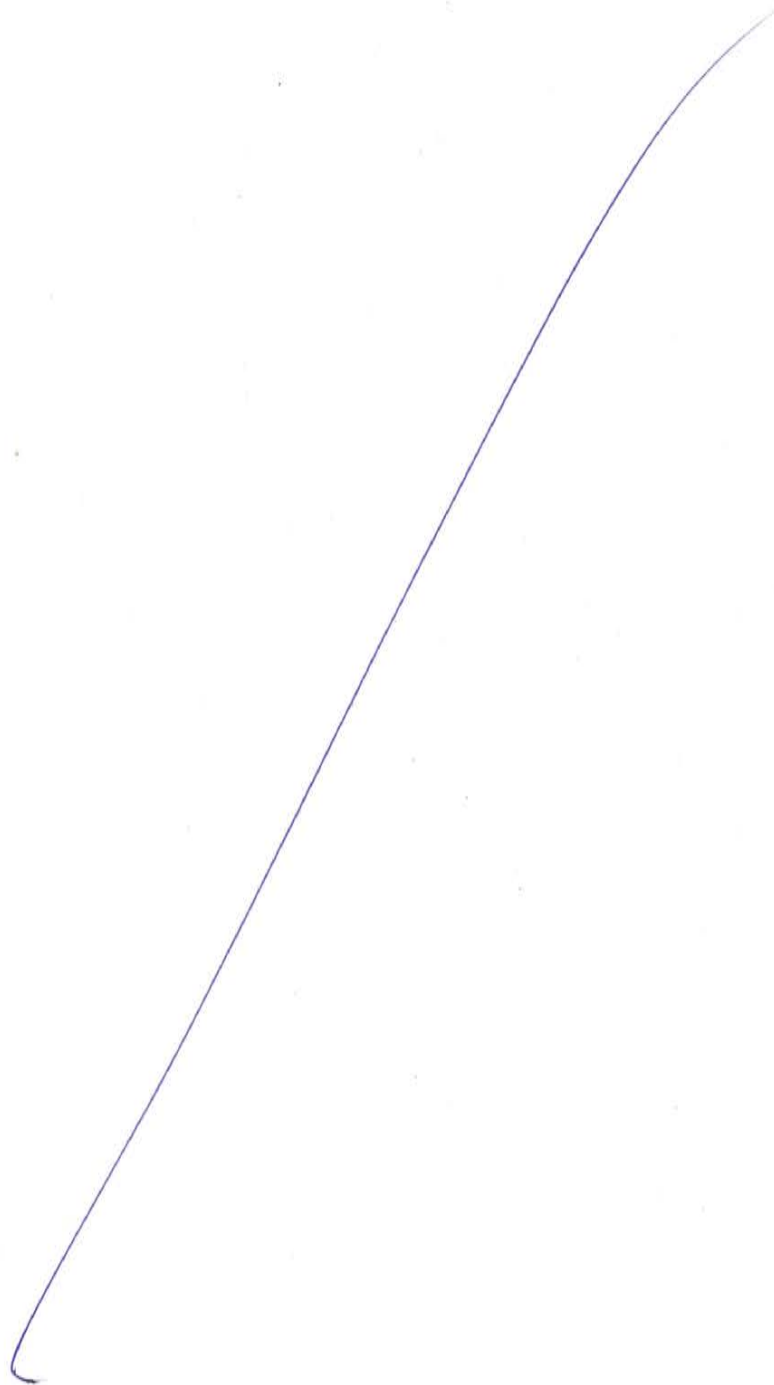
	Assets/liabilities at fair value through profit or loss	Loans and receivables	Assets/liabilities classified as available for sale	Financial liabilities carried at amortized cost	Total
Dividend income	₩ -	₩ -	₩ 4,336	₩ -	₩ 4,336
Reversal of allowance of bad debts (bad debt expense)	-	11,328	-	-	11,328
Impairment loss on investments in securities	-	-	(320)	-	(320)
Gain (loss) on disposal of investment in securities	-	-	23,363	-	23,363
Interest expenses	-	-	-	(95,238)	(95,238)
Interest income	-	20,880	580	-	21,460
Gain (loss) on foreign currency translation	-	17,733	-	(25,246)	(7,513)
Loss on transactions of derivatives	(24,363)	-	-	-	(24,363)
Gain on transactions of derivatives	69,051	-	-	-	69,051
Loss on valuation of derivatives	(45,686)	-	-	-	(45,686)
Gain on valuation of derivatives	87,989	-	-	-	87,989
Gain (loss) on valuation (other comprehensive income)	-	-	(12,909)	-	(12,909)

(in thousands of US dollars (Note 4))

	Assets/liabilities at fair value through profit or loss	Loans and receivables	Assets/liabilities classified as available for sale	Financial liabilities carried at amortized cost	Total
Dividend income	\$ -	\$ -	\$ 3,588	\$ -	\$ 3,588
Reversal of allowance of bad debts (bad debt expense)	-	9,374	-	-	9,374
Impairment loss on investments in securities	-	-	(265)	-	(265)
Gain (loss) on disposal of investment in securities	-	-	19,332	-	19,332
Interest expenses	-	-	-	(78,807)	(78,807)
Interest income	-	17,278	480	-	17,758
Gain (loss) on foreign currency translation	-	14,674	-	(20,890)	(6,216)
Loss on transactions of derivatives	(20,160)	-	-	-	(20,160)
Gain on transactions of derivatives	57,138	-	-	-	57,138
Loss on valuation of derivatives	(37,804)	-	-	-	(37,804)
Gain on valuation of derivatives	72,808	-	-	-	72,808
Gain (loss) on valuation (other comprehensive income)	-	-	(10,682)	-	(10,682)



1967
4967



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

4968

1113

7. SEGMENT INFORMATION:

(1) The Group has six major operation segments: civil works, architectural construction, housing, overseas INFRA, plants and others.

General information about the Group's reportable segments is as follows:

Segment	Business
Civil works	Domestic civil construction such as road, bridge, harbor, reclamation landfill, high-speed railroad construction and others
Architectural construction	Domestic architectural construction such as commercial, work, residential, factory building construction and others
Housing	Sales of apartment houses and contracted construction such as apartments, shopping districts and others
Overseas civil works and construction	Overseas civil construction such as road, bridge, harbor and overseas architectural construction such as commercial, work and others
Plants(*)	Petrochemical plant construction such as oil & gas, refinery and LNG
Others	Rental real estate, product sales and others

(*) During the current year, the group integrated the power plant and plant businesses into the plant business.

(2) The segment information for sales and operating income (loss) for the years ended December 31, 2016 and 2015, is as follows:

① 2016

(in millions of Korean won)

	Civil works	Architectural construction	Housing	Overseas INFRA	Plants	Others	Total
Sales	₩ 1,220,799	₩ 2,280,893	₩ 3,504,608	₩ 1,176,142	₩ 2,791,724	₩ 131,764	₩ 11,105,930
Operating income (loss)	(20,009)	267,748	551,286	(539,066)	(709,754)	(17,447)	(467,242)
- Depreciation	261	98	146	54,209	17,052	16,084	87,850
- Amortization	445	626	898	500	1,119	5,116	8,704

(in thousands of US dollars (Note 4))

	Civil works	Architectural construction	Housing	Overseas INFRA	Plants	Others	Total
Sales	\$ 1,010,177	\$ 1,887,375	\$ 2,899,965	\$ 973,225	\$ 2,310,074	\$ 109,031	\$ 9,189,847
Operating income (loss)	(16,557)	221,554	456,174	(446,062)	(587,302)	(14,437)	(386,630)
- Depreciation	216	81	121	44,856	14,110	13,309	72,693
- Amortization	368	518	743	414	926	4,233	7,202

② 2015

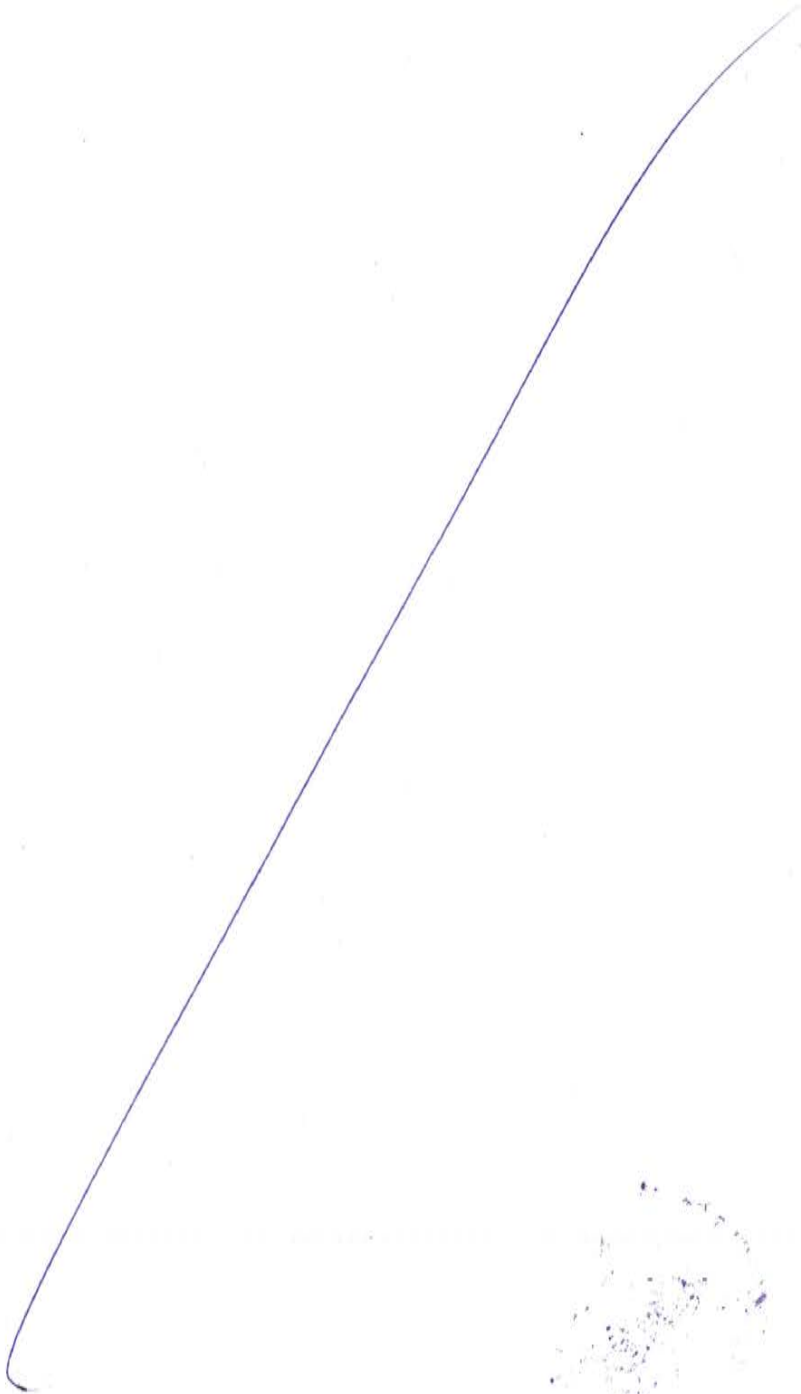
(in millions of Korean won)

	Civil works	Architectural construction	Housing	Overseas INFRA	Plants	Others	Total
Sales	₩ 1,212,931	₩ 1,883,265	₩ 3,197,464	₩ 1,092,441	₩ 2,404,950	₩ 98,914	₩ 9,889,965
Operating income (loss)	19,198	63,887	471,181	(268,138)	(103,500)	(13,693)	168,935
- Depreciation	386	775	168	25,856	18,226	16,305	61,716
- Amortization	520	654	847	421	1,245	6,275	9,962



4969

1111



4970
1114

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(in thousands of US dollars (Note 4))

	Civil works	Architectural construction	Housing	Overseas INFRA	Plants	Others	Total
Sales	\$ 1,003,667	\$ 1,558,349	\$ 2,645,812	\$ 903,964	\$ 1,990,029	\$ 81,849	\$ 8,183,670
Operating income (loss)	15,886	52,865	389,889	(221,877)	(85,643)	(11,331)	139,789
- Depreciation	319	641	139	21,395	15,082	13,492	51,068
- Amortization	430	541	701	348	1,030	5,192	8,242

(3) The Group does not report the segment information for assets and liabilities to the chief operating decision maker.

(4) Sales by geographic areas for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	Korea	Middle East	Asia	Africa	Others	Total
2016	₩ 7,787,956	₩ 1,238,664	₩ 434,744	₩ 1,644,629	₩ (63)	₩ 11,105,930
2015	6,869,313	1,034,041	597,585	1,384,709	4,317	9,889,965

(in thousands of US dollars (Note 4))

	Korea	Middle East	Asia	Africa	Others	Total
2016	\$ 6,444,316	\$ 1,024,960	\$ 359,739	\$ 1,360,885	\$ (53)	\$ 9,189,847
2015	5,684,165	855,640	494,485	1,145,808	3,572	8,183,670

(5) There is no external customer attributing to more than 10% of sales for the years ended December 31, 2016 and 2015.

(6) Details of sales for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016	2015
Construction contracts revenue	₩ 9,419,839	₩ 8,105,432
Sales of real estate	1,542,433	1,677,274
Other revenue	143,658	107,259
Total	11,105,930	9,889,965

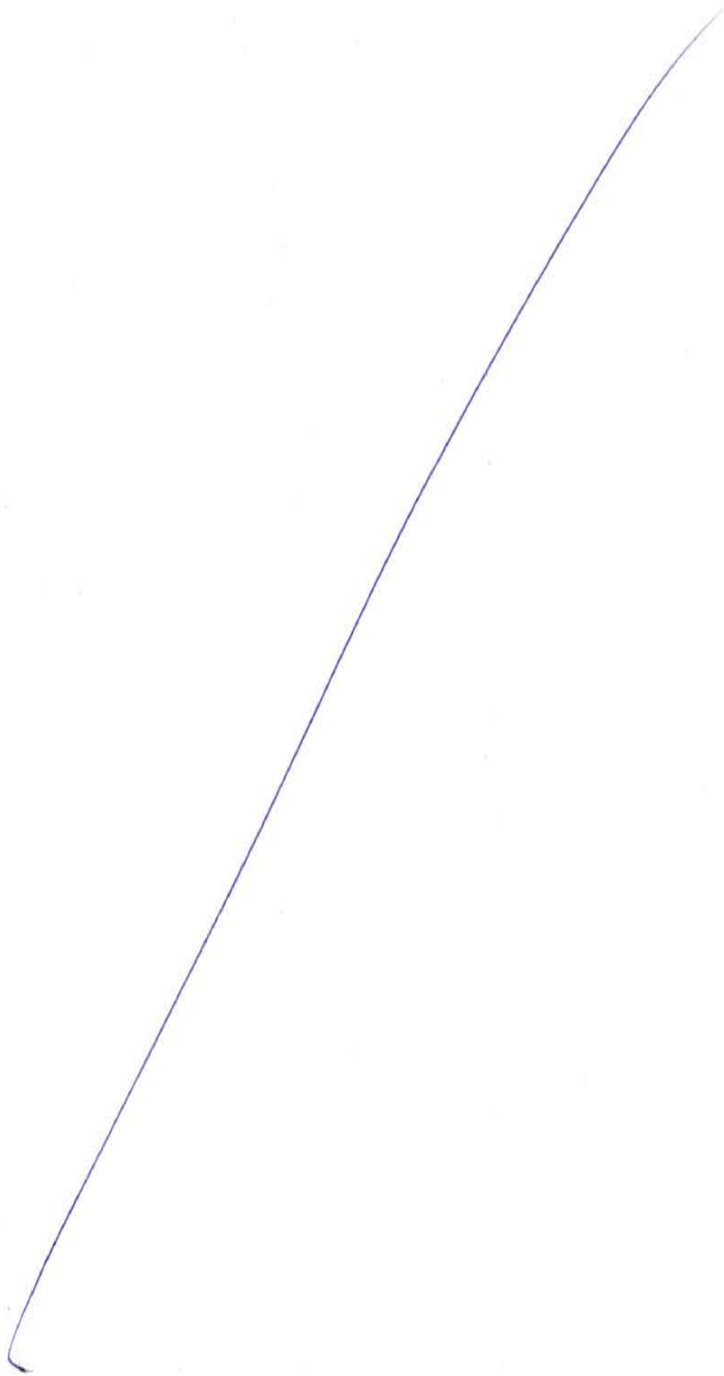
(in thousands of US dollars (Note 4))

	2016	2015
Construction contracts revenue	\$ 7,794,654	\$ 6,707,019
Sales of real estate	1,276,320	1,387,897
Other revenue	118,873	88,754
Total	\$ 9,189,847	\$ 8,183,670



0502
1111

4971



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

8. CONSTRUCTION CONTRACTS:

(1) The Group's contract balances and the related sales recognized for the year ended December 31, 2016, are as follows:

① 2016

(in millions of Korean won)

	Beginning	Net contract increase(*1)	Sales recognized(*2)	Ending
Civil works	₩ 4,683,359	₩ 186,142	₩ 1,214,918	₩ 3,654,583
Architectural works	4,916,082	2,627,224	2,278,807	5,264,499
Housing	17,565,243	2,084,549	3,424,391	16,225,401
Overseas INFRA	3,489,867	687,844	1,176,121	3,001,590
Plant	9,425,770	16,076	2,791,670	6,650,176
Total	₩ 40,080,321	₩ 5,601,835	₩ 10,885,907	₩ 34,796,249

(in thousands of US dollars (Note 4))

	Beginning	Net contract increase(*1)	Sales recognized(*2)	Ending
Civil works	\$ 3,875,349	\$ 154,027	\$ 1,005,311	\$ 3,024,065
Architectural works	4,067,921	2,173,954	1,885,649	4,356,226
Housing	14,534,748	1,724,906	2,833,588	13,426,066
Overseas INFRA	2,887,767	569,172	973,207	2,483,732
Plant	7,799,561	13,303	2,310,029	5,502,835
Total	\$ 33,165,346	\$ 4,635,362	\$ 9,007,784	\$ 28,792,924

(*1) Total increase and decrease in the contracts amount to ₩ 9,595,847 million (equivalent to US \$ 7,940,295 thousand) and ₩ 3,944,012 million (equivalent to US \$ 3,263,560 thousand), respectively, for the year ended December 31, 2016.

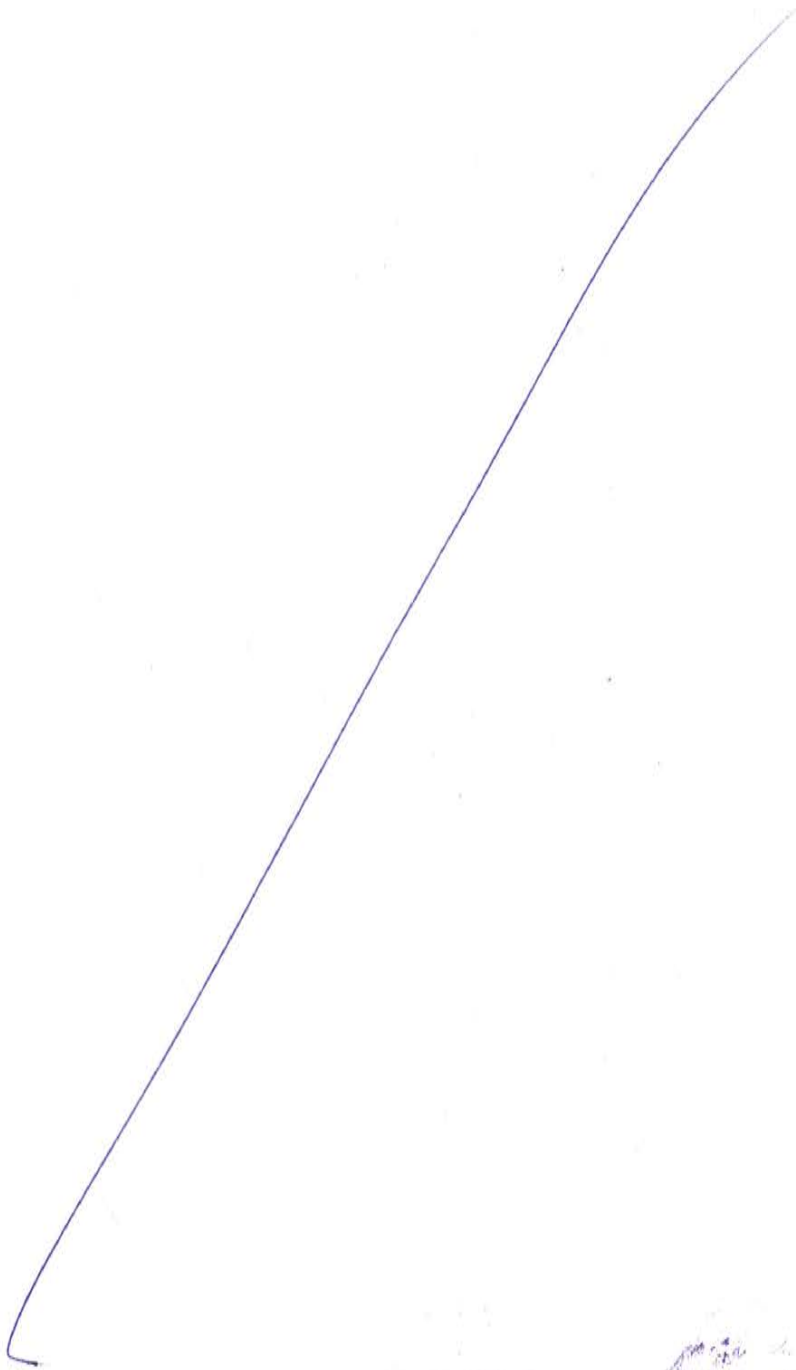
(*2) The above sales recognized include sales of real estate of ₩ 1,462,435 million (equivalent to US \$ 1,210,124 thousand) and other sales of ₩ 3,633 million (equivalent to US \$ 3,006 thousand).



15/10/73

1112

4973



11

11



11

4974
1116

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

② 2015

(in millions of Korean won)

	Beginning	Net contract increase(*1)	Sales recognized(*2)	Ending
Civil works	₩ 4,703,606	₩ 1,191,931	₩ 1,212,178	₩ 4,683,359
Architectural works	4,169,732	2,626,848	1,880,498	4,916,082
Housing	17,834,250	2,885,104	3,154,111	17,565,243
Overseas INFRA	4,805,930	(223,624)	1,092,439	3,489,867
Plant	7,254,242	4,576,478	2,404,950	9,425,770
Total	₩ 38,767,760	₩ 11,056,737	₩ 9,744,176	₩ 40,080,321

(in thousands of US dollars (Note 4))

	Beginning	Net contract increase(*1)	Sales recognized(*2)	Ending
Civil works	\$ 3,892,103	\$ 986,290	\$ 1,003,043	\$ 3,875,350
Architectural works	3,450,337	2,173,643	1,556,060	4,067,920
Housing	14,757,344	2,387,343	2,609,939	14,534,748
Overseas INFRA	3,976,773	(185,043)	903,963	2,887,767
Plant	6,002,682	3,786,908	1,990,029	7,799,561
Total	\$ 32,079,239	\$ 9,149,141	\$ 8,063,034	\$ 33,165,346

(*1) Total increase and decrease in the contracts amount to ₩ 14,852,592 million (equivalent to US \$ 12,290,105 thousand) and ₩ 3,795,855 million (equivalent to US \$ 3,140,964 thousand), respectively, for the year ended December 31, 2015.

(*2) The above sales recognized include sales of real estate of ₩ 1,634,974 million (equivalent to US \$ 1,352,895 thousand) and other sales of ₩ 3,770 million (equivalent to US \$ 3,120 thousand).

(2) Details of cumulative sales, income and others per segment as of December 31, 2016 and 2015 are as follows:

① 2016

(in millions of Korean won)

	Cumulative sales	Cumulative cost	Cumulative income	Advances	Construction deposits(*)
Civil works	₩ 3,815,409	₩ 3,540,547	₩ 274,862	₩ 71,628	₩ -
Architectural works	2,362,962	2,109,034	253,928	23,682	-
Housing	3,191,314	2,644,248	547,066	-	-
Overseas INFRA	3,152,476	3,564,523	(412,047)	244,420	118,923
Plant	9,005,335	9,176,567	(171,232)	455,246	201,333
Total	₩ 21,527,496	₩ 21,034,919	₩ 492,577	₩ 794,976	₩ 320,256

(in thousands of US dollars (Note 4))

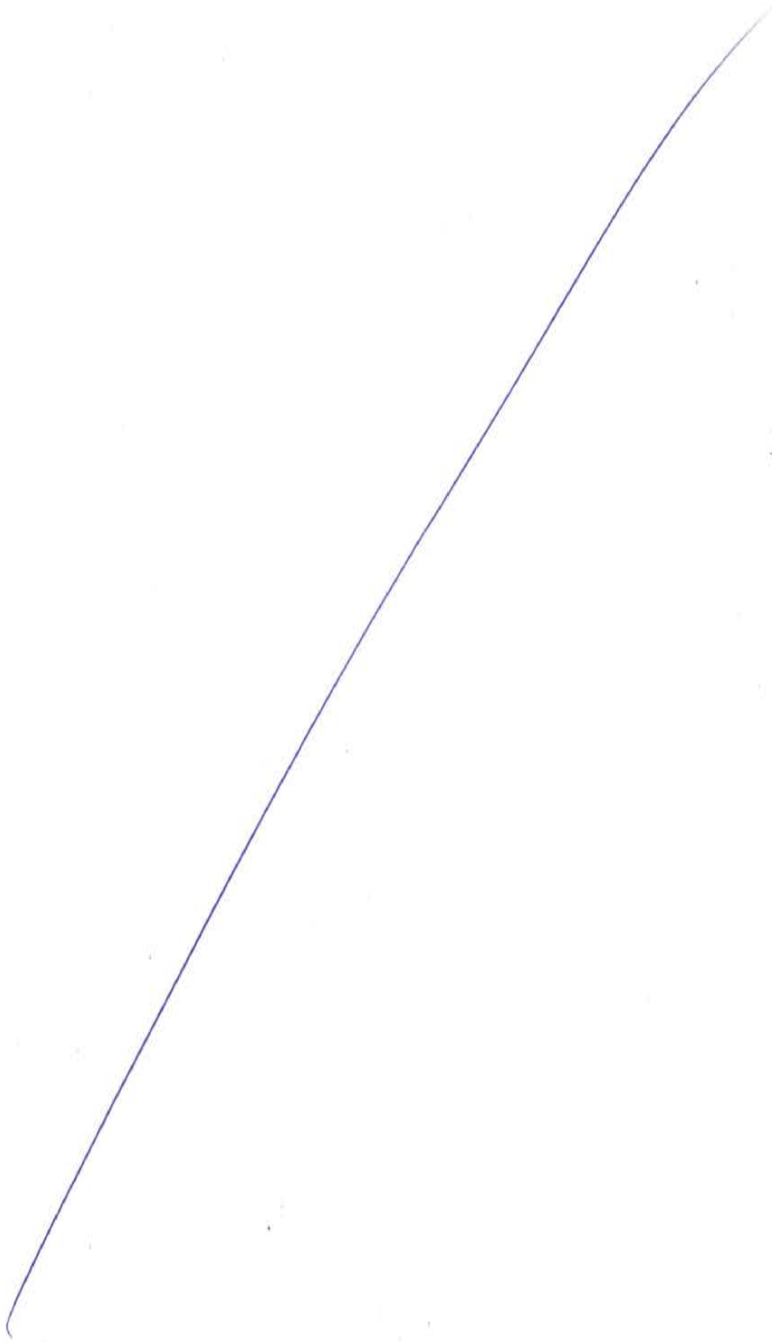
	Cumulative sales	Cumulative cost	Cumulative income	Advances	Construction deposits(*)
Civil works	\$ 3,157,144	\$ 2,929,704	\$ 227,441	\$ 59,270	\$ -
Architectural works	1,955,285	1,745,167	210,118	19,596	-
Housing	2,640,723	2,188,041	452,682	2,640	-
Overseas INFRA	2,608,586	2,949,543	(340,957)	202,251	98,405
Plant	7,451,663	7,593,353	(141,690)	376,703	166,597
Total	\$ 17,813,401	\$ 17,405,808	\$ 407,594	\$ 660,460	\$ 265,002

(*) Construction deposits are recorded as trade receivables and long-term other receivables.



1700
0111

4975



6
6
6
6

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES 1117
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

② 2015

(in millions of Korean won)

	Cumulative sales	Cumulative cost	Cumulative income	Advances	Construction deposits(*)
Civil works	₩ 4,459,036	₩ 4,136,979	₩ 322,057	₩ 46,721	₩ 13,657
Architectural works	1,969,651	1,815,243	154,408	36,094	-
Housing	3,234,075	2,739,759	494,316	88	-
Overseas INFRA	2,176,107	2,264,801	(88,694)	306,211	90,293
Plant	10,379,828	10,311,798	68,030	649,095	217,914
Total	₩ 22,218,697	₩ 21,268,580	₩ 950,117	₩ 1,038,209	₩ 321,864

(in thousands of US dollars (Note 4))

	Cumulative sales	Cumulative cost	Cumulative income	Advances	Construction deposits
Civil works	\$ 3,689,728	\$ 3,423,235	\$ 266,493	\$ 38,660	\$ 11,301
Architectural works	1,629,831	1,502,063	127,768	29,867	-
Housing	2,676,107	2,267,074	409,033	73	-
Overseas INFRA	1,800,668	1,874,060	(73,392)	253,381	74,715
Plant	8,589,018	8,532,725	56,293	537,108	180,318
Total	\$ 18,385,352	\$ 17,599,157	\$ 786,195	\$ 859,089	\$ 266,334

(*) Construction deposits are recorded as trade receivables and long-term other receivables.

(3) The gross amount due from customers for contract work and the gross amount due to customers for contract work as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016		2015	
	Due from customers(*)	Due to customers(*)	Due from customers(*)	Due to customers(*)
Civil works	₩ 136,481	₩ 100,234	₩ 187,382	₩ 102,326
Architectural works	168,168	123,397	120,987	250,270
Housing	448,629	313,262	559,871	142,513
Overseas INFRA	102,852	240,758	148,854	70,286
Plant	484,143	599,173	702,991	203,079
Total	₩ 1,340,273	₩ 1,376,824	₩ 1,720,085	₩ 768,474

(in thousands of US dollars (Note 4))

	2016		2015	
	Due from customers(*)	Due to customers(*)	Due from customers(*)	Due to customers(*)
Civil works	\$ 112,934	\$ 82,941	\$ 155,053	\$ 84,672
Architectural works	139,154	102,108	100,113	207,091
Housing	371,228	259,216	463,278	117,926
Overseas INFRA	85,107	199,221	123,173	58,160
Plant	400,615	495,799	581,705	168,042
Total	\$ 1,109,038	\$ 1,139,285	\$ 1,423,322	\$ 635,891

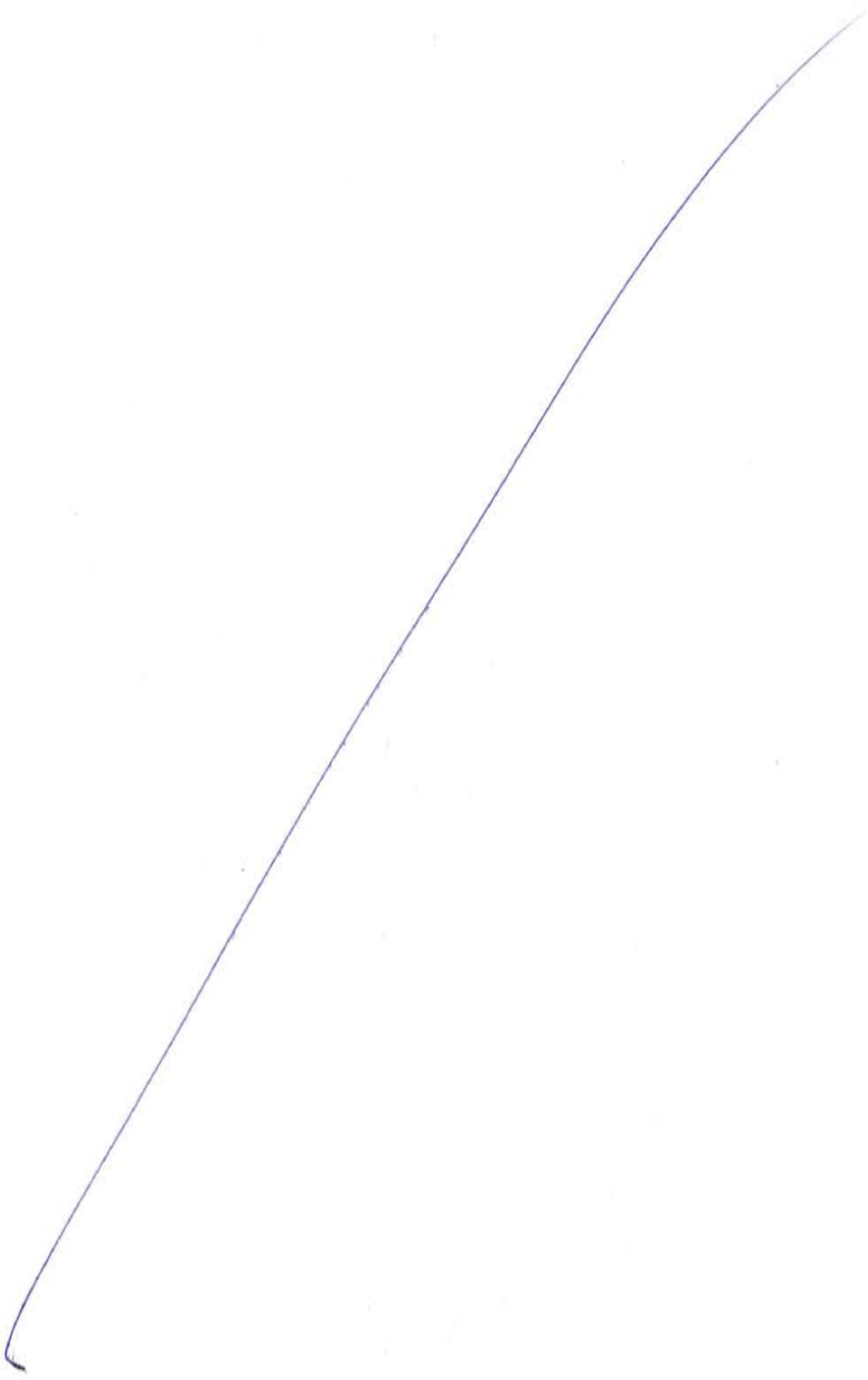
(*) The above gross amounts include amounts due from customers for the Group's own contract work, which amount to ₩ 137,986 million (equivalent to US \$ 114,180 thousand) (2015: ₩ 229,424 million, equivalent to US \$ 189,842 thousand) and amounts due to customers for the Group's own contract work, which amount to ₩ 140,659 million (equivalent to US \$ 116,391 thousand) (2015: ₩ 170,842 million, equivalent to US \$ 141,367 thousand) as of December 31, 2016.



2896

11

4977



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(4) The estimated gross contract costs for contracts as of December 31, 2016, changed as cost for power plant segment increased and cost for housing segment decreased during current year. Details of its effects on profit and loss for the current and future years, and gross amount due from customers for contract work.

(in millions of Korean won)

	Construction loss provisions (*)	Estimated Increase (decrease) in contract revenue(A) (*)	Estimated Increase (decrease) in contract cost(B) (*)	Increase (decrease) In construction profit or loss(A-B) (*)	Influence on current profit (*)	Influence on future profit (*)	Increase (decrease) in due from customers for contract work (*)
Civil works	₩ 10,700	₩ 53,023	₩ 114,906	₩ (61,883)	₩ (84,835)	₩ 22,952	₩ (84,835)
Architectural works	53,226	43,725	(137,796)	181,521	93,563	87,958	93,563
Housing	13,084	(53,239)	(398,951)	345,712	201,908	143,804	201,908
Overseas INFRA	274,616	(163,649)	348,712	(512,361)	(521,566)	9,205	(521,566)
Plant	283,509	353,016	1,069,894	(716,878)	(720,750)	3,872	(720,750)
Total	₩ 635,135	₩ 232,876	₩ 996,765	₩ (763,889)	₩ (1,031,680)	₩ 267,791	₩ (1,031,680)

(in thousands of US dollars (Note 4))

	Construction loss provisions (*)	Estimated Increase (decrease) in contract revenue(A) (*)	Estimated Increase (decrease) in contract cost(B) (*)	Increase (decrease) In construction profit or loss(A-B) (*)	Influence on current profit (*)	Influence on future profit (*)	Increase (decrease) in due from customers for contract work (*)
Civil works	\$ 8,854	\$ 43,875	\$ 95,082	\$ (51,207)	\$ (70,199)	\$ 18,992	\$ (70,199)
Architectural works	44,043	36,181	(114,022)	150,203	77,421	72,783	77,421
Housing	10,827	(44,054)	(330,121)	286,067	167,073	118,994	167,073
Overseas INFRA	227,237	(135,415)	288,549	(423,964)	(431,581)	7,617	(431,581)
Plant	234,596	292,111	885,307	(593,196)	(596,400)	3,204	(596,400)
Total	\$ 525,557	\$ 192,698	\$ 824,795	\$ (632,097)	\$ (853,686)	\$ 221,590	\$ (853,686)

(*) The construction contracts newly made and terminated during this period are excluded from the disclosure.

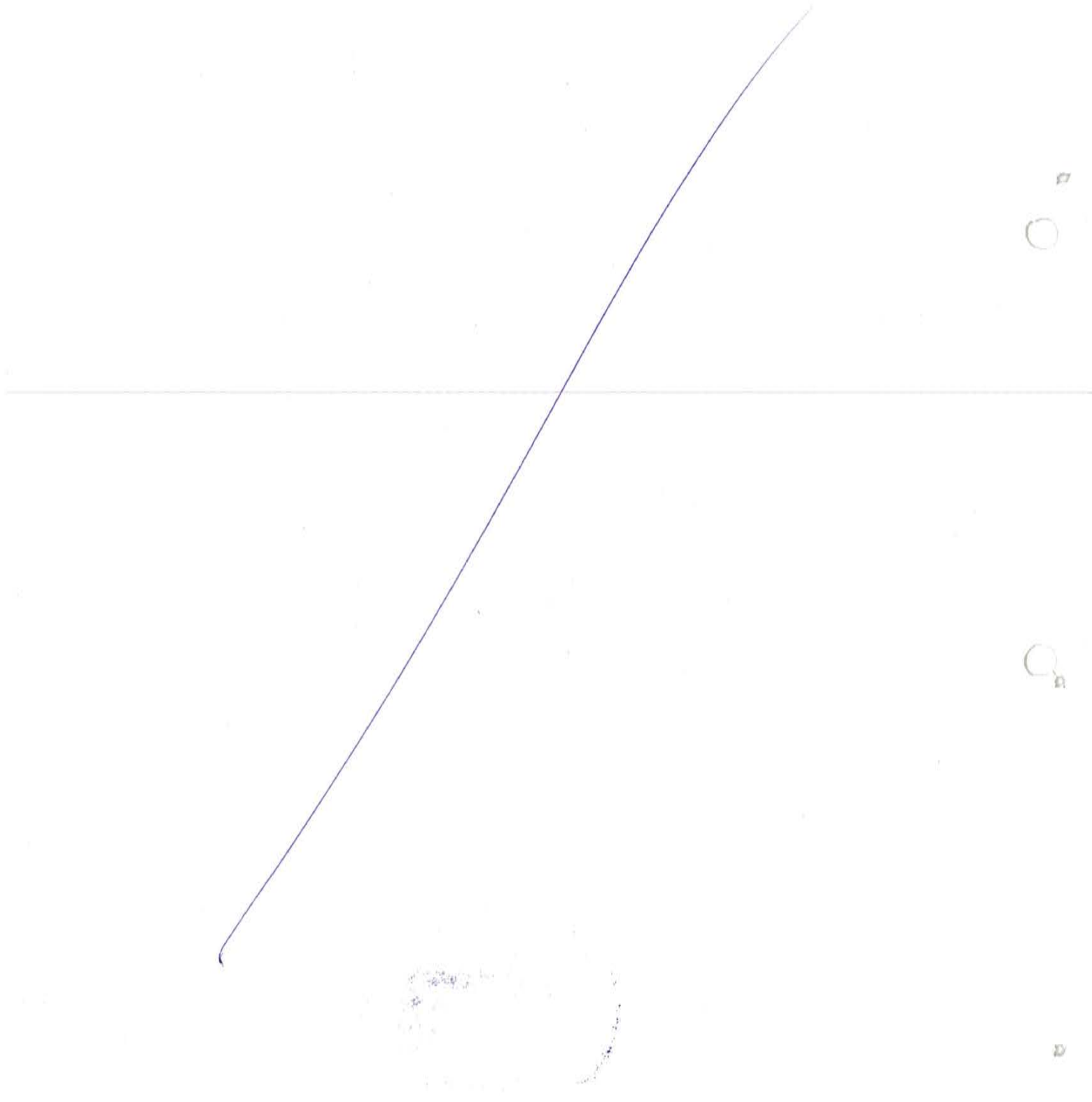
The effects on profit and loss for the current and future years are calculated on the basis of gross contract cost estimated based on circumstances that occurred between the date of contract commencement and this period-end and of an estimate of contract revenue as of December 31, 2016. Contract costs and contract revenues can change in the future.



1911-12

61:1

4979



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(5) As of December 31, 2016, details of contract revenue which is more than 5% of sales of years ended December 31, 2015, are as follows and there is no non-disclosure agreement, due to provision as confidential or private reasons in relevant law or contract.

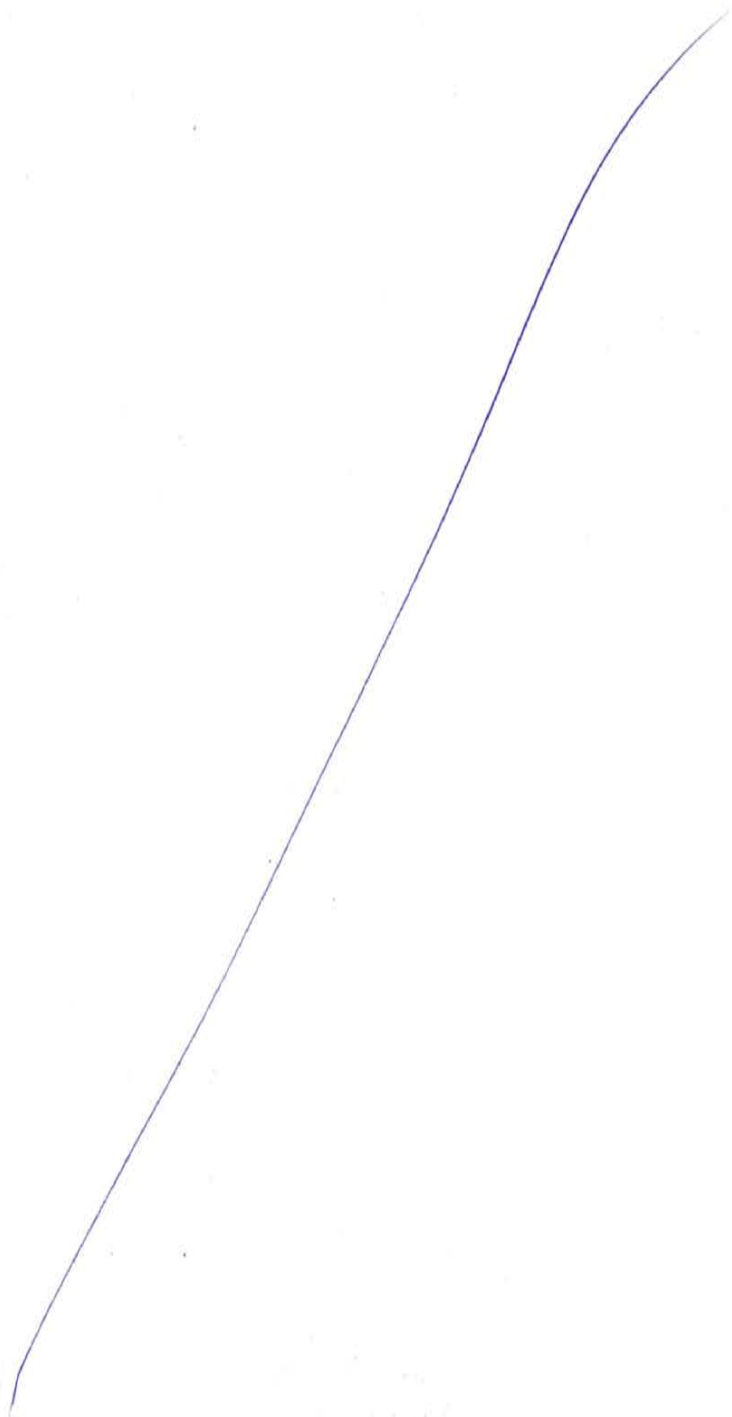
(in millions of Korean won)

	The date of the contract	Construction deadline in contract	The stage of completion	Due from customers		Receivables from construction	
				Total	Impairment losses	Total	Less : allowance for doubtful accounts
Songpa Park Habio Complex BOUGHZOUL NEW TOWN (*1)	2013.10.04	2016.09.29	Completion	₩ -	₩ -	₩ -	₩ -
Qatar Highway Site	2008.09.10	2016.06.30	54.70%	30,671	-	-	-
Al Faw Grand Port	2014.06.15	2017.06.10	59.90%	31,291	-	66,109	-
Misawa Riverside 2nd Prugio	2013.11.25	2017.08.26	49.10%	-	-	16,992	-
Misa riverside Prugio	2014.05.27	2016.09.30	Completion	-	-	1,389	-
Fortune spirit city Central Prugio	2013.10.23	2016.04.30	Completion	-	-	-	-
Ulsan S-OIL RUC	2015.11.10	2018.06.30	23.90%	-	-	960	-
OGBAINBIRI F/S	2015.07.03	2018.04.30	23.20%	31,208	-	541	-
CFP	2007.10.29	2014.04.30	Completion	35,169	-	6,049	-
Akkas CPF	2014.04.13	2018.01.12	60.00%	-	-	43,515	-
CAFC CPF (*2)	2013.08.28	2021.11.30	19.00%	-	-	-	-
Fertilizer (*3)	2014.02.15	2016.12.14	80.40%	50,206	-	21,194	-
JAZAN REFINERY & TERMINAL (*2)	2008.12.09	2012.07.08	98.40%	107,610	-	14,982	-
RRE	2012.12.01	2016.03.15	54.40%	-	-	753	-
AL ZOUR REFINERY	2009.12.14	2014.02.13	Completion	37,924	-	78,399	-
Pocheon private development	2015.10.28	2019.07.31	6.40%	-	-	58,589	-
SAFI IPP	2013.10.24	2017.02.28	90.00%	-	-	4,266	-
SUR IPP (*3)	2014.09.30	2018.07.30	63.40%	73,314	-	90,425	-
RDPP	2011.08.18	2014.04.01	98.90%	-	-	-	-
UAE S3 POWER PLANT	2012.10.24	2017.12.09	70.80%	-	-	15,430	-
Total	2011.03.01	2014.02.28	Completion	₩ 397,393	₩ -	₩ 419,593	₩ -



elit 08005 1981

4981



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(in thousands of US dollars (Note 4))

	The date of the contract	Construction deadline in contract	The stage of completion	Due from customers		Receivables from construction	
				Total	Impairment losses	Total	Less : allowance for doubtful accounts
Songpa Park Habio Complex BOUGHZOUL NEW TOWN (*1)	2013.10.04	2016.09.29	Completion	\$ -	\$ -	\$ -	\$ -
Qatar Highway Site	2008.09.10	2016.06.30	54.70%	25,379	-	-	-
Al Faw Grand Port	2014.06.15	2017.06.10	59.90%	25,892	-	54,703	-
Misawa Riverside 2nd Prugio	2013.11.25	2017.08.26	49.10%	-	-	14,060	-
Misa riverside Prugio	2014.05.27	2016.09.30	Completion	-	-	1,149	-
Fortune spirit city Central Prugio	2013.10.23	2016.04.30	Completion	-	-	-	-
Ulsan S-OIL RUC	2015.11.10	2018.06.30	23.90%	-	-	794	-
OGBAINBIRI F/S	2015.07.03	2018.04.30	23.20%	25,824	-	448	-
CFP	2007.10.29	2014.04.30	Completion	29,101	-	5,005	-
Akkas CPF	2014.04.13	2018.01.12	60.00%	-	-	36,007	-
CAFC CPF (*2)	2013.08.28	2021.11.30	19.00%	-	-	-	-
Fertilizer (*3)	2014.02.15	2016.12.14	80.40%	41,544	-	17,537	-
JAZAN REFINERY & TERMINAL (*2)	2008.12.09	2012.07.08	98.40%	89,044	-	12,397	-
RRE	2012.12.01	2016.03.15	54.40%	-	-	623	-
AL ZOUR REFINERY	2009.12.14	2014.02.13	Completion	31,381	-	64,873	-
Pocheon private development	2015.10.28	2019.07.31	6.40%	-	-	48,481	-
SAFI IPP	2013.10.24	2017.02.28	90.00%	-	-	3,530	-
SUR IPP (*3)	2014.09.30	2018.07.30	63.40%	60,665	-	74,824	-
RDPP	2011.08.18	2014.04.01	98.90%	-	-	-	-
UAE S3 POWER PLANT	2012.10.24	2017.12.09	70.80%	-	-	12,768	-
Total	2011.03.01	2014.02.28	Completion	\$ 328,830	\$ -	\$ 347,199	\$ -

(*1) As additional construction will be carried out at the request of the client, the contractor is in the process of changing the construction amount and extending the construction period.

(*2) Completion of extension of contract period with contractor is scheduled to be completed.

(*3) The construction has been substantially completed, and the commissioning or settlement negotiation with the client is in progress.

(6) Details of joint construction contracts as of December 31, 2016, are as follows:

(in millions of Korean won)

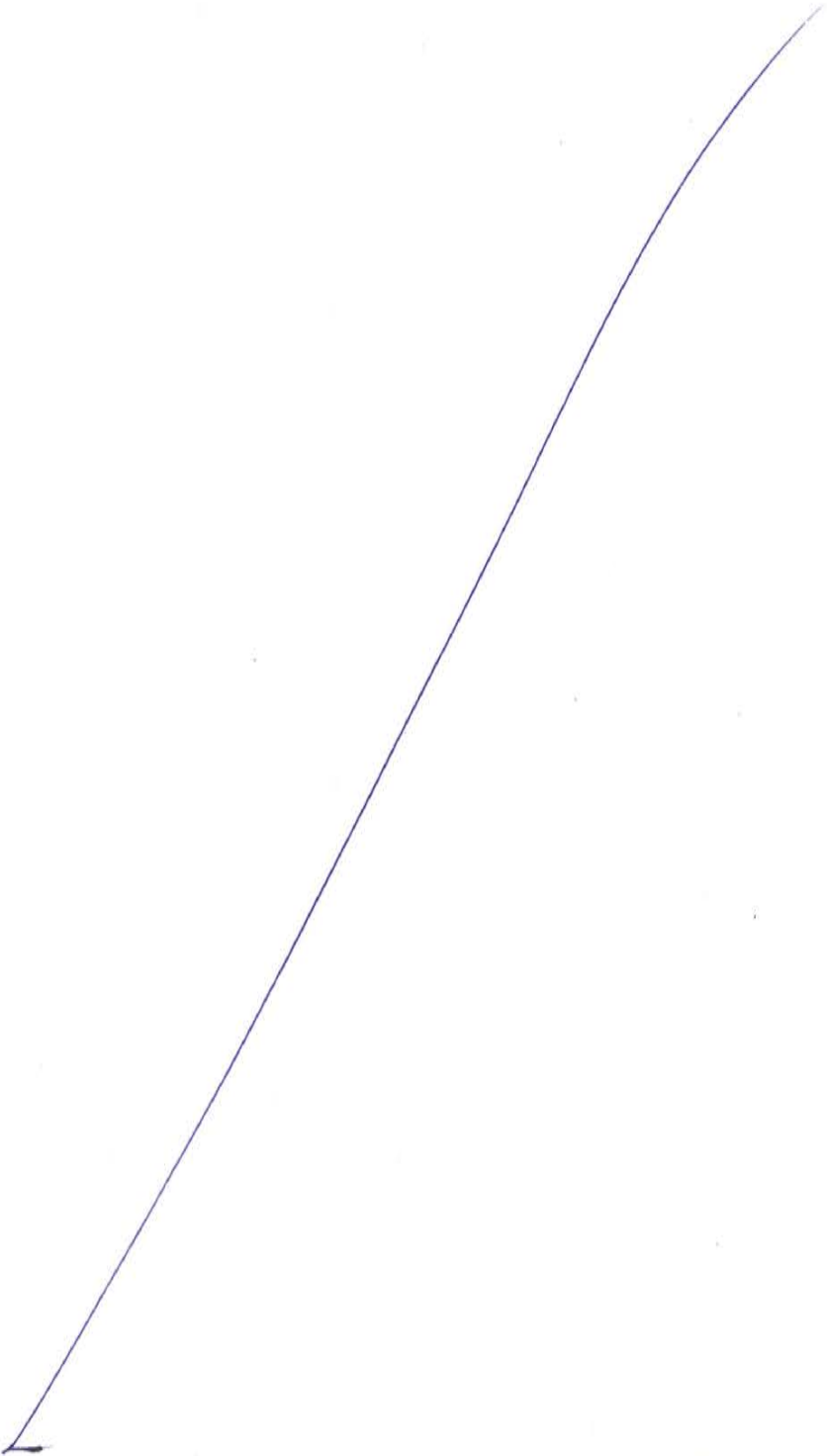
	Share of the Group	Percentage	Lead company
Kuwait AL-ZOUR REFINERY PJ	₩ 2,260,047	35.00%	FLUOR
ULSAN S-OIL RUC PJ[AREA2]	1,609,761	45.00%	Daelim Industrial Co., Ltd
Kuwait CFP PJ	1,192,285	33.30%	FLUOR
Pocheon Independent Power Plant	739,302	93.98%	The Parent Company
Algeria Boughzoul New Town PJ	607,978	70.20%	The Parent Company
SAUDI JAZAN REFINERY PJ	604,778	50.00%	JGC Corporation
Sosa Wonsi Railroad Project site	482,881	34.25%	The Parent Company
Guri-Pocheon highway site	464,696	35.00%	The Parent Company
Reconstruction of Godeok Jugong 2 complex	430,942	40.00%	The Parent Company
Daegok Sosa double-track train PJ	319,133	28.50%	Hyundai E&C Co., Ltd



4983

4983

4983



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(in thousands of US dollars (Note 4))

	Share of the Group	Percentage	Lead company
Kuwait AL-ZOUR REFINERY PJ	\$ 1,870,126	35.00%	FLUOR
ULSAN S-OIL RUC PJ[AREA2]	1,332,032	45.00%	Daelim Industrial Co., Ltd
Kuwait CFP PJ	986,583	33.30%	FLUOR
Pocheon Independent Power Plant	611,752	93.98%	The Parent Company
Algeria Boughzoul New Town PJ	503,085	70.20%	The Parent Company
SAUDI JAZAN REFINERY PJ	500,437	50.00%	JGC Corporation
Sosa Wonsi Railroad Project site	399,571	34.25%	The Parent Company
Guri-Pocheon highway site	384,523	35.00%	The Parent Company
Reconstruction of Godeok Jugong 2 complex	356,592	40.00%	The Parent Company
Daegok Sosa double-track train PJ	264,074	28.50%	Hyundai E&C Co., Ltd

9. CASH AND CASH EQUIVALENTS:

(in millions of Korean won)

	2016		2015	
Cash	₩	2,816	₩	2,839
Cash equivalents		813,968		536,207
Total	₩	816,784	₩	539,046

(in thousands of US dollars (Note 4))

	2016		2015	
Cash	\$	2,330	\$	2,350
Cash equivalents		673,536		443,696
Total	\$	675,866	\$	446,046

10. TRADE AND OTHER RECEIVABLES:

(1) Trade and other receivables, net of allowance for doubtful accounts, as of December 31, 2016 and 2015, are as follows:

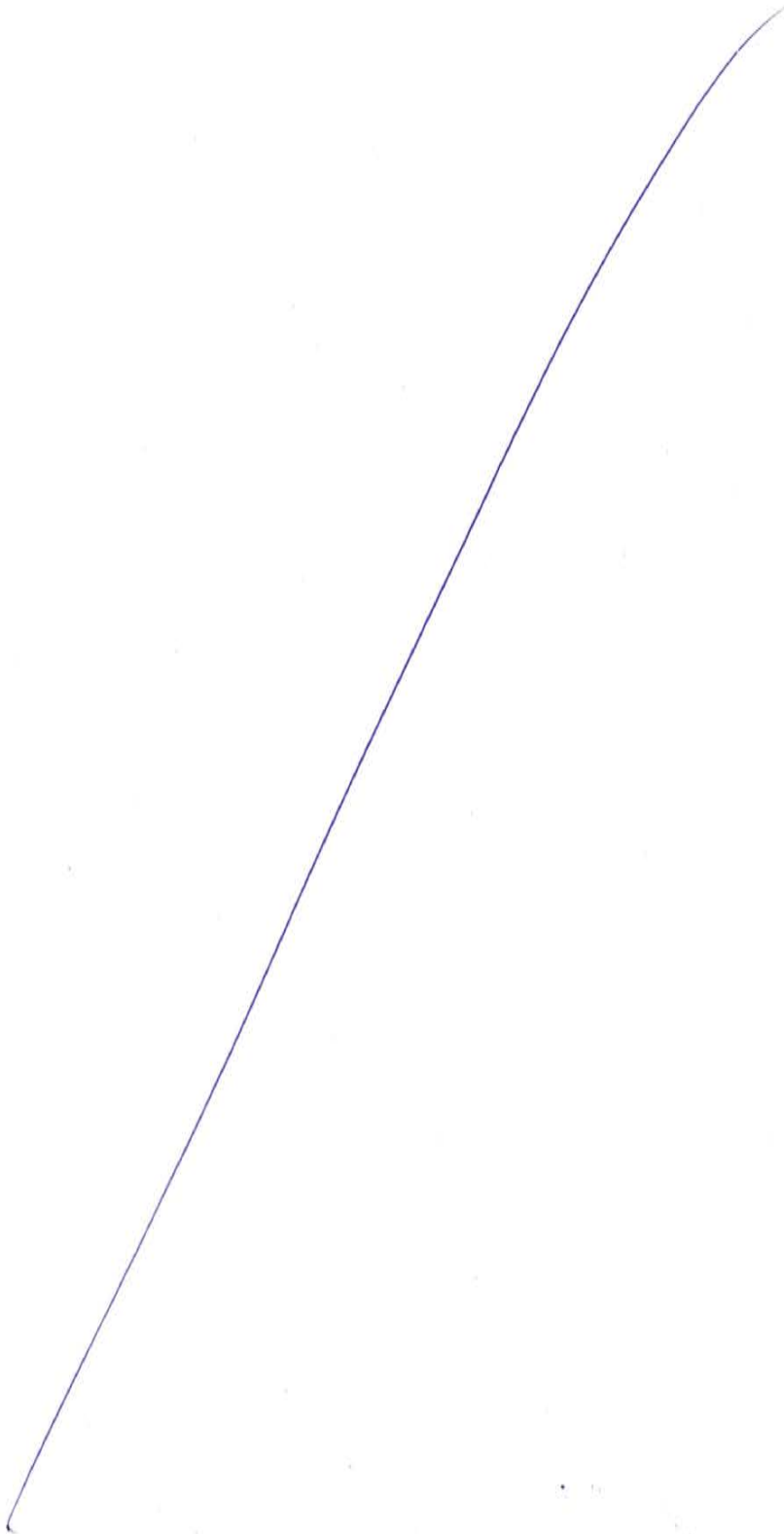
(in millions of Korean won)

	2016			2015		
	Original amount (*)	Less : allowance for doubtful accounts	Carrying amount	Original amount (*)	Less : allowance for doubtful accounts	Carrying amount
Current						
Trade receivables	₩ 1,926,375	₩ 735,250	₩ 1,191,125	₩ 1,559,950	₩ 510,821	₩ 1,049,129
Other receivables						
Non-trade receivables	856,684	450,521	406,163	943,771	415,036	528,735
Accrued income	19,361	2,470	16,891	20,441	4,155	16,286
Loans	80,201	50,988	29,213	107,672	47,987	59,685
Subtotal	956,246	503,979	452,267	1,071,884	467,178	604,706
Current Total	₩ 2,882,621	₩ 1,239,229	₩ 1,643,392	₩ 2,631,834	₩ 977,999	₩ 1,653,835
Non-current						
Other receivables						
Long-term non-trade receivables	₩ 471,849	₩ 54,414	₩ 417,435	₩ 448,305	₩ 33,046	₩ 415,259
Long-term loans	747,629	273,921	473,708	653,796	265,319	388,477
Long-term accrued income	-	-	37	46	-	46
Deposits	285,948	50,343	235,605	213,707	461	213,246
Non-current Total	₩ 1,505,426	₩ 378,678	₩ 1,126,748	₩ 1,315,854	₩ 298,826	₩ 1,017,028



1811

4985



42

4986

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1122

(in thousands of US dollars (Note 4))

	2016			2015		
	Original amount (*)	Less : allowance for doubtful accounts	Carrying amount	Original amount (*)	Less : allowance for doubtful accounts	Carrying amount
Current						
Trade receivables	\$ 1,594,022	\$ 608,399	\$ 985,623	\$ 1,290,815	\$ 422,690	\$ 868,125
Other receivables						
Non-trade receivables	708,882	372,794	336,088	780,944	343,431	437,513
Accrued income	16,021	2,044	13,977	16,914	3,438	13,476
Loans	66,364	42,191	24,173	89,096	39,708	49,388
Subtotal	791,267	417,029	374,238	886,954	386,577	500,377
Current Total	\$ 2,385,289	\$ 1,025,428	\$ 1,359,861	\$ 2,177,769	\$ 809,267	\$ 1,368,502
Non-current						
Other receivables						
Long-term non-trade receivables	\$ 390,442	\$ 45,026	\$ 345,416	\$ 370,960	\$ 27,345	\$ 343,615
Long-term loans	618,642	226,662	391,980	540,998	219,544	321,454
Long-term accrued income	31	-	31	38	-	38
Deposits	236,614	41,658	194,956	176,836	381	176,455
Non-current Total	\$ 1,245,729	\$ 313,346	\$ 932,383	\$ 1,088,832	\$ 247,270	\$ 841,562

(*) Net of present value discount

(2) The aging analyses of trade and other receivables as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016			2015		
	Trade receivables	Other receivables Short-term	Other receivables Long-term (*)	Trade receivables	Other receivables Short-term	Other receivables Long-term (*)
Up to 1 year	₩ 1,041,132	₩ 297,724	₩ 146,383	₩ 675,439	₩ 360,697	₩ 226,721
1 year to 2 years	60,330	74,701	131,703	63,891	83,205	207,327
Over 2 years	53,798	46,970	651,986	268,305	135,763	307,046
Impaired	771,115	536,851	308,670	552,355	492,219	375,063
Present value discount	-	-	(19,227)	-	-	(14,010)
Total	₩ 1,926,375	₩ 956,246	₩ 1,219,515	₩ 1,559,990	₩ 1,071,884	₩ 1,102,147

(in thousands of US dollars (Note 4))

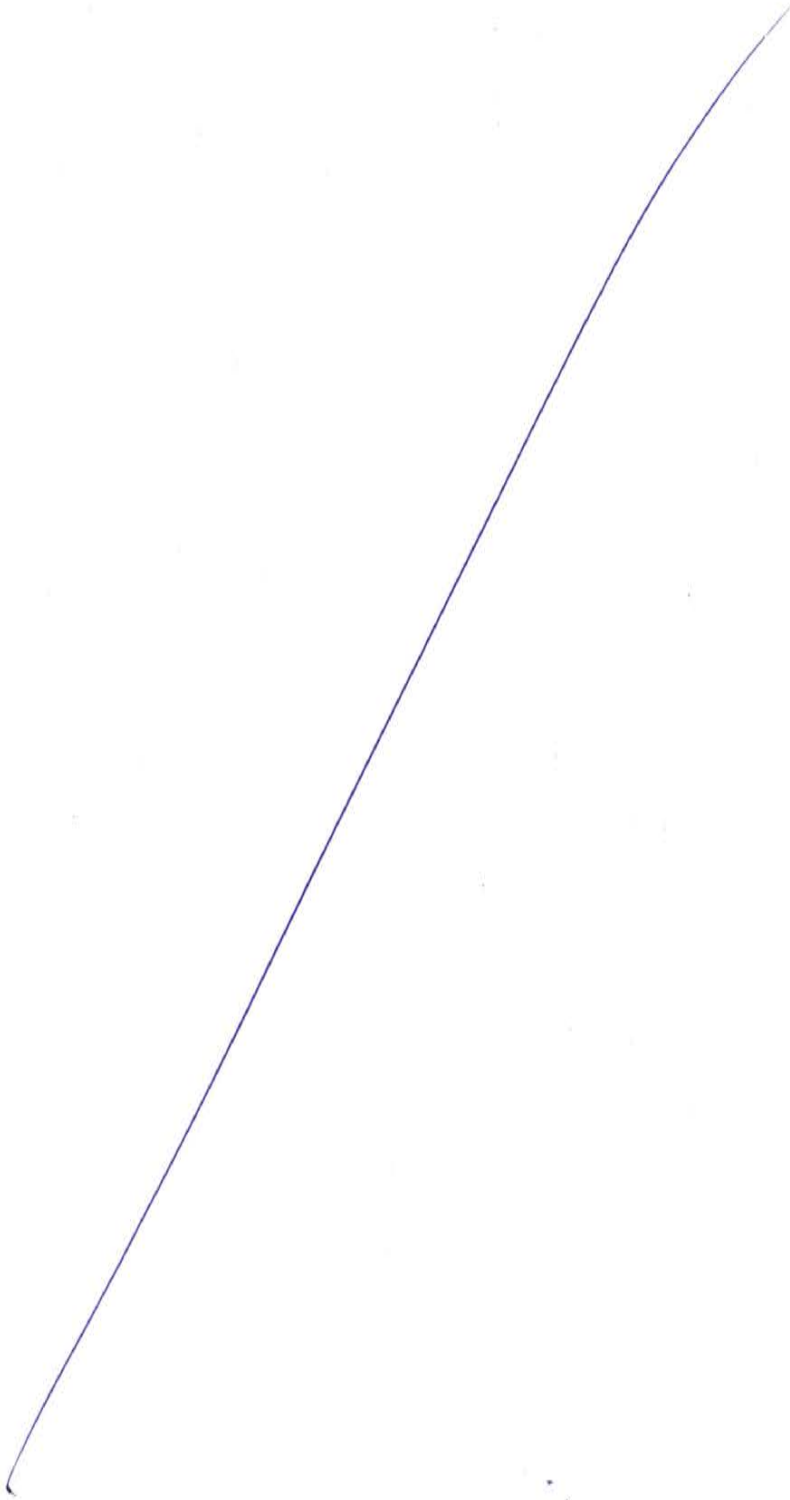
	2016			2015		
	Trade receivables	Other receivables Short-term	Other receivables Long-term (*)	Trade receivables	Other receivables Short-term	Other receivables Long-term (*)
Up to 1 year	\$ 861,508	\$ 246,358	\$ 121,128	\$ 558,907	\$ 298,467	\$ 187,605
1 year to 2 years	49,921	61,813	108,981	52,868	68,850	171,557
Over 2 years	44,517	38,867	539,500	222,015	112,340	254,073
Impaired	638,076	444,229	255,416	457,058	407,297	310,354
Present value discount	-	-	(15,910)	-	-	(11,593)
Total	\$ 1,594,022	\$ 791,267	\$ 1,009,115	\$ 1,290,848	\$ 886,954	\$ 911,996

(*) Deposits are excluded



4987

4987



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(3) Changes in the bad debts allowance for the years ended December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

	Beginning balance	Additions	Reversals	Write-off	Others(*)	Ending balance
Trade receivables	₩ 510,821	₩ 112,108	₩ (4,010)	₩ (331)	₩ 116,662	₩ 735,250
Other receivables Short-term	467,178	72,754	(7,706)	(3,418)	(24,829)	503,979
Other receivables Long-term (*)	298,826	105,432	(2,279)	(20,345)	(2,956)	378,678
Total	₩ 1,276,825	₩ 290,294	₩ (13,995)	₩ (24,094)	₩ 88,877	₩ 1,617,907

(in thousands of US dollars (Note 4))

	Beginning balance	Additions	Reversals	Write-off	Others(*)	Ending balance
Trade receivables	\$ 422,690	\$ 92,766	\$ (3,318)	\$ (274)	\$ 96,535	\$ 608,399
Other receivables Short-term	386,577	60,202	(6,376)	(2,828)	(20,546)	417,029
Other receivables Long-term (*)	247,270	87,242	(1,886)	(16,835)	(2,445)	313,346
Total	\$ 1,056,537	\$ 240,210	\$ (11,580)	\$ (19,937)	\$ 73,544	\$ 1,338,774

(*) Others consist of the decrease in receivables, reclassification between accounts and the gain (loss) on foreign exchange translation.

② 2015

(in millions of Korean won)

	Beginning balance	Additions	Reversals	Write-off	Others(*)	Ending balance
Trade receivables	₩ 437,448	₩ 7,277	₩ (21,364)	₩ (4,570)	₩ 92,030	₩ 510,821
Other receivables Short-term	430,358	23,399	(38,430)	(5,252)	57,102	467,177
Other receivables Long-term (*)	125,645	20,597	(2,807)	(333)	155,723	298,825
Total	₩ 993,451	₩ 51,273	₩ (62,601)	₩ (10,155)	₩ 304,855	₩ 1,276,823

(in thousands of US dollars (Note 4))

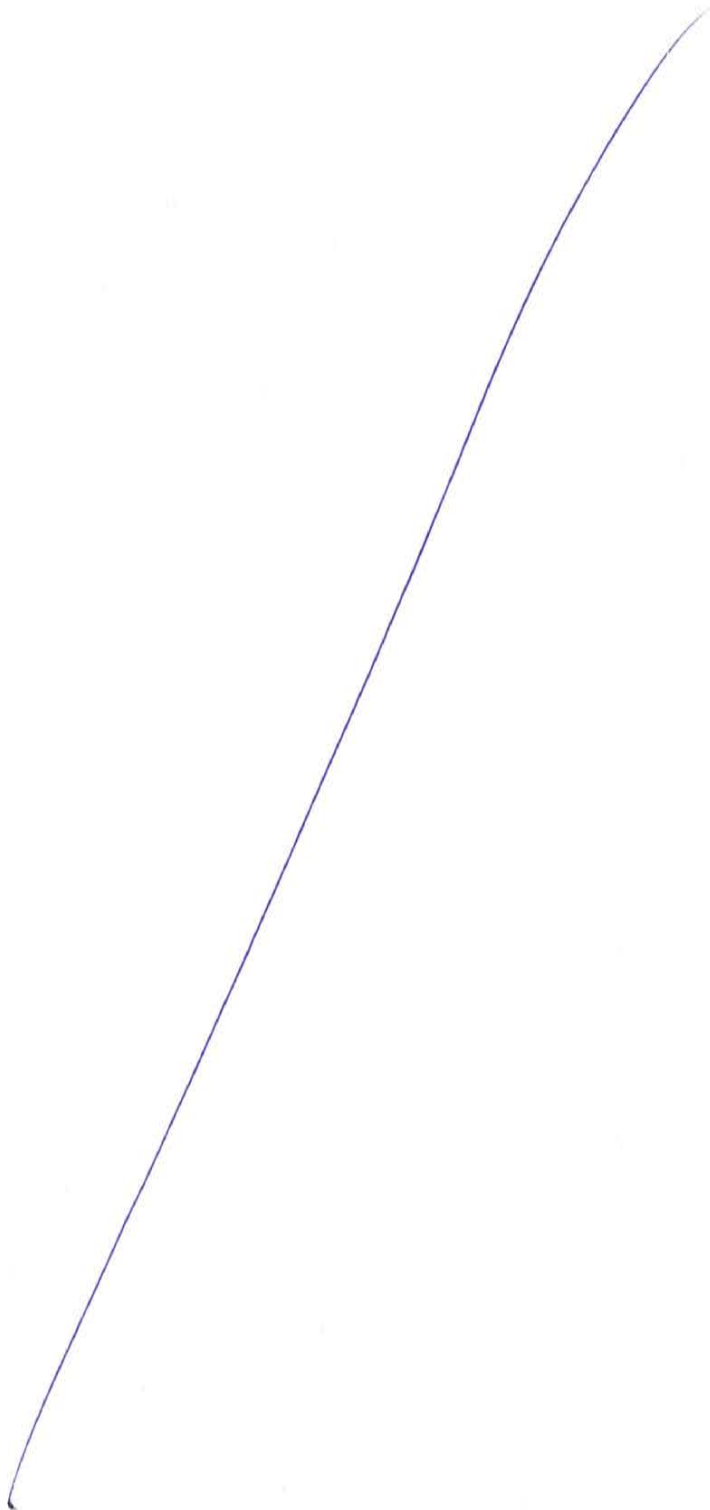
	Beginning balance	Additions	Reversals	Write-off	Others(*)	Ending balance
Trade receivables	\$ 361,976	\$ 6,022	\$ (17,678)	\$ (3,782)	\$ 76,152	\$ 422,690
Other receivables Short-term	356,109	19,362	(31,800)	(4,346)	47,250	386,575
Other receivables Long-term (*)	103,968	17,043	(2,323)	(276)	128,856	247,268
Total	\$ 822,053	\$ 42,427	\$ (51,801)	\$ (8,404)	\$ 252,258	\$ 1,056,533

(*) Others consist of the decrease in receivables, reclassification between accounts and the gain (loss) on foreign exchange translation.



1953
8111

4989



4

4

4

4

4990
1124

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

11. INVENTORIES:

Inventories as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016			2015		
	Acquisition cost	Valuation allowance	Book Value	Acquisition cost	Valuation allowance	Book Value
Land held for development	₩ 581,666	₩ -	₩ 581,666	₩ 921,271	₩ -	₩ 921,271
Unfinished construction	459,530	-	459,530	116,639	-	116,639
Finished housing	5,768	-	5,768	20,274	185	20,089
Raw materials	76,570	-	76,570	92,261	-	92,261
Supplies	18,315	-	18,315	10,074	-	10,074
Materials in transit	68,731	-	68,731	98,135	-	98,135
Temporary materials	28,494	-	28,494	34,393	-	34,393
Merchandise	322	72	250	213	70	143
Total	₩ 1,239,396	₩ 72	₩ 1,239,324	₩ 1,293,260	₩ 255	₩ 1,293,005

(in thousands of US dollars (Note 4))

	2016			2015		
	Acquisition cost	Valuation allowance	Book Value	Acquisition cost	Valuation allowance	Book Value
Land held for development	\$ 481,312	\$ -	\$ 481,312	\$ 762,326	\$ -	\$ 762,326
Unfinished construction	380,248	-	380,248	96,516	-	96,516
Finished housing	4,773	-	4,773	16,776	153	16,623
Raw materials	63,360	-	63,360	76,343	-	76,343
Supplies	15,155	-	15,155	8,336	-	8,336
Materials in transit	56,873	-	56,873	81,204	-	81,204
Temporary materials	23,578	-	23,578	28,459	-	28,459
Merchandise	267	60	207	177	58	119
Total	\$ 1,025,566	\$ 60	\$ 1,025,506	\$ 1,070,137	\$ 211	\$ 1,069,926

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS:

(1) Available-for-sale financial assets as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
	₩	US\$	₩	US\$
Government and municipal bonds(*)	4,785	12,033	3,959	9,957
Debt securities	767	938	635	776
Equity securities	296,725	309,673	245,532	256,246
Total	302,277	322,644	250,126	266,979
Less : Current portion	(1,200)	(786)	(993)	(650)
Non-current portion	₩ 301,077	₩ 321,858	\$ 249,133	\$ 266,329

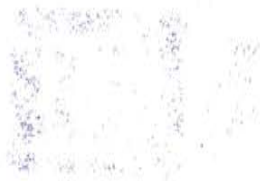
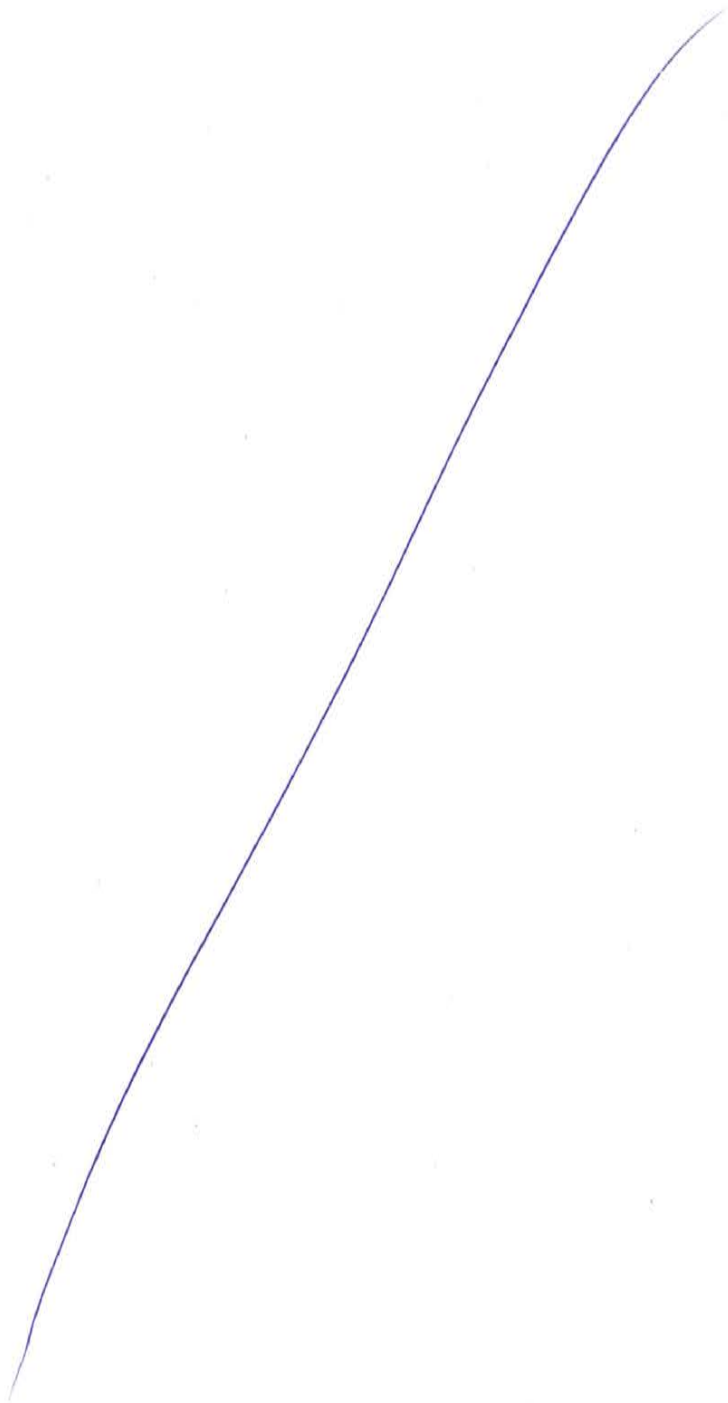
(*) The available-for-sale financial assets under current assets and non-current assets are recorded as current financial instrument assets and investment in securities, respectively.



0001 180

1811

4991



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(2) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
Beginning balance	₩	322,644	₩	355,548
Additions		74,644		126,444
Disposals		(32,098)		(148,666)
Reclassification(*1)		(6,835)		6,667
Evaluation		1,688		81
Net profit or loss reclassified from equity		5,587		(17,110)
Impairment(*2)		(63,353)		(320)
Ending balance	₩	302,277	₩	322,644

(*1) Details of reclassification of available-for-sale financial assets for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016	2015	Remarks
Kukdong Construction Co., Ltd., etc.	₩ 3,981	₩ 6,667	Reclassification from other receivables (debt for equity swap)
Seoul National University Medical Hub Co., Ltd.	69	-	Reclassification from investments in associates
POSCO Engineering Co., Ltd.	(10,885)	-	Reclassification to assets held for sale
Total	₩ (6,835)	₩ 6,667	

(in thousands of US dollars (Note 4))

	2016	2015	Remarks
Kukdong Construction Co., Ltd., etc.	\$ 3,294	\$ 5,517	Reclassification from other receivables (debt for equity swap)
Seoul National University Medical Hub Co., Ltd.	57	-	Reclassification from investments in associates
POSCO Engineering Co., Ltd.	(9,007)	-	Reclassification to assets held for sale
Total	\$ (5,656)	\$ 5,517	

(*2) Details of impairment losses on investments in securities for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016	2015	Remarks
POSCO Engineering Co., Ltd.	₩ 63,353	₩ 320	Decrease in recoverable amounts
Total	₩ 63,353	₩ 320	

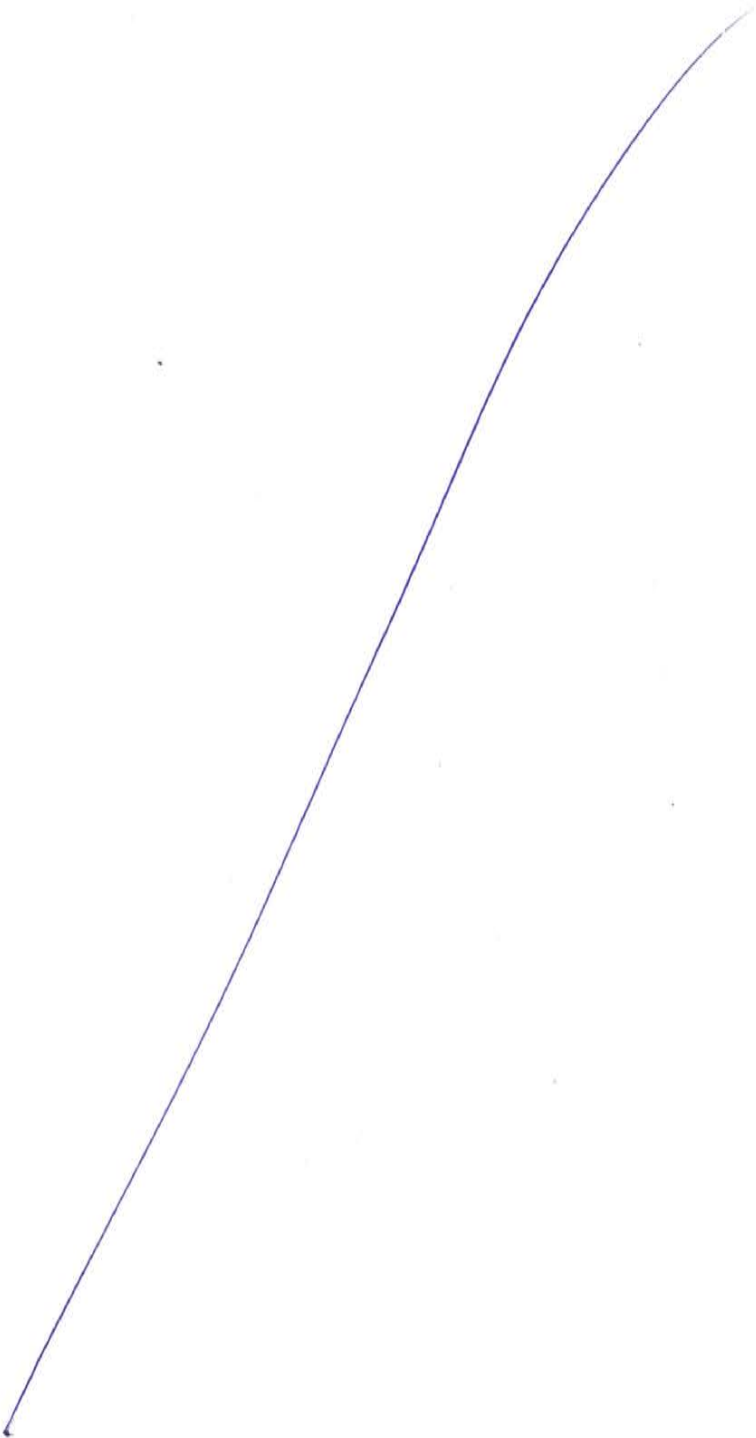
(in thousands of US dollars (Note 4))

	2016	2015	Remarks
POSCO Engineering Co., Ltd.	\$ 52,423	\$ 265	Decrease in recoverable amounts
Total	\$ 52,423	\$ 265	



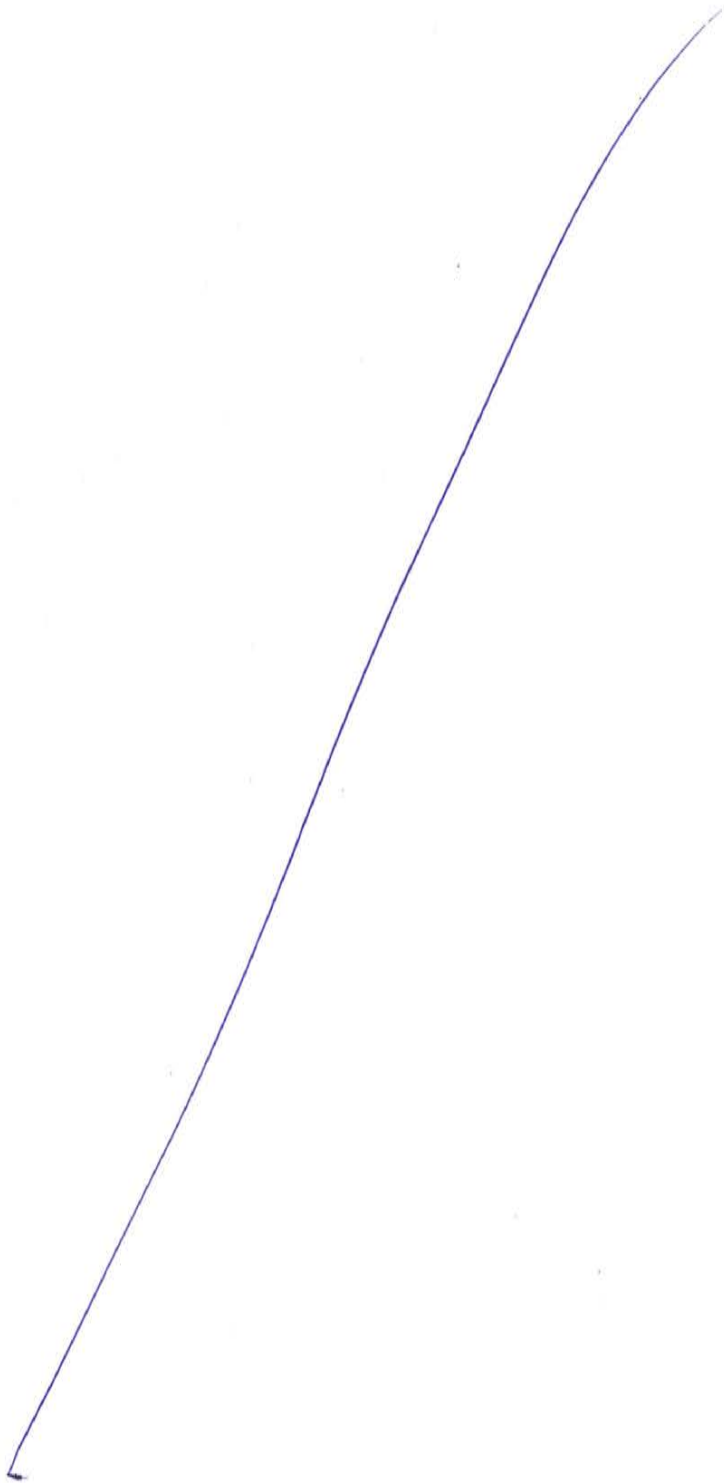
1952

4993



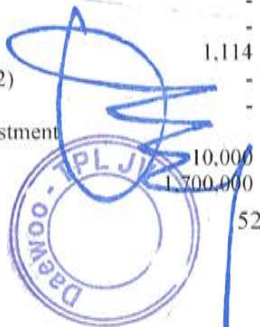
8211

4995

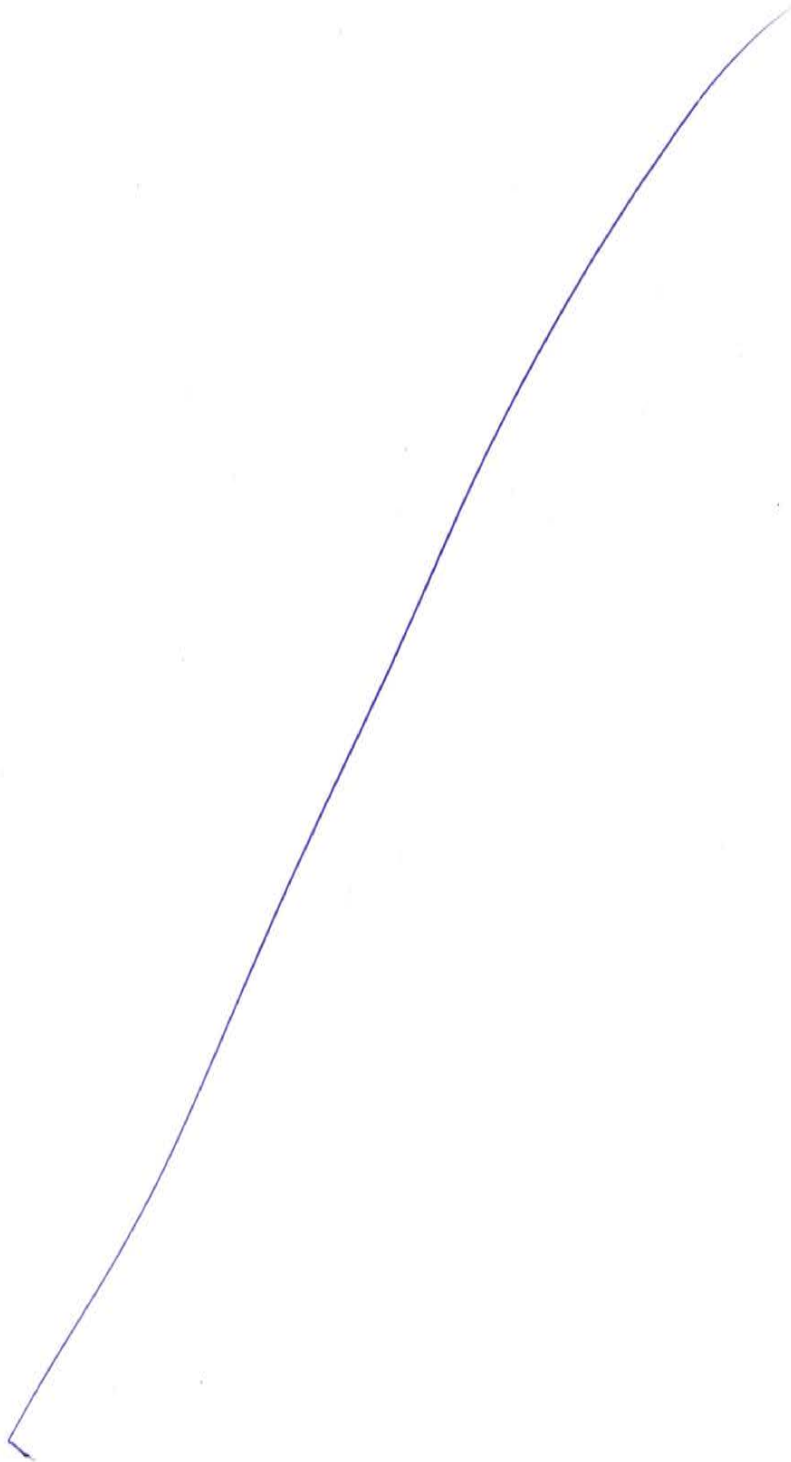


DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

	2016			2015	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Chung-Ju Technopolis Co., Ltd. (*2)	150,000	15	1,500	1,500	1,500
Pyeongtaek, South Korea and China Tech Valley Co.,Ltd.(*2)	191,000	19.10	955	1	1
Flossom Co., Ltd. (*2)	429,000	5	2,145	1	1
Econhill Development Asset Management Co., Ltd. (*2)	5,832,992	16.82	29,165	1	1
Seoul Lite Tower Co., Ltd. (*2)	2,027,431	12.66	8,457	29	29
SHINSUNG Engineering & Construction Co., Ltd. (*2)	2,642	0.02	13	13	13
KYUNGHEE Univ. Development Co., Ltd. (*2)	170	17	2	2	2
Gimpo Golden Valley 4 PFV (*2)	100,000	11.11	500	500	500
EIGHTCITY Co.,Ltd.(*2)(*4)	300,000	23.81	1,500	1	1
Songsan Industrial Complex Development (*2)	38,000	19	380	1	380
Incheon Art Center Co., Ltd. (*2)	78,000	19.50	390	390	390
HYUNJIN Co., Ltd. (*2)	2,909	0.03	15	1	15
Kukdong E&C Co., Ltd. (*2)	234,487	4.87	14,081	-	1,172
Poonglim Co., Ltd. (*2)	14,782	0.11	739	1	74
Woobang Co.,Ltd.(*2)	1,305	0.02	7	7	7
PUMYANG CONSTRUCTION Co., Ltd. (*2)	5,874	-	29	1	29
STX Construction Co., Ltd. (*2)	945	0.03	95	1	5
Woorim Construction Co., Ltd. (*2)	3,888	0.23	778	1	39
KD Construction Co., Ltd. (*2)	42,601	4.11	1,278	1	426
KOCREF SEOMYUN REITs CO., LTD. (*2)	125,000	7.69	2,500	2,500	2,500
Ssangyong Engineering & Construction Co., Ltd. (*2)	15,278	0.08	393	23	9
HAN IL Construction Co., Ltd. (*2)	7	-	1	-	-
Smart Power Co., Ltd. (*2)	108,608	7.39	54	1	1
HEEKYUNG ENGINEERING & CONSTRUCTION Co., Ltd. (*2)	-	-	14	2	2
DONGYANG ENGINEERING & CONSTRUCTION Co., Ltd. (*2)	71	-	88	-	-
DONG AH ENGINEERING & CONSTRUCTION Co., Ltd. (*2)	238,713	14.86	4,348	-	1,194
TEC Construction Co., Ltd. (*5)	-	-	-	-	183
Hangaram Construction (*2)	188	0.32	-	-	10
Korea Construction Financial Cooperative (* 3) Professional Construction Mutual Aid Association (*1)	46,013	1.22	46,620	65,979	64,851
Electronic Contractors Financial Cooperative (*2)	1,255	-	1,284	1,285	1,105
Information and Communication Financial Cooperative (*2)	500	-	112	112	112
Engineering Financial Cooperative (* 3)	567	-	81	81	81
Korea Electric Engineers Association (*2)	20,115	-	9,996	11,084	10,547
Deinse anonymous association (*2)	200	-	20	20	20
4S Structure Safety Group CooperativeI (*2)	-	-	442	442	442
Key Environment Engineering Professional COOP (*2)	5	19.23	5	5	5
GM Daewoo Auto & Technology Co., Ltd. (* 5)	50	19.61	5	5	5
KB Sosa Wonsi Railroad Project Private Special AssetsI (*2)	-	-	-	-	39
Eugene Green Housing 2nd Private Real-estate Trust (*2)	2,858	14.29	51,015	25,130	27,544
KIAMCO Road Investment Fund No. 1 (*2)	-	-	35,501	502	502
Korea Investment Private Equity Newstart investment turst (*5)	-	-	11,373	11,374	11,373
KIAMCO Gyeonggi Railroad Private Equity Investment Fund No. 1 (*2)	-	-	-	-	2,696
Ultra Construction Co., Ltd. (*2)	-	-	8,107	8,107	-
Hyodong Development Co., Ltd (*2)	-	-	95	-	-
Kyungnam Enterprise Co., Ltd. (*2)	-	-	104	1	-
Sambu Construction Co., Ltd. (*2)	-	-	663	33	-
Kooksa Industrial Complex Co., Ltd. (*2)	1,114	-	56	6	-
Namkwang Construction Co., Ltd. (*2)	-	-	60	60	-
Uiwang Changan Project Financial Investment Co., Ltd. (*2)	-	-	12	-	-
Cheonnyun Suwon (*2) (*8)	10,000	-	50	50	-
	1,700,000	-	8,800	8,500	-



4997



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

4998
1128

	2016			2015	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Dongbu Construction Co., Ltd. (*2)	-	-	490	129	-
Seoul National University Medical Hub Co., Ltd. (*7)	16,644	2	83	69	-
Samwoo EMC (*2)	-	-	2	-	-
Subtotal			₩ 469,398	₩ 296,639	₩ 309,513
Total			₩ 471,908	₩ 296,725	₩ 309,673

(in thousands of US dollars (Note 4))

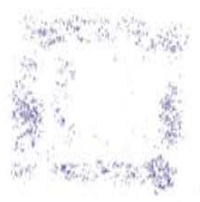
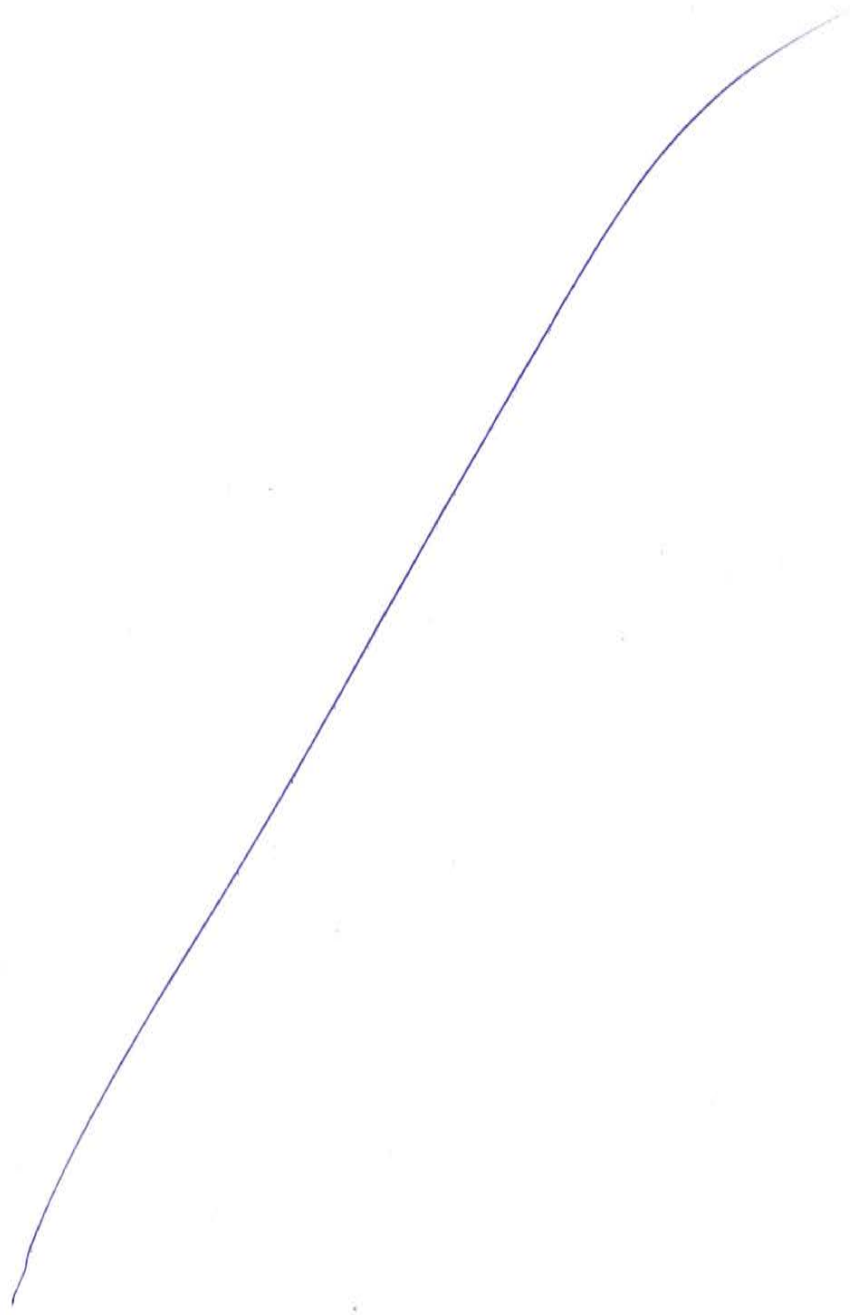
	2016			2015	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Marketable equity securities					
Pumyang Construction Co., Ltd.	3,624	0.35	\$ 1,525	\$ 40	\$ 40
Namkwang Construction Co., Ltd. (*1)	5,183	0.05	552	31	93
Sub Total			\$ 2,077	\$ 71	\$ 133
Unmarketable equity securities					
Hyundai I Park Mall (*2)	320,000	0.88	\$ 1	\$ 1	\$ 1
Jeju International Convention Center (*2)	1,089,522	3.27	3,962	3,962	3,962
Shinchon Station Building Co., Ltd. (*2)	183,000	17.94	757	1	757
UNCT Co., Ltd. (*2)	1,542,300	11.34	6,381	2,048	2,848
Eulsukdo Bridge (*2)	3,880,266	16.05	16,054	3,209	12,842
Shinbundang Railroad Co., Ltd. (*2)	4,122,000	9.71	17,054	15,535	17,054
Login Gim Hae Lespo Town Ltd (*2)	9,800	2.45	41	41	41
Green Kimhae Enviro Co., Ltd. (*2)	100,775	5	417	329	417
Chungjung Sangju Co., Ltd. (*2)	70,552	4	292	71	71
Green Asan Enviro Co., Ltd. (*2)	69,390	3.70	287	250	287
Green Yeosu Enviro Co., Ltd. (*2)	84,567	9	350	96	127
Green Dangjin Enviro Co., Ltd. (*2)	27,505	2.80	114	1	1
Green Jeju Enviro Co., Ltd. (*2)	30,626	3.01	127	1	1
Green Gusan Enviro Co., Ltd. (*2)	59,842	3.49	247	98	98
Green Ansong Enviro Co., Ltd. (*5)	-	-	-	-	6,266
UITrans LRT Co., Ltd. (*4)	3,929,985	20.31	16,974	7,798	13,974
Sangzhou Yeongcheon Expressway Co., Ltd. (*2)	4,470,750	7.50	19,801	19,801	16,424
Second Seohaean Expressway Co., Ltd. (*2)	1,224,600	4.59	5,067	5,067	5,067
Garorim Tidal Power Plant Co., Ltd. (*2)	1,294,380	13.77	5,355	1	1
Yonsei International Student Residence Hall Management Co., Ltd. (*2)	5,600	1.01	23	1	1
Seoul North Highway Co., Ltd. (*2)	6,826,400	15.23	28,243	28,243	28,243
Seoul-Moonsan Highway Co., Ltd. (*2)	1,411,047	14.40	5,838	5,721	690
Gayah Railroad Co., Ltd. (*2)	305,490	2.30	1,264	1	1
Green Han River Town Co., Ltd. (*2)	9,116	0.44	38	27	38
Erail Co., Ltd. (*2)	1,044,488	7.36	4,321	-	-
Green Jecheon Enviro Co., Ltd. (*4)	353,009	21.44	1,460	1	1
Eunpyeong Saegil Co., Ltd. (*4)	260,800	33	1,079	1,079	1,079
Ocean Culture Co., Ltd. (*2)	442,431	11.69	1,830	567	567
Ganghwa Tidal Power Plant Co., Ltd. (*4)	4,600	46	19	19	19
Chonmasan tunnel Co., Ltd. (*4)	1,944,000	36	8,044	8,043	8,043
The Green Town Co., Ltd. (*2)	124,564	12.82	516	1	1
New Seoul Railroad Co., Ltd. (*2)	384,000	10	1,589	1,589	684
Gyeonggi rail Co., Ltd. (*2)	495,000	3.69	2,048	2,048	2,048
Bugok Environment Co., Ltd. (*4)	201,400	100	833	833	833
Wonju Green Co., Ltd. (*2)	226,376	11.03	937	1	937
P-Waters Co., Ltd. (*2)	72,288	4	299	299	299
Ulsan clean environment Co., Ltd. (*2)	376,752	7.20	1,559	1,559	1,559
Neulpureun Paju-Yangju Co., Ltd. (*2)	52,662	4.62	218	1	1
Metropolitan West Highway Co., Ltd. (*2)	472,920	0.97	1,957	1,957	1,957
Neulpureun Goyang Co., Ltd. (*2)	49,885	3.62	206	1	1
Gyeryong Greenvill Co., Ltd. (*2)	5,744	0.30	24	1	1
West Inland Highway Co., Ltd. (*2)	1,000	10	4	4	4
Busan Container Terminal Co., Ltd. (*4)	3,683,050	25	16,442	16,442	6,794
West Wide Railroad Co., Ltd. (*2)	762,441	8.79	3,154	3,075	-
Techno Village Co., Ltd. (*2)	56,000	3.38	232	232	232
Daewoo Motor Co., Ltd. (* 5)	-	-	-	-	-
Kiwoom Investment Co., Ltd. (*2)	51,000	0.5	241	241	211



FORM 1158

2000

4999



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES -
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

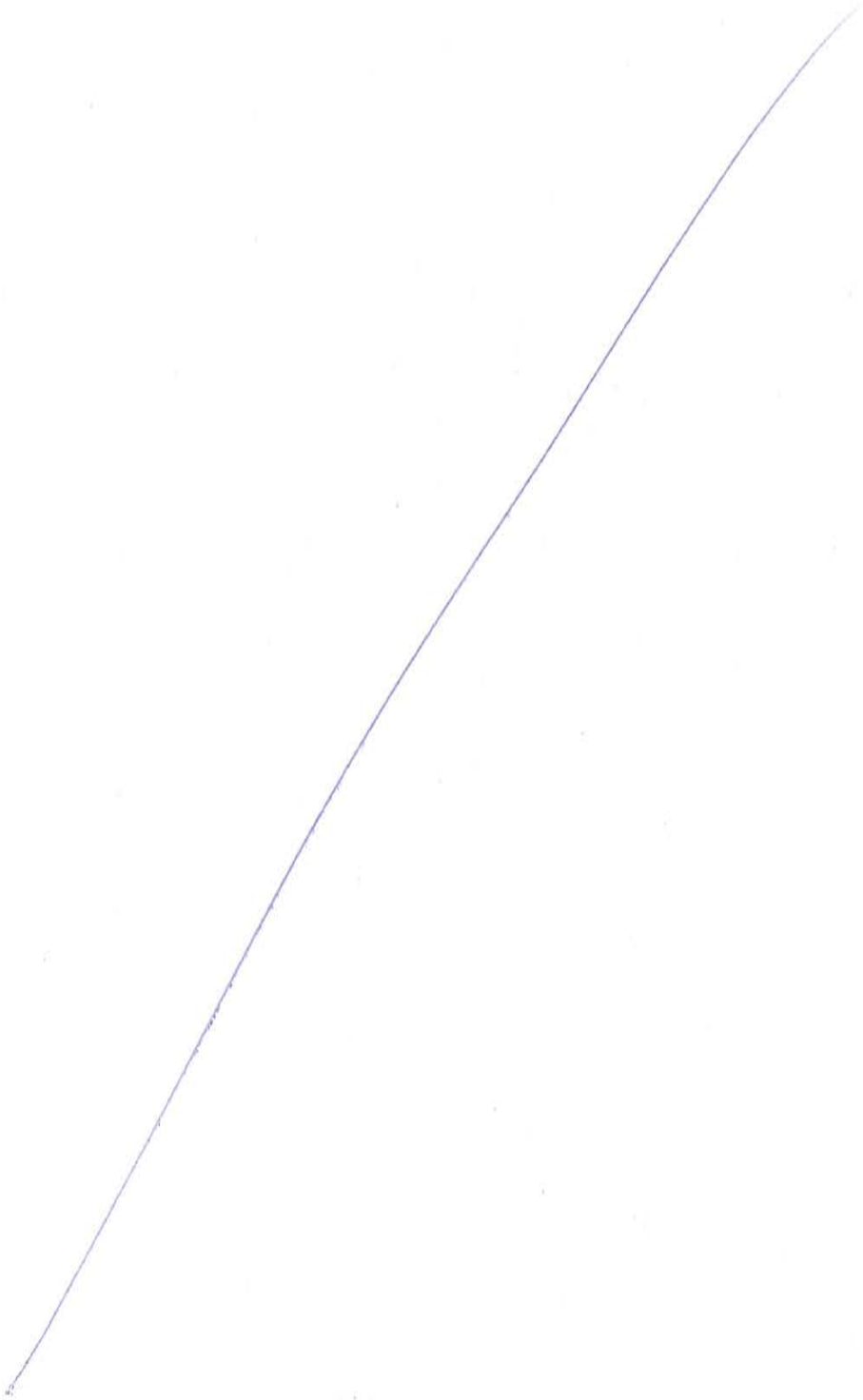
	2016			2015	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Smart City Asset Management Co., Ltd. (*2)	10,200	17	42	37	42
Smart City Co., Ltd. (*2)	1,819,625	19.24	7,528	583	909
Neotrans Co., Ltd. (*2)	2,858	14.29	12	12	12
Gwangmyeong-Station Terminal Complex Co., Ltd. (*2)	98,000	16.33	405	405	405
Arena Park Development Inc. (*5)	-	-	-	-	1
POSCO Engineering Co., Ltd. (*6)	-	-	-	-	14,505
Bichae-Nuri Development Co., Ltd. (*2)	657,800	11.50	2,722	1	1
Bichae-Nuri Co., Ltd. (*2)	11,500	11.50	48	1	1
Chung-Ju Technopolis Co., Ltd. (*2)	150,000	15	1,241	1,241	1,241
Pyeongtaek, South Korea and China Tech Valley Co., Ltd. (*2)	191,000	19.10	790	1	1
Flossom Co., Ltd. (*2)	429,000	5	1,775	1	1
Econhill Development Asset Management Co., Ltd. (*2)	5,832,992	16.82	24,133	1	1
Seoul Lite Tower Co., Ltd. (*2)	2,027,431	12.66	6,998	24	24
SHINSUNG Engineering & Construction Co., Ltd. (*2)	2,642	0.02	11	11	11
KYUNGHEE Univ. Development Co., Ltd. (*2)	170	17	2	2	2
Gimpo Golden Valley 4 PFV (*2)	100,000	11.11	414	414	414
EIGHTCITY Co., Ltd. (*2) (*4)	300,000	23.81	1,241	1	1
Songsan Industrial Complex Development (*2)	38,000	19	314	1	314
Incheon Art Center Co., Ltd. (*2)	78,000	19.50	323	323	323
HYUNJIN Co., Ltd. (*2)	2,909	0.03	12	1	12
Kukdong E&C Co., Ltd. (*2)	234,487	4.87	11,652	-	970
Poonglim Co., Ltd. (*2)	14,782	0.11	612	1	61
Woobang Co., Ltd. (*2)	1,305	0.02	6	6	6
PUMYANG CONSTRUCTION Co., Ltd. (*2)	5,874	-	24	1	24
STX Construction Co., Ltd. (*2)	945	0.03	79	1	4
Woorim Construction Co., Ltd. (*2)	3,888	0.23	644	1	32
KD Construction Co., Ltd. (*2)	42,601	4.11	1,058	1	353
KOCREF SEOMYUN REITS CO., LTD. (*2)	125,000	7.69	2,069	2,069	2,069
Ssangyong Engineering & Construction Co., Ltd. (*2)	15,278	0.08	325	19	7
HAN IL Construction Co., Ltd. (*2)	7	-	1	-	-
Smart Power Co., Ltd. (*2)	108,608	7.39	45	1	1
HEEKYUNG ENGINEERING & CONSTRUCTION Co., Ltd. (*2)	-	-	12	2	2
DONGYANG ENGINEERING & CONSTRUCTION Co., Ltd. (*2)	71	-	73	-	-
DONG AH ENGINEERING & CONSTRUCTION Co., Ltd. (*2)	238,713	14.86	3,596	-	988
TEC Construction Co., Ltd. (*5)	-	-	-	-	151
Hangaram Construction (*2)	188	0.32	-	-	8
Korea Construction Financial Cooperative (* 3)	46,013	1.22	38,575	54,596	53,661
Professional Construction Mutual Aid Association (*1)	1,255	-	1,062	1,063	914
Electronic Contractors Financial Cooperative (*2)	500	-	93	93	93
Information and Communication Financial Cooperative (*2)	567	-	67	67	67
Engineering Financial Cooperative (* 3)	20,115	-	8,271	9,172	8,727
Korea Electric Engineers Association (*2)	200	-	17	17	17
Deinse anonymous association (*2)	-	-	366	366	366
4S Structure Safety Group Cooperative I (*2)	5	19.23	4	4	4
Key Environment Engineering Professional COOP (*2)	50	19.61	4	4	4
GM Daewoo Auto & Technology Co., Ltd. (* 5)	-	-	-	-	32
KB Sosa Wonsi Railroad Project Private Special Assets I (*2)	2,858	14.29	42,213	20,794	22,792
Eugene Green Housing 2nd Private Real-estate Trust (*2)	-	-	29,376	415	415
KIAMCO Road Investment Fund No. 1 (*2)	-	-	9,411	9,412	9,411
Korea Investment Private Equity Newstart investment trust (*5)	-	-	-	-	2,230
KIAMCO Gyeonggi Railroad Private Equity Investment Fund No. 1 (*2)	-	-	6,708	6,708	-



1122

0000

5001

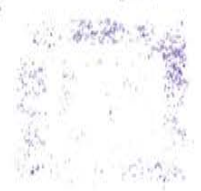
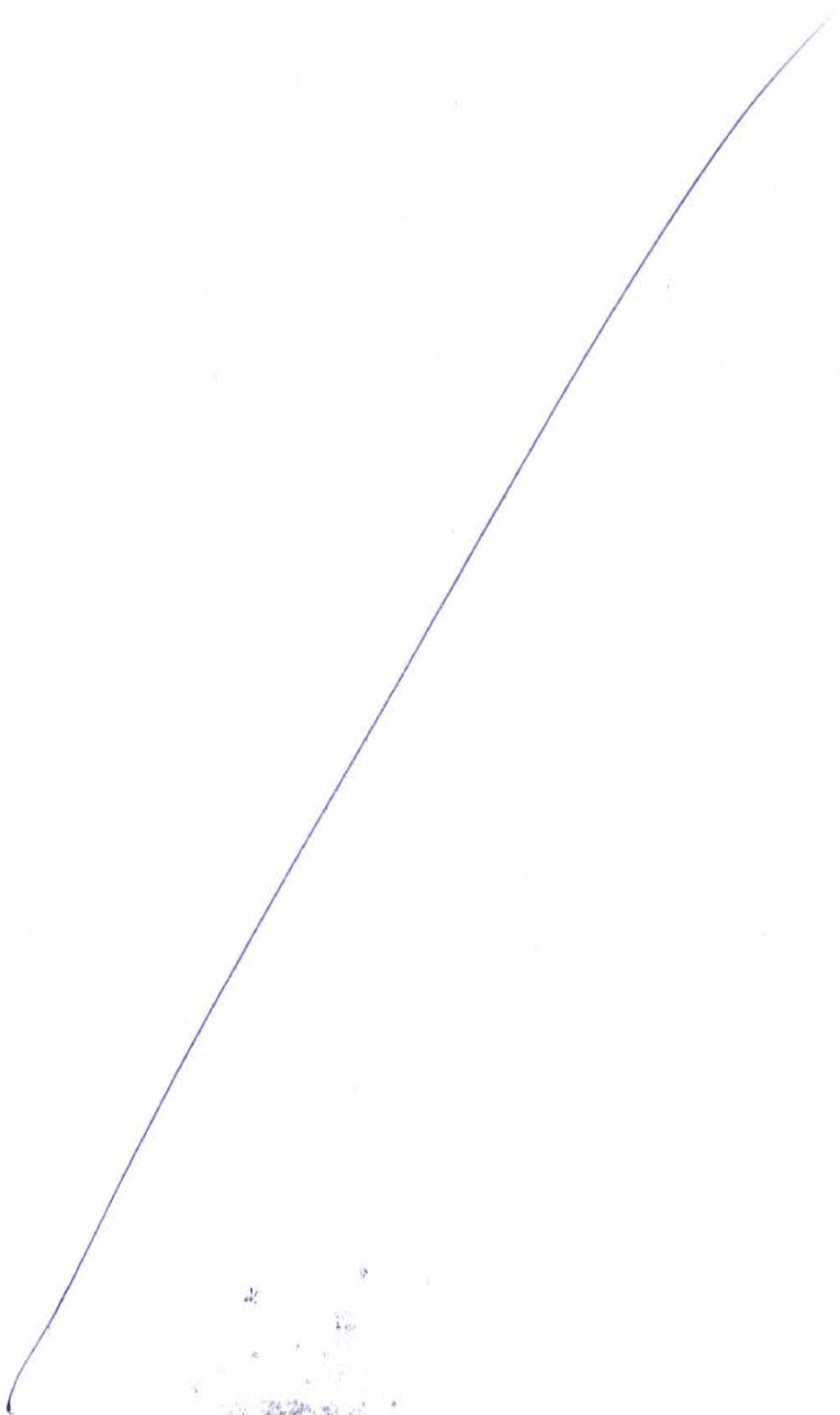


DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

	2016			2015	
	Number of shares	Percentage of ownership (%)	Acquisition Cost	Book Value	Book Value
Ultra Construction Co., Ltd. (*2)	-	-	79	-	-
Hyodong Development Co., Ltd (*2)	-	-	86	1	-
Kyungnam Enterprise Co., Ltd. (*2)	-	-	549	27	-
Sambu Construction Co., Ltd. (*2)	1,114	-	46	5	-
Kooksa Industrial Complex Co., Ltd. (*2)	-	-	50	50	-
Namkwang Construction Co., Ltd. (*2)	-	-	10	-	-
Uiwang Changan Project Financial Investment Co., Ltd. (*2)	10,000	-	41	41	-
Cheonnyun Suwon (*2) (*8)	1,700,000	85	7,034	7,034	-
Dongbu Construction Co., Ltd. (*2)	-	-	405	107	-
Seoul National University Medical Hub Co., Ltd. (*7)	16,644	2	69	57	-
Samwoo EMC (*2)	-	-	2	-	-
SubTotal			\$ 388,414	\$ 245,461	\$ 256,113
Total			\$ 390,491	\$ 245,532	\$ 256,246

- (*1) As of the end of the prior year, classified as non-marketable equity securities since trading transactions were discontinued. During current year, trading suspension was canceled and reclassified to marketable equity securities during the year.
- (*2) The unmarketable equity securities that do not have readily determinable fair values are stated at cost. However, the unmarketable equity securities, whose net offset value declined significantly and are not expected to recover, are stated at collectable amount.
- (*3) The value computed through an objective valuation model and reliable estimation based on professional judgment of an independent external appraiser is considered as its fair value.
- (*4) The ownership interest in an investee established in accordance with Private Investment Law on Social Overhead Infrastructure is treated as available-for-sale financial asset because the Group cannot exercise significant influence on investee's finance or operations.
- (*5) During current year, the entity was eliminated as it was sold to a third party or liquidated.
- (*6) During current year, the entity was reclassified to assets held for sale.
- (*7) The entity was reclassified to available-for-sale financial assets from investments in associates since the Group lost significant influence.
- (*8) Although the Group's ownership is more than half, it is classified as available-for-sale financial asset because it is considered to have no controlling power in accordance with the agreement between the stockholders.





5004 1131

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(4) Debt securities as of December 31, 2016 and 2015, are as follows:

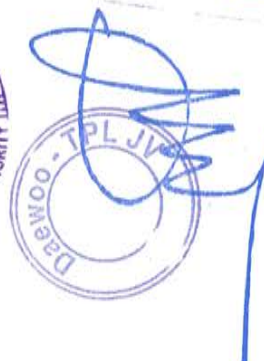
(in millions of Korean won)

		2016		2015	
		Nominal Value	Book Value	Book Value	
		Maturity			
Government bonds	National housing bonds and others	Up to 1 year	₩ 1,195	₩ 1,199	₩ 775
		1 year to 5 years	3,678	3,586	10,808
		5 years to 10 years	-	-	450
		Subtotal	₩ 4,873	₩ 4,785	₩ 12,033
Corporate bonds	Jushinbo NH 1st Securitization Specialty Co., Ltd. (*1)	Up to 1 year	₩ 1,196	₩ 1	₩ 1
	Shinbo Chaeon 1st Securitization Specialty Co., Ltd. (*1)	1 year to 5 years	510	510	936
	SACC Co., Ltd. (*1)	1 year to 5 years	200	1	1
	Namyang Construction Co., Ltd. (*1)	1 year to 5 years	255	255	-
	Subtotal	₩ 2,161	₩ 767	₩ 938	
Total		₩ 7,034	₩ 5,552	₩ 12,971	

(in thousands of US dollars (Note 4))

		2016		2015	
		Nominal Value	Book Value	Book Value	
		Maturity			
Government bonds	National housing bonds and others	Up to 1 year	\$ 989	\$ 992	\$ 641
		1 year to 5 years	3,043	2,967	8,943
		5 years to 10 years	-	-	373
		Subtotal	\$ 4,032	\$ 3,959	\$ 9,957
Corporate bonds	Jushinbo NH 1st Securitization Specialty Co., Ltd. (*1)	Up to 1 year	\$ 990	\$ 1	\$ 1
	Shinbo Chaeon 1st Securitization Specialty Co., Ltd. (*1)	1 year to 5 years	422	422	774
	SACC Co., Ltd. (*1)	1 year to 5 years	165	1	1
	Namyang Construction Co., Ltd. (*1)	1 year to 5 years	211	211	-
	Subtotal	\$ 1,788	\$ 635	\$ 776	
Total		\$ 5,820	\$ 4,594	\$ 10,733	

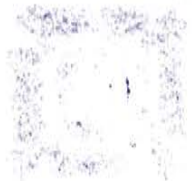
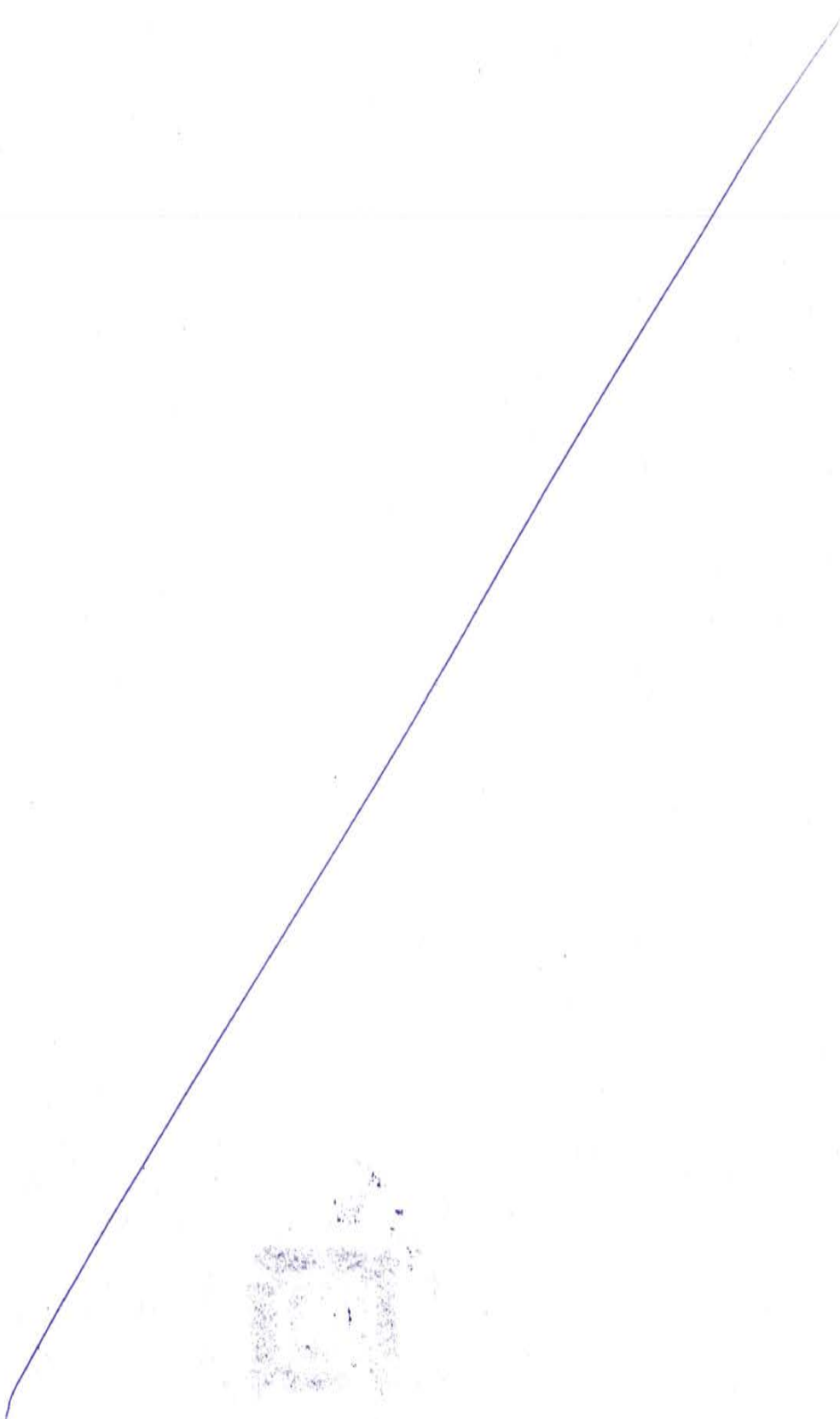
(*1) The above debt securities, which are subordinated bonds, are stated at cost because they do not have readily determinable fair value.



1811

1902

5005



5006 1132

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

13. DERIVATIVE INSTRUMENTS:

(1) The Group enters into fair value hedge and derivative instruments for trading contracts with Woori Bank and others. Changes in derivative instrument for the years ended December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

	Amount		Gain (loss) on valuation	
	Assets	Liabilities	Gain	Loss
Trading purpose Forward foreign currency contracts	₩ 55,518	₩ 30,233	₩ 194,825	₩ 157,997
Swap foreign currency contracts	11,486	-	11,489	299
Total	₩ 67,004	₩ 30,233	₩ 206,314	₩ 158,296

(in thousands of US dollars (Note 4))

	Amount		Gain (loss) on valuation	
	Assets	Liabilities	Gain	Loss
Trading purpose Forward foreign currency contracts	\$ 45,940	\$ 25,017	\$ 161,212	\$ 130,738
Swap foreign currency contracts	9,504	-	9,507	247
Total	\$ 55,444	\$ 25,017	\$ 170,719	\$ 130,985

② 2015

(in millions of Korean won)

	Amount		Gain (loss) on valuation	
	Assets	Liabilities	Gain	Loss
Trading purpose Forward foreign currency contracts	₩ 50,392	₩ 60,126	₩ 157,040	₩ 70,049
Total	₩ 50,392	₩ 60,126	₩ 157,040	₩ 70,049

(in thousands of US dollars (Note 4))

	Amount		Gain (loss) on valuation	
	Assets	Liabilities	Gain	Loss
Trading purpose Forward foreign currency contracts	\$ 41,698	\$ 49,753	\$ 129,946	\$ 57,964
Total	\$ 41,698	\$ 49,753	\$ 129,946	\$ 57,964

(2) Gain (loss) on valuation of derivatives, gain (loss) on transactions of derivatives and gain (loss) valuation of firm commitment are recognized as other income (expenses) (Note 31).

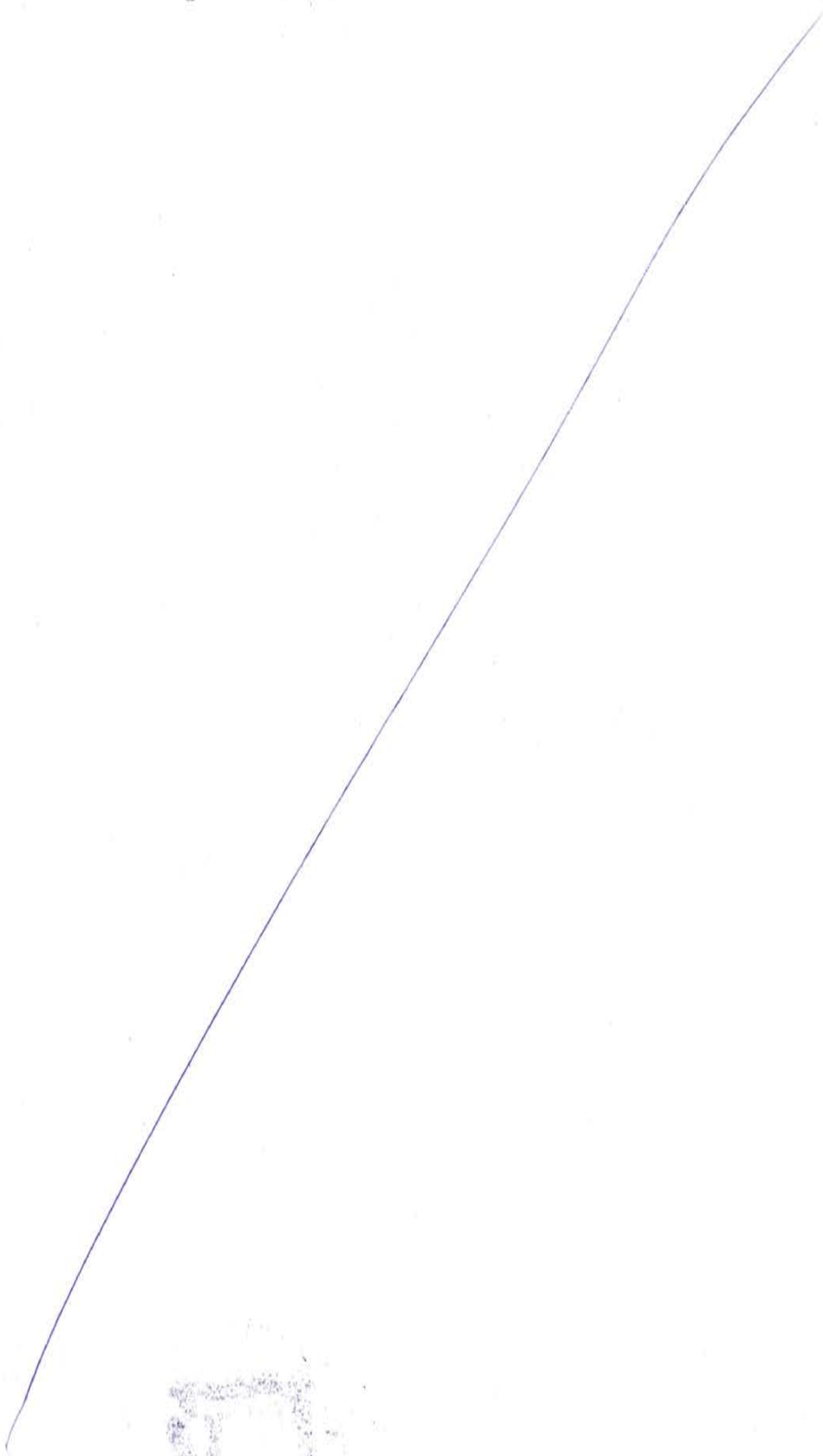
(3) The Group's derivative instruments are financial instruments at fair value through profit or loss.



1183

1007

5007



*

*



*

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

14. ASSETS HELD FOR SALE:

(1) Assets held for sale as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015		2016		2015	
Beginning balance	₩	505,375	₩	568,248	\$	418,184	\$	470,210
Increase		243,634		41,550		201,600		34,381
decrease (*1)		306,979		104,423		254,017		86,407
Ending balance (*2)	₩	442,030	₩	505,375	\$	365,767	\$	418,184

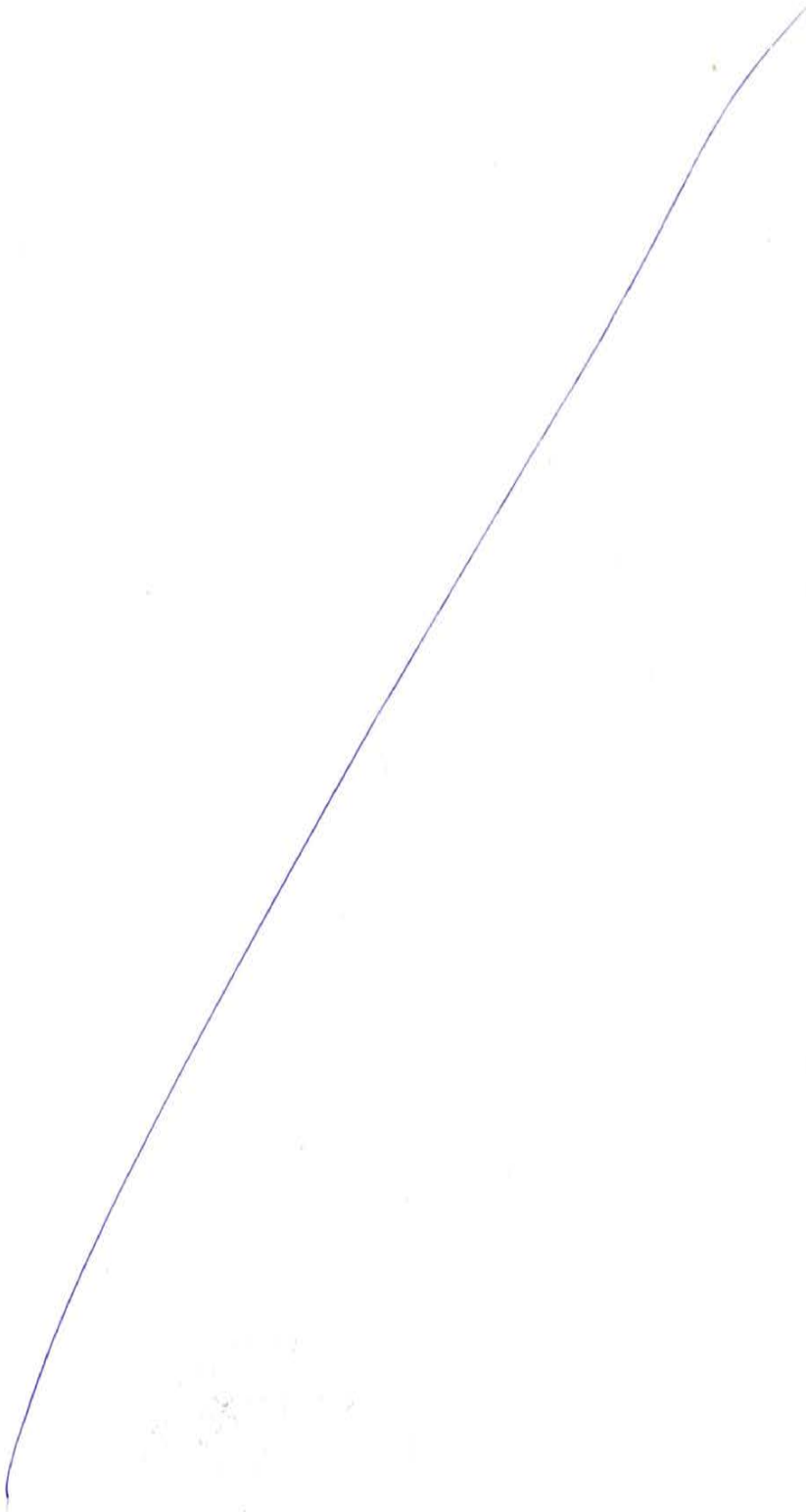
(*1) In relation to the disposal of assets held for sale, the Group recognized ₩ 8,778 million, equivalent to US \$ 7,264 thousand (2015: ₩ 7,532 million, equivalent to US \$ 6,233 thousand) of gain on disposal of assets held for sale, and ₩ 1,365 million, equivalent to US \$ 1,129 thousand (2015: ₩ 747 million, equivalent to US \$ 618 thousand) of loss on disposal of assets held for sale as other income and expenses, respectively, for the year ended December 31, 2016 (Note 31).

(*2) Consists of real estate held for sale amounting to ₩ 400,930 million, equivalent to US \$ 331,758 thousand (2015: ₩ 503,004 million, equivalent to US \$ 416,222 thousand), securities held for sale ₩ 41,100 million, US \$ 34,009 thousand (2015: ₩ 2,371 million, equivalent to US \$ 1,962 thousand) as of December 31, 2016.

(2) In relation to the recovery and decline of fair value against book value of assets held for sale for the year ended December 31, 2016, impairment losses on assets held for sale of ₩ 23,988 million, equivalent to US \$ 19,849 thousand (2015: ₩ 16,622 million, equivalent to US \$ 13,754 thousand) and impairment reversal on assets held for sale of ₩ 3,498 million, equivalent to US \$ 2,894 thousand, were recognized as other income and expenses (Note 31).



5009



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

15. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES:

(1) Investments in associates as of December 31, 2016 and 2015, are as follows:

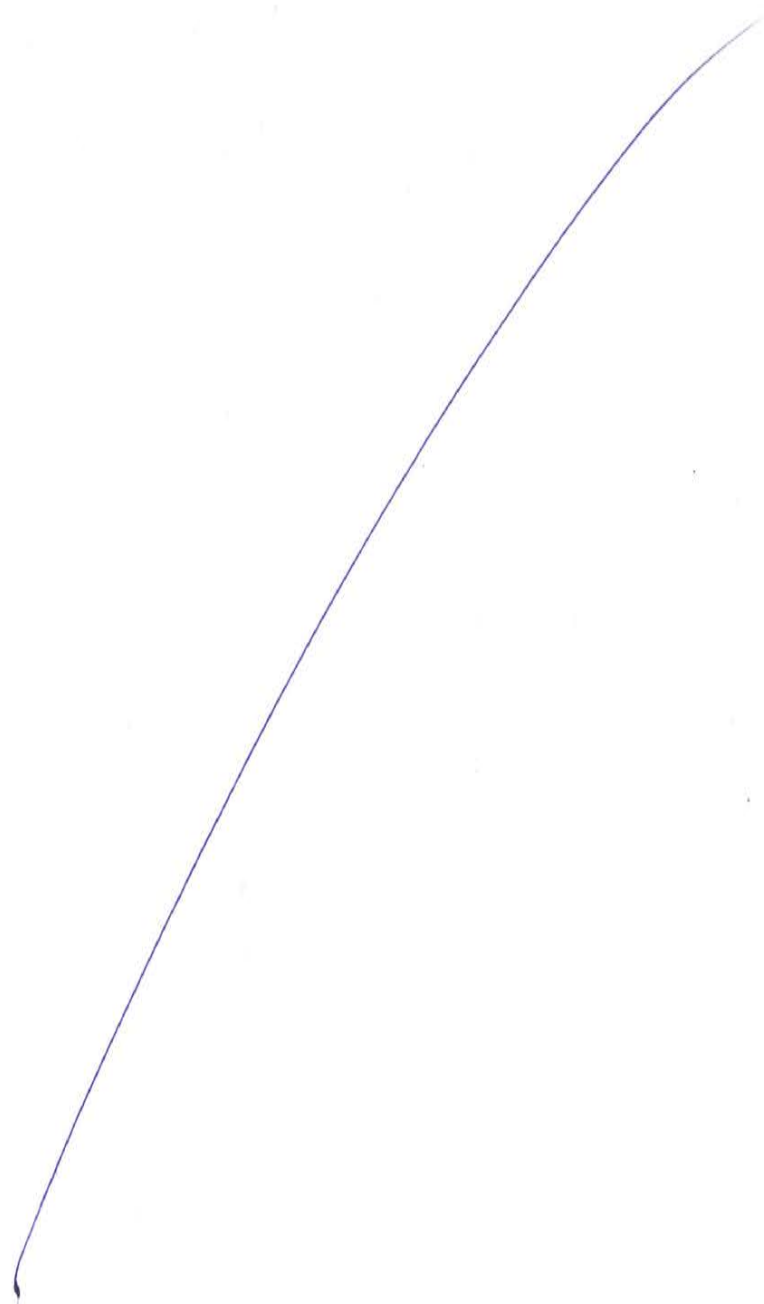
(in millions of Korean won)

	Location	Yearend	Percentage of ownership (%)	2016		2015	
				Acquisition cost	Net offset value	Book Value	Book Value
Investments accounted for under the equity method							
BEIJING LUFTHANSA CENTER CO.	China	12	25	₩ 27,194	₩ 23,331	₩ 23,331	₩ 24,416
DW POWER(INDIA) LTD.(*4)	India	12	50	2,440	924	1	969
KDS Hydro Pte.Ltd(*5)	Singapore	12	20	24,643	32,552	32,552	24,585
Hanam Marbling City Development Co., LTD.	Korea	12	44	2,200	(11,726)	1	-
SEOULUNIVERSITYMEDIC ALHUB Co.,Ltd (*7)	Korea	12	2	-	-	-	19
Ansan Laketown PFV Co., Ltd. (*1)	Korea	12	47.40	-	-	-	17,501
Gyeongsan knowledge industry development Co., Ltd.	Korea	12	29	1,450	(2,447)	1	-
Yulchon 2 Industrial Complex Development Inc.	Korea	12	40	1,600	1,304	1,304	1,306
Jinwi 3 Industrial Complex Development Inc.	Korea	12	20	1,000	285	285	239
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	Korea	12	42	81,800	79,810	28,490	42,950
Dongtan 2 Daewoo Corporation Real Estate Investment Company	Korea	12	30	22,500	18,737	18,737	22,491
Pyeongsung Industry Co., Ltd.	Korea	12	27	1,350	1,255	1,255	1,343
Pyeongsung Industrial Asset Management Co., Ltd. (*3)	Korea	12	70	70	70	70	70
Gyeongnam Masan Robotland Co., Ltd.	Korea	12	25	918	125	125	918
Changwon Innovation Industrial Development Co., Ltd. PFV (*2)	Korea	12	29	1,450	1,235	1,234	-
GWIC Co., Ltd.(*2)	Korea	12	20	60	(15)	1	-
Yangju Station Area Development Project (*2)	Korea	12	22	1,100	942	942	-
Myeong-dong urban environment maintenance business	Korea	12	44	1	1,008	1,008	1
Subtotal				₩ 169,776	₩ 147,390	₩ 109,337	₩ 136,808
Investments not accounted for under the equity method (*6)							
Skyland Co., Ltd.	Korea	12	25	₩ 1	₩ (44,735)	₩ 1	₩ 1
Skyland Asset Management Co., Ltd.	Korea	12	25	13	(14)	13	13
Cheongju Technopolis Asset Management Co., Ltd.	Korea	12	35	105	18,165	105	105
Econil Asset Management Co., Ltd.	Korea	12	29.40	146	367	1	1
The Uni-Star Co., Ltd.	Korea	12	33	1	(44,475)	1	1
Ansan Lake Town PFV (* 1)	Korea	12	47.40	-	-	-	142
Hanam Marble City Co., Ltd.	Korea	12	44	44	37	44	44
S-ACC Co., Ltd.	Korea	12	27.30	300	-	1	1
Gyeongnam Masan Robot Land Asset Management Co., Ltd.	Korea	12	25	55	143	55	55
Changwon Innovation Industrial Development Asset Management (*2) (*3)	Korea	12	80	240	240	240	-
UNION DW ENG & CON LTD.	Thailand	12	40	1	-	-	-
MEGAWORLD-DW CO.	Philippines	12	40	1	-	-	1



118 0707

5011

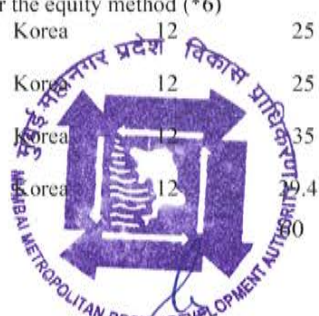


DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

	Location	Yearend	Percentage of ownership (%)	2016		2015	
				Acquisition cost	Net offset value	Book Value	Book Value
GULF ENG.CONST. & CONTRACT	Libya	12	49	31,225	-	1	1
Daewoo Arabia Ltd.(*3)	Saudi Arabia	12	60	-	-	-	-
Daewoo Nigeria Ltd.(*3)	Nigeria	12	90	1	-	1	1
Daewoo-Hannel Corp.(*3)	Vietnam	12	60	-	-	-	-
DAEWOO E & C IRAN(*3)	Iran	12	100	-	-	-	-
V-CITY 21 JOINT STOCK COMPANY(*4)	Vietnam	12	40	48	18	1	48
Daewoo E&C LLC(*3)(*4)	Oman	12	70	510	-	1	510
Subtotal				₩ 32,690	₩ (70,254)	₩ 466	₩ 924
Total				₩ 202,466	₩ 77,136	₩ 109,803	₩ 137,732

(in thousands of US dollars (Note 4))

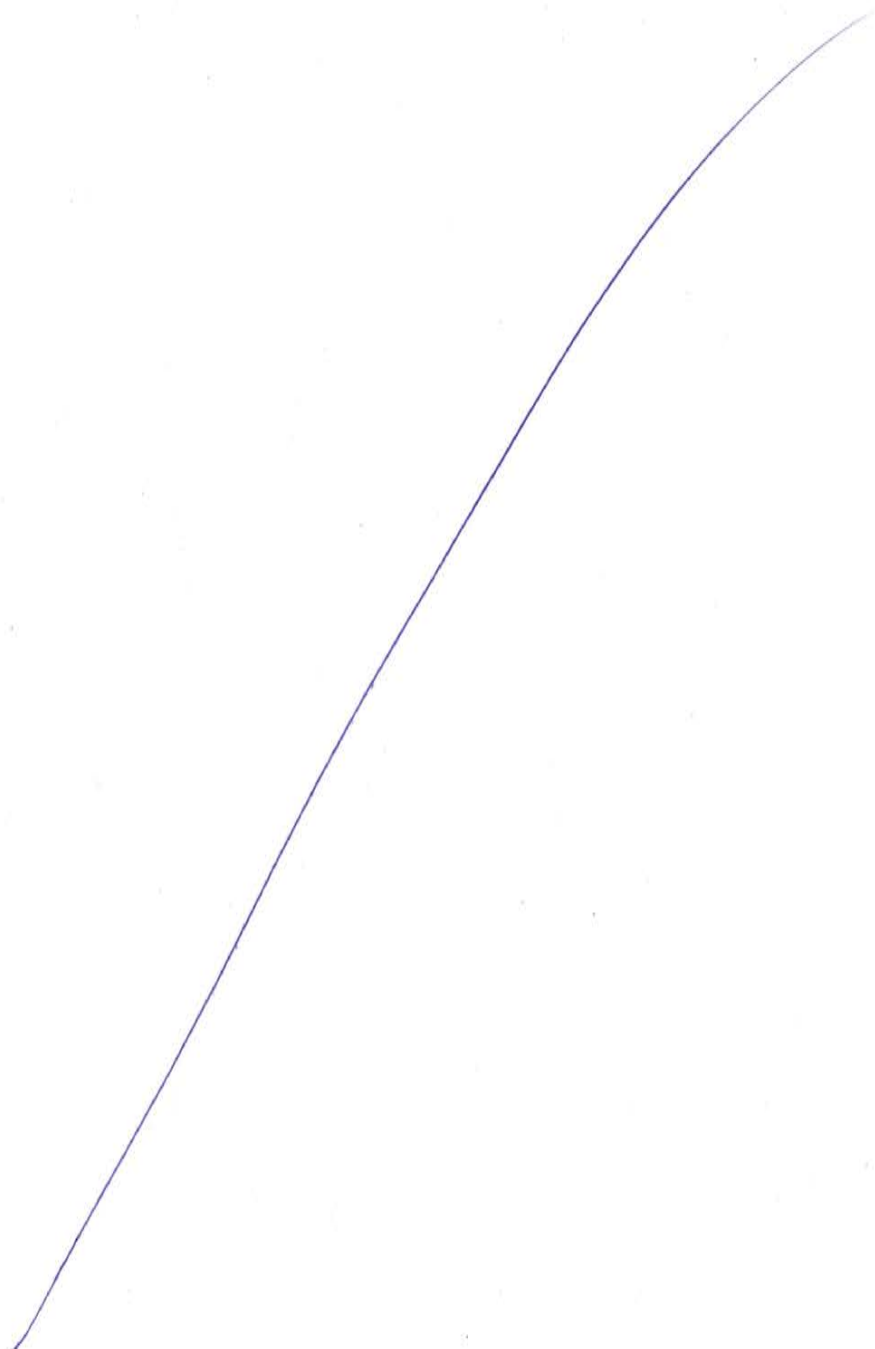
	Location	Yearend	Percentage of ownership (%)	2016		2015	
				Acquisition cost	Net offset value	Book Value	Book Value
Investments accounted for under the equity method							
BEIJING LUFTHANSA CENTER CO.	China	12	25	\$ 22,502	\$ 19,306	\$ 19,306	\$ 20,204
DW POWER(INDIA) LTD.(*4)	India	12	50	2,019	765	1	802
KDS Hydro Pte.Ltd.(*5)	Singapore	12	20	20,391	26,936	26,936	20,343
Hanam Marbling City Development Co., LTD.	Korea	12	44	1,820	(9,703)	1	-
SEOULUNIVERSITYMEDICAL HUB Co.,Ltd (*7)	Korea	12	2	-	-	-	16
Ansan Laketown PFV Co., Ltd. (*1)	Korea	12	47.40	-	-	-	14,481
Gyeongsan knowledge industry development Co., Ltd.	Korea	12	29	1,200	(2,025)	1	-
Yulchon 2 Industrial Complex Development Inc.	Korea	12	40	1,324	1,079	1,079	1,081
Jinwi 3 Industrial Complex Development Inc.	Korea	12	20	827	236	236	198
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	Korea	12	42	67,688	66,041	23,573	35,538
Dongtan 2 Daewoo Corporation Real Estate Investment Company	Korea	12	30	18,618	15,504	15,504	18,611
Pyeongsung Industry Co., Ltd.	Korea	12	27	1,117	1,038	1,038	1,111
Pyeongsung Industrial Asset Management Co., Ltd. (*3)	Korea	12	70	58	58	58	58
Gyeongnam Masan Robotland Co., Ltd.	Korea	12	25	760	103	103	760
Changwon Innovation Industrial Development Co., Ltd. PFV (*2)	Korea	12	29	1,200	1,022	1,021	-
GWIC Co., Ltd.(*2)	Korea	12	20	50	(12)	1	-
Yangju Station Area Development Project (*2)	Korea	12	22	910	779	779	-
Myeong-dong urban environment maintenance business	Korea	12	44	1	834	834	1
Subtotal				\$ 140,485	\$ 121,961	\$ 90,471	\$ 113,204
Investments not accounted for under the equity method (*6)							
Skyland Co., Ltd.	Korea	12	25	\$ 1	\$ (37,017)	\$ 1	\$ 1
Skyland Asset Management Co., Ltd.	Korea	12	25	11	(12)	11	11
Cheongju Technopolis Asset Management Co., Ltd.	Korea	12	35	87	15,031	87	87
Econil Asset Management Co., Ltd.	Korea	12	40	121	304	121	304



1132

5105

5013



5014 1136

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

	Location	Yearend	Percentage of ownership (%)	2016		2015	
				Acquisition cost	Net offset value	Book Value	Book Value
The Uni-Star Co., Ltd.	Korea	12	33	1	(36,802)	1	1
Ansan Lake Town P+V (* 1)	Korea	12	47.40	-	-	-	116
Hanam Marble City Co., Ltd.	Korea	12	44	36	31	36	36
S-ACC Co., Ltd.	Korea	12	27.30	248	-	1	1
Gyeongnam Masan Robot Land Asset Management Co., Ltd.	Korea	12	25	46	118	46	46
Changwon Innovation Industrial Development Asset Management (*2) (*3)	Korea	12	80	199	199	199	-
UNION DW ENG & CON LTD.	Thailand	12	49	-	-	-	-
MEGAWORLD-DW CO. GULF ENG.CONST. & CONTRACT	Philippines	12	40	1	-	1	1
Daewoo Arabia Ltd.(*3)	Libya	12	49	25,836	-	1	1
Daewoo Nigeria Ltd.(*3)	Saudi Arabia	12	60	-	-	-	-
Daewoo-Hannel Corp.(*3)	Nigeria	12	90	1	-	1	1
DAEWOO E & C IRAN(*3)	Vietnam	12	60	-	-	-	-
V-CITY 21 JOINT STOCK COMPANY(*4)	Iran	12	100	-	-	-	-
Daewoo E&C LLC(*3)(*4)	Vietnam	12	40	40	15	1	40
	Oman	12	70	422	-	1	422
	Subtotal			\$ 27,050	\$ (58,133)	\$ 388	\$ 765
	Total			\$ 167,535	\$ 63,828	\$ 90,859	\$ 113,969

- (*1) The entity has been liquidated and excluded from the investments in associates during the current year.
(*2) Classified to investments in associates since the Group acquired 20% of stocks issued during the current year.
(*3) Although the Group's ownership exceeds 50%, they are classified as investments in associates since the investees do not perform substantive operating activities and the impact on the financial statements of the Group is not material.
(*4) The Group recognized impairment losses during the current year.
(*5) The entity had a paid-in capital increase during the current period.
(*6) The equity method was not applied because the equity change of the investment Group to the investee is not significant. However, the unmarketable equity securities, whose net offset value declined significantly and are not expected to recover, are stated at collectable amount.
(*7) The entity was reclassified to available-for-sale financial assets from investments in associates since the Group lost significant influence.

(2) Changes in the investments in associates for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
	₩	W	\$	\$
Beginning balance	137,732	54,003	113,969	44,686
Acquisition	6,186	30,359	5,119	25,121
Others(*)	(69)	80,184	(57)	66,350
Share of profit	(5,906)	(19,119)	(4,887)	(15,821)
Impairment	(570)	-	(472)	-
Share of other comprehensive income (loss)	2,254	(162)	1,865	(134)
Dividends	(7,632)	(7,533)	(6,315)	(6,233)
Disposal	(22,192)	-	(18,363)	-
Ending balance	₩ 109,803	₩ 137,732	\$ 90,859	\$ 113,969

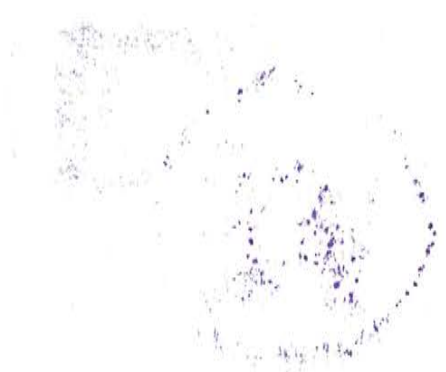
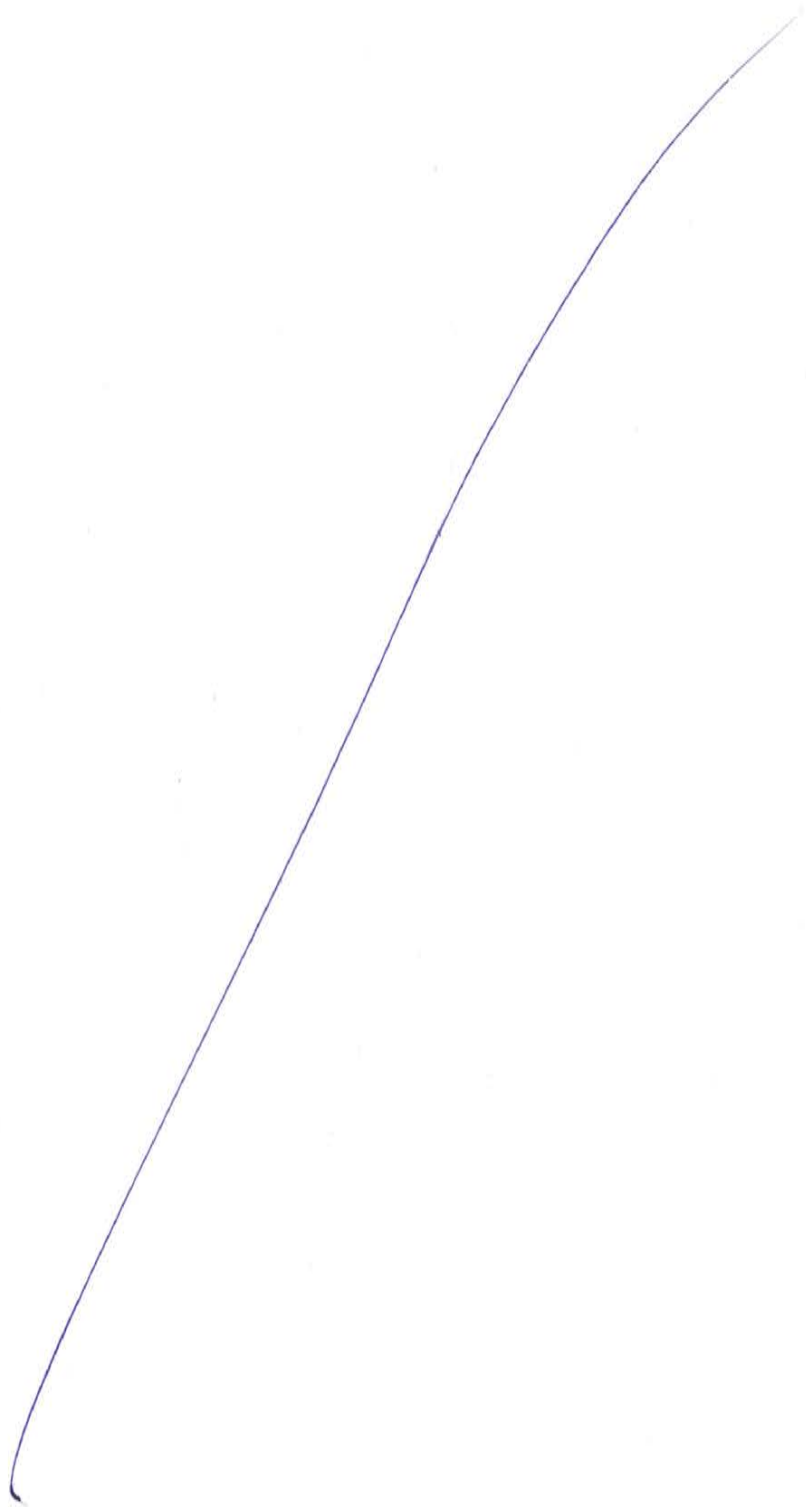
(*) Consists of transfer to investments in securities.



0211

3500A

5015

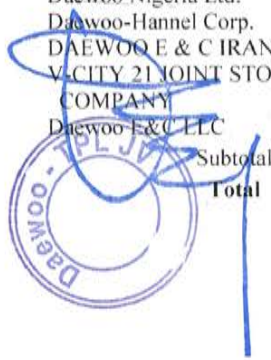


DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(3) Details of changes in carrying amount of equity method investments for the year ended December 31, 2016, is as follows:

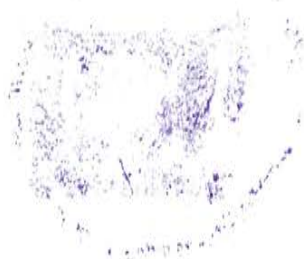
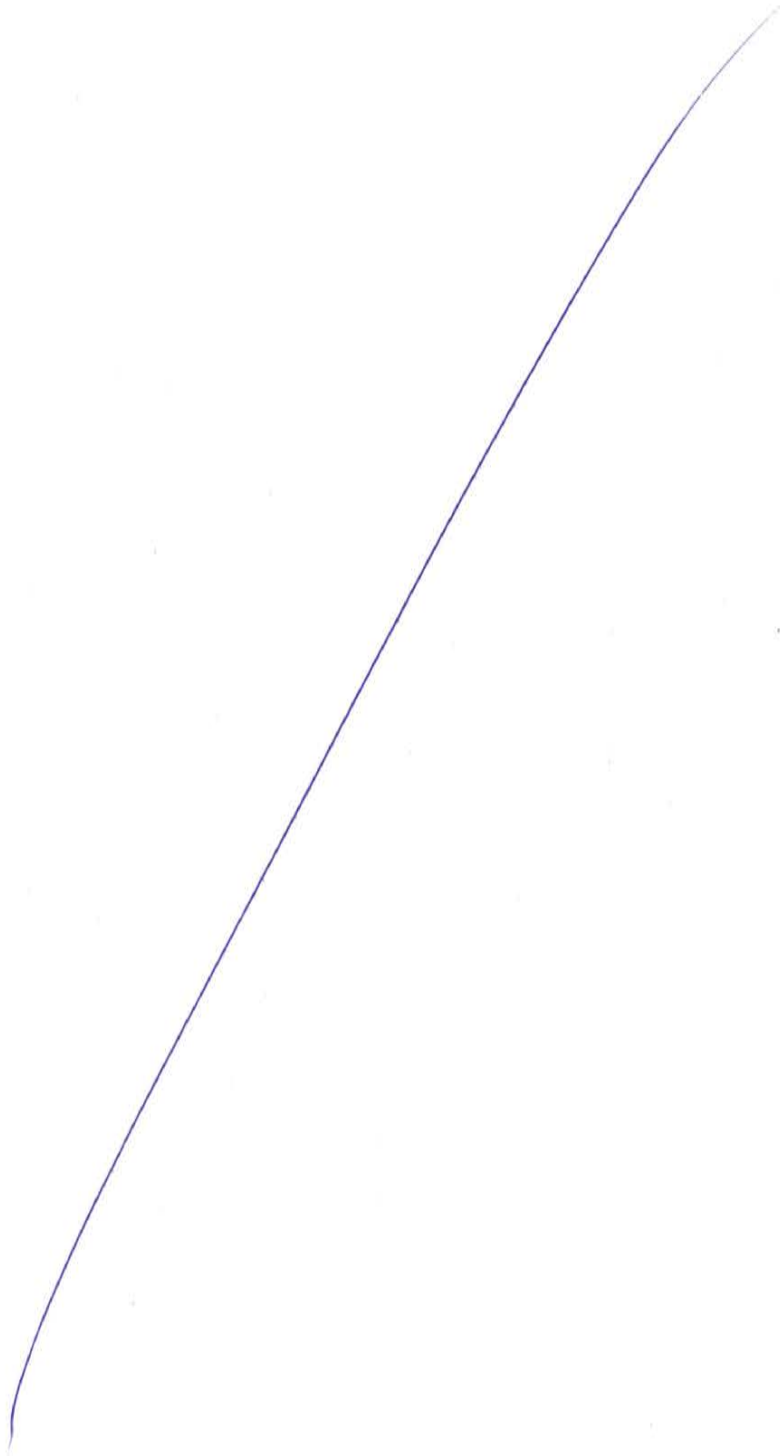
(in millions of Korean won)

	Beginning	Acquisition (Disposal)	Share in profit of associates	Share in other compre- hensive income of associates	Dividends	Impairment	Ending
Investments accounted for under the equity method(*)							
BEIJING LUFTHANSA CENTER CO.	₩ 24,416	₩ -	₩ 7,031	₩ (484)	₩ (7,632)	₩ -	₩ 23,331
DW POWER(INDIA) LTD.	970	-	(1,716)	747	-	-	1
KDS Hydro Pte.Ltd	24,585	3,268	2,728	1,971	-	-	32,552
Ansan Laketown PFV Co., Ltd.	17,501	(22,050)	4,536	13	-	-	-
Hanam Marbling City Development Co., LTD.	-	-	1	-	-	-	1
Gyeongsan knowledge industry development Co., Ltd.	-	-	1	-	-	-	1
Yulchon 2 Industrial Complex Development Inc.	1,306	-	(2)	-	-	-	1,304
Jinwi 3 Industrial Complex Development Inc.	240	-	45	-	-	-	285
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	19	-	(5)	-	-	(14)	-
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	42,950	-	(14,460)	-	-	-	28,490
Dongtan 2 Daewoo Corporation Real Estate Investment Company	22,491	-	(3,754)	-	-	-	18,737
Pyeongsung Industry Co., Ltd.	1,343	-	(95)	7	-	-	1,255
Pyeongsung Industrial Asset Management Co., Ltd.	69	-	1	-	-	-	70
Gyeongnam Masan Robotland Co., Ltd.	918	-	(793)	-	-	-	125
Changwon Innovation Industrial Development Co., Ltd. PFV	-	1,450	(216)	-	-	-	1,234
GWIC Co., Ltd.	-	60	(59)	-	-	-	1
Yangju Station Area Development Project Myeong-dong urban environment maintenance business	1	1,100	(158)	-	-	-	942
Subtotal	₩ 136,809	₩ (16,172)	₩ (5,908)	₩ 2,254	₩ (7,632)	₩ (14)	₩ 109,337
Investments not accounted for under the equity method							
Skyland Co., Ltd.	₩ 1	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1
Skyland Asset Management Co., Ltd.	13	-	-	-	-	-	13
Cheongju Technopolis Asset Management Co., Ltd.	105	-	-	-	-	-	105
Econil Asset Management Co., Ltd.	1	-	-	-	-	-	1
The Uni-Star Co., Ltd.	1	-	-	-	-	-	1
Ansan Lake Town PFV	142	(142)	-	-	-	-	-
Hanam Marble City Co., Ltd.	44	-	-	-	-	-	44
S-ACC Co., Ltd.	1	-	-	-	-	-	1
Gyeongnam Masan Robot Land Asset Management Co., Ltd.	55	-	-	-	-	-	55
Changwon Innovation Industrial Development Asset Management	-	240	-	-	-	-	240
UNION DW ENG & CON LTD.	-	-	-	-	-	-	-
MEGAWORLD-DW CO.	1	-	-	-	-	-	1
GULF ENG.CONST. & CONTRACT	1	-	-	-	-	-	1
Daewoo Arabia Ltd.	-	-	-	-	-	-	-
Daewoo Nigeria Ltd.	1	-	-	-	-	-	1
Daewoo-Hannel Corp.	-	-	-	-	-	-	-
DAEWOO E & C IRAN	-	-	-	-	-	-	-
V-CITY 21 JOINT STOCK COMPANY	48	-	-	-	-	(47)	1
Daewoo E&C LLC	510	-	-	-	-	(509)	1
Subtotal	₩ 931	₩ 98	₩ -	₩ -	₩ -	₩ (556)	₩ 466
Total	₩ 137,740	₩ (16,074)	₩ (5,908)	₩ 2,254	₩ (7,632)	₩ (570)	₩ 109,803



1811 14081 -2-

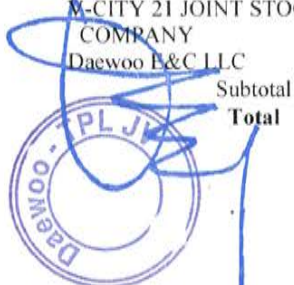
5017



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

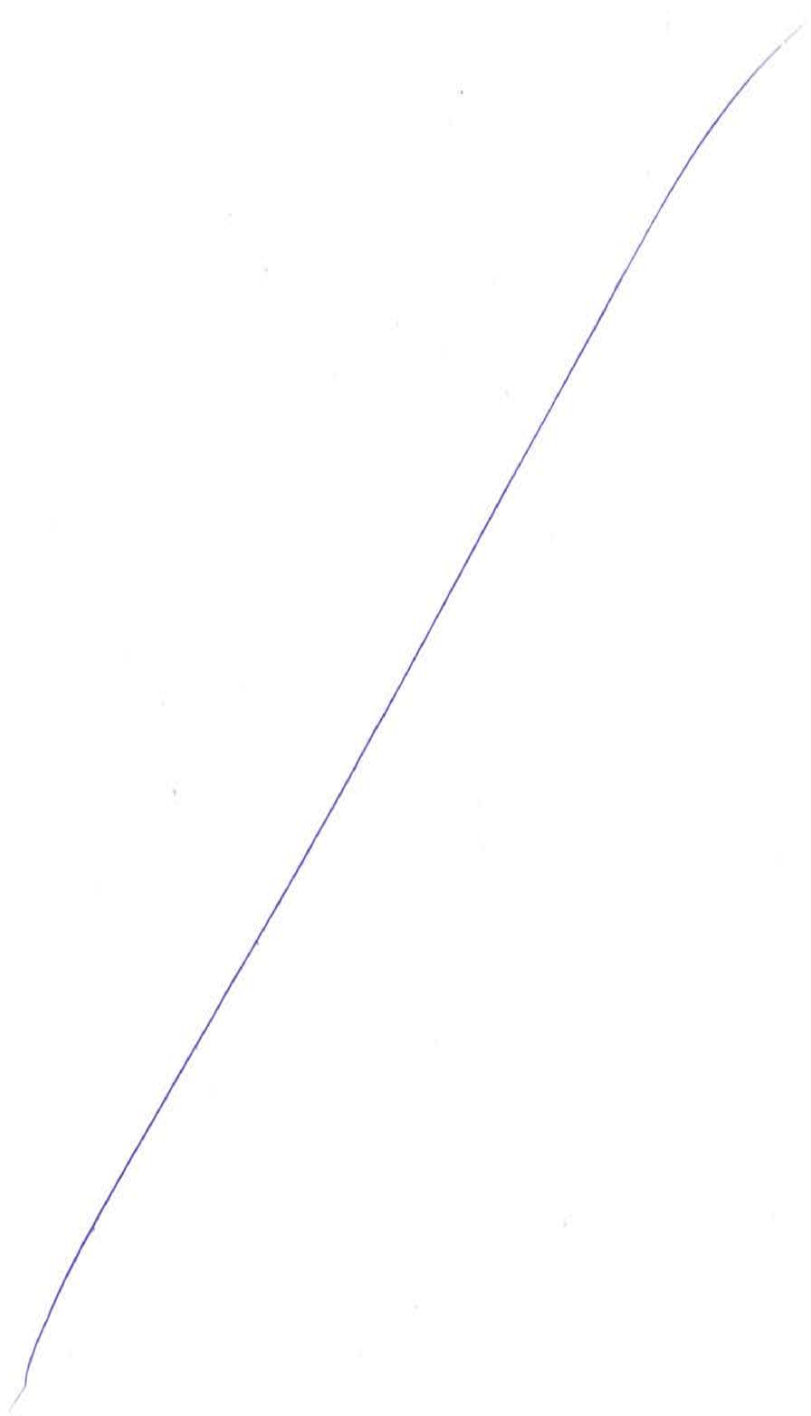
(in thousands of US dollars (Note 4))

	Beginning	Acquisition (Disposal)	Share in profit of associates	Share in other compre- hensive income of associates	Dividends	Impairment	Ending
Investments accounted for under the equity method(*)							
BEIJING LUFTHANSA CENTER CO.	\$ 20,204	\$ -	\$ 5,818	\$ (401)	\$ (6,315)	\$ -	\$ 19,306
DW POWER(INDIA) LTD.	803	-	(1,420)	618	-	-	1
KDS Hydro Pte.Ltd	20,343	2,704	2,258	1,631	-	-	26,936
Ansan Laketown PFV Co., Ltd.	14,482	(18,246)	3,753	11	-	-	-
Hanam Marbling City Development Co., LTD.	-	-	1	-	-	-	1
Gyeongsan knowledge industry development Co., Ltd.	-	-	1	-	-	-	1
Yulchon 2 Industrial Complex Development Inc.	1,081	-	(2)	-	-	-	1,079
Jinwi 3 Industrial Complex Development Inc.	199	-	37	-	-	-	236
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	16	-	(4)	-	-	(12)	-
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	35,540	-	(11,965)	-	-	-	23,575
Dongtan 2 Daewoo Corporation Real Estate Investment Company	18,610	-	(3,106)	-	-	-	15,504
Pyeongsung Industry Co., Ltd.	1,111	-	(79)	6	-	-	1,038
Pyeongsung Industrial Asset Management Co., Ltd.	57	-	1	-	-	-	58
Gyeongnam Masan Robotland Co., Ltd.	759	-	(656)	-	-	-	103
Changwon Innovation Industrial Development Co., Ltd. PFV	-	1,200	(179)	-	-	-	1,021
GWIC Co., Ltd.	-	50	(49)	-	-	-	1
Yangju Station Area Development Project	-	910	(131)	-	-	-	779
Myeong-dong urban environment maintenance business	1	-	833	-	-	-	834
Subtotal	\$ 113,206	\$ (13,382)	\$ (4,889)	\$ 1,865	\$ (6,315)	\$ (12)	\$ 90,473
Investments not accounted for under the equity method							
Skyland Co., Ltd.	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Skyland Asset Management Co., Ltd.	11	-	-	-	-	-	11
Cheongju Technopolis Asset Management Co., Ltd.	86	-	-	-	-	-	86
Econil Asset Management Co., Ltd.	1	-	-	-	-	-	1
The Uni-Star Co., Ltd.	1	-	-	-	-	-	1
Ansan Lake Town PFV	118	(118)	-	-	-	-	-
Hanam Marble City Co., Ltd.	36	-	-	-	-	-	36
S-ACC Co., Ltd.	1	-	-	-	-	-	1
Gyeongnam Masan Robot Land Asset Management Co., Ltd.	45	-	-	-	-	-	45
Changwon Innovation Industrial Development Asset Management	-	199	-	-	-	-	199
UNION DW ENG & CON LTD.	-	-	-	-	-	-	-
MEGAWORLD-DW CO.	1	-	-	-	-	-	1
GULF ENG.CONST. & CONTRACT	1	-	-	-	-	-	1
Daewoo Arabia Ltd.	-	-	-	-	-	-	-
Daewoo Nigeria Ltd.	1	-	-	-	-	-	1
Daewoo-Hannel Corp.	-	-	-	-	-	-	-
DAEWOO E & C IRAN	-	-	-	-	-	-	-
M-CITY 21 JOINT STOCK COMPANY	-	-	-	-	-	(39)	1
Daewoo E&C LLC	-	-	-	-	-	(421)	1
Subtotal	\$ 113,271	\$ 81	\$ -	\$ -	\$ -	\$ (460)	\$ 386
Total	\$ 113,206	\$ (13,301)	\$ (4,889)	\$ 1,865	\$ (6,315)	\$ (472)	\$ 90,859



8511 2100

5019



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(*) Equity method was applied using provisional financial statements, as it was difficult to acquire financial statements audited or reviewed by the external auditor. The reliability of provisional financial statements was tested.

(4) The financial information of investees as of and for the year ended December 31, 2016, is as follows:

① 2016

(in millions of Korean won)

	Assets	Liabilities	Sales	Net profit (loss)	Comprehensive income (loss)
BEIJING LUFTHANSA CENTER CO.	₩ 115,171	₩ 21,848	₩ 95,155	₩ 27,961	₩ (337,764)
DW POWER(INDIA) LTD.	2,375	527	-	(268)	1,228
KDS Hydro Pte.Ltd	499,568	336,808	174,074	20,020	29,873
Hanam Marbling City Development Co., LTD.	205,970	232,621	-	(13,796)	(13,796)
Gyeongsan knowledge industry development Co., Ltd.	305,324	313,761	-	(4,472)	(4,472)
Yulchon 2 Industrial Complex Development Inc.	3,260	-	-	(4)	(4)
Jinwi 3 Industrial Complex Development Inc.	66,922	65,497	-	(2,463)	(2,463)
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	944,740	754,853	-	(670)	(670)
Dongtan 2 Daewoo Corporation Real Estate Investment Company	194,615	125,175	-	(5,558)	(5,558)
Pyeongsung Industry Co., Ltd.	4,648	-	-	(327)	(303)
Pyeongsung Industrial Asset Management Co., Ltd.	120	20	270	(1)	(1)
Gyeongnam Masan Robotland Co., Ltd.	11,704	11,204	-	(3,236)	(3,236)
Changwon Innovation Industrial Development Co., Ltd. PFV	5,565	1,308	-	(719)	(719)
GWIC Co., Ltd.	784	861	-	(230)	(230)
Yangju Station Area Development Project	4,292	9	-	(717)	(717)
Myeong-dong urban environment maintenance business	20,048	17,759	135,328	20,551	20,551

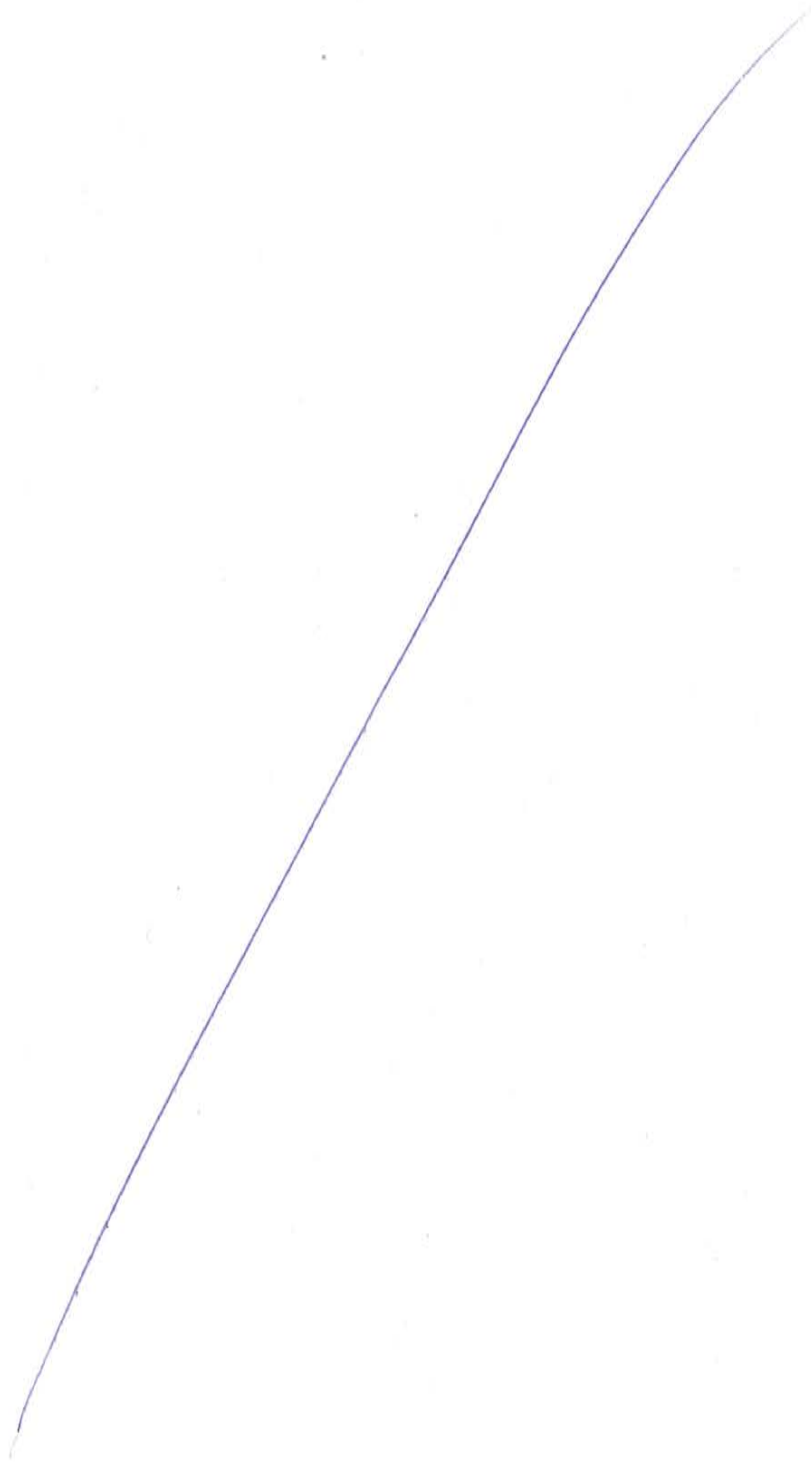
(in thousands of US dollars (Note 4))

	Assets	Liabilities	Sales	Net profit (loss)	Comprehensive income (loss)
BEIJING LUFTHANSA CENTER CO.	\$ 95,301	\$ 18,079	\$ 78,738	\$ 23,137	\$ (279,490)
DW POWER(INDIA) LTD.	1,965	436	-	(222)	1,016
KDS Hydro Pte.Ltd	413,379	278,699	144,041	16,566	24,719
Hanam Marbling City Development Co., LTD.	170,434	192,487	-	(11,416)	(11,416)
Gyeongsan knowledge industry development Co., Ltd.	252,647	259,628	-	(3,700)	(3,700)
Yulchon 2 Industrial Complex Development Inc.	2,698	-	-	(3)	(3)
Jinwi 3 Industrial Complex Development Inc.	55,376	54,197	-	(2,038)	(2,038)
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	781,746	624,620	-	(554)	(554)
Dongtan 2 Daewoo Corporation Real Estate Investment Company	161,038	103,579	-	(4,599)	(4,599)
Pyeongsung Industry Co., Ltd.	3,846	-	-	(271)	(251)
Pyeongsung Industrial Asset Management Co., Ltd.	99	17	223	(1)	(1)
Gyeongnam Masan Robotland Co., Ltd.	9,685	9,271	-	(2,678)	(2,678)
Changwon Innovation Industrial Development Co., Ltd. PFV	4,605	1,082	-	(595)	(595)
GWIC Co., Ltd.	649	712	-	(190)	(190)
Yangju Station Area Development Project	3,552	7	-	(593)	(593)
Myeong-dong urban environment maintenance business	16,589	14,695	111,980	17,005	17,005



1133

5021



1133

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

② 2015

(in millions of Korean won)

	Assets	Liabilities	Sales	Net profit (loss)	Comprehensive income (loss)
BEIJING LUFTHANSA CENTER CO.	₩ 121,775	₩ 24,110	₩ 106,127	₩ 31,818	₩ 32,348
DW POWER(INDIA) LTD.	2,371	433	-	(182)	(115)
KDS Hydro Pte. Ltd.	341,779	224,941	126,403	17,151	15,544
Hanam Marbling City Development Co., LTD.	126,058	137,550	-	(11,517)	(11,517)
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	10,911	10,814	-	22	22
Ansan Laketown PFV Co., Ltd.	97,144	58,373	226,024	16,897	16,897
Gyeongsan knowledge industry development Co., Ltd.	188,571	187,573	-	(1,824)	(1,824)
Yulchon 2 Industrial Complex Development Inc.	3,264	-	-	(238)	(238)
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	632,922	442,366	-	(1,505)	(1,505)
Dongtan 2 Daewoo Corporation Real Estate Investment Company	111,684	36,714	-	(30)	(30)
Pyeongsung Industry Co., Ltd.	5,000	25	-	(1)	(25)
Pyeongsung Industrial Asset Management Co., Ltd.	100	1	-	(1)	(1)
Jinwi 3 Industrial Complex Development Inc.	1,307	109	-	(3,698)	(3,698)

(in thousands of US dollars (Note 4))

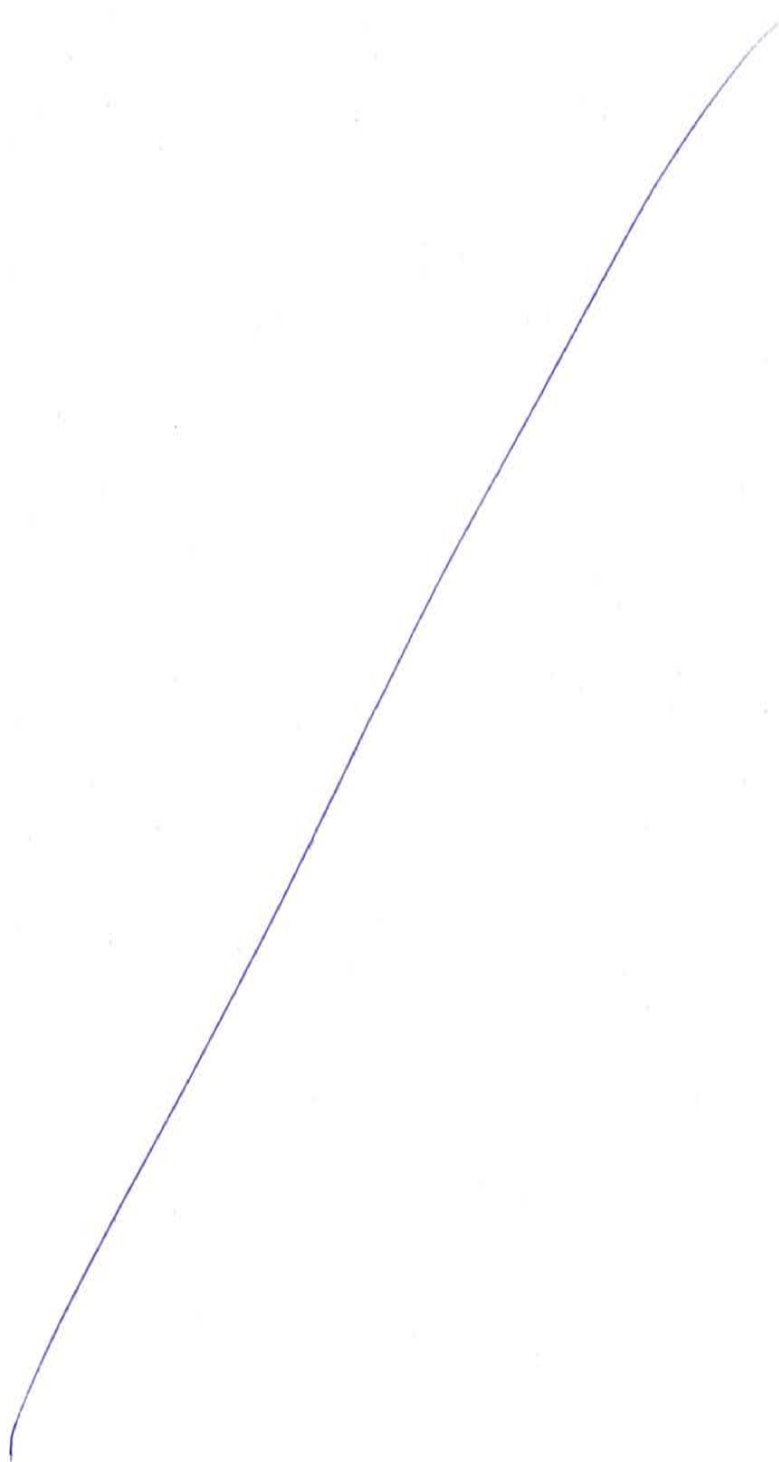
	Assets	Liabilities	Sales	Net profit (loss)	Comprehensive income (loss)
BEIJING LUFTHANSA CENTER CO.	\$ 100,765	\$ 19,950	\$ 87,817	\$ 26,329	\$ 26,767
DW POWER(INDIA) LTD.	1,962	358	-	(151)	(95)
KDS Hydro Pte. Ltd.	282,813	186,132	104,595	14,192	12,862
Hanam Marbling City Development Co., LTD.	104,309	113,819	-	(9,530)	(9,530)
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	9,029	8,948	-	18	18
Ansan Laketown PFV Co., Ltd.	80,384	48,302	187,029	13,982	13,982
Gyeongsan knowledge industry development Co., Ltd.	156,037	155,211	-	(1,509)	(1,509)
Yulchon 2 Industrial Complex Development Inc.	2,701	-	-	(197)	(197)
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	523,725	366,046	-	(1,245)	(1,245)
Dongtan 2 Daewoo Corporation Real Estate Investment Company	92,415	30,380	-	(25)	(25)
Pyeongsung Industry Co., Ltd.	4,137	21	-	(1)	(21)
Pyeongsung Industrial Asset Management Co., Ltd.	83	1	-	(1)	(1)
Jinwi 3 Industrial Complex Development Inc.	1,082	90	-	(3,060)	(3,060)



0411

2508

5023



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1141

(5) Details of adjustments from financial information to the book value of investments in associates for the years ended December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

	Net assets at the end of the year (a)	Percentage of ownership (b)	Book value (c=a*b)	Eliminated transactions of intercompany transactions (d)	Book Value (c-d)
BEIJING LUFTHANSA CENTER CO.	₩ 93,323	25.00%	₩ 23,331	₩ -	₩ 23,331
DW POWER(INDIA) LTD.	1,848	50.00%	924	923	1
KDS Hydro Pte.Ltd	162,760	20.00%	32,552	-	32,552
Hanam Marbling City Development Co., LTD.	(26,651)	47.40%	-	-	1
Gyeongsan knowledge industry development Co., Ltd.	(8,437)	29.00%	-	-	1
Yulchon 2 Industrial Complex Development Inc.	3,260	40.00%	1,304	-	1,304
Jinwi 3 Industrial Complex Development Inc.	1,425	20.00%	285	-	285
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	189,887	42.00%	79,819	51,329	28,490
Dongtan 2 Daewoo Corporation Real Estate Investment Company	69,440	30.00%	20,832	2,095	18,737
Pyeongsung Industry Co., Ltd.	4,648	27.00%	1,255	-	1,255
Pyeongsung Industrial Asset Management Co., Ltd.	100	70.00%	70	-	70
Gyeongnam Masan Robotland Co., Ltd.	500	25.00%	125	-	125
Changwon Innovation Industrial Development Co., Ltd. PFV	4,257	29.00%	1,234	-	1,234
GWIC Co., Ltd.	(77)	20.00%	-	-	1
Yangju Station Area Development Project	4,283	22.00%	942	-	942
Myeong-dong urban environment maintenance business	2,289	44.00%	1,008	-	1,008

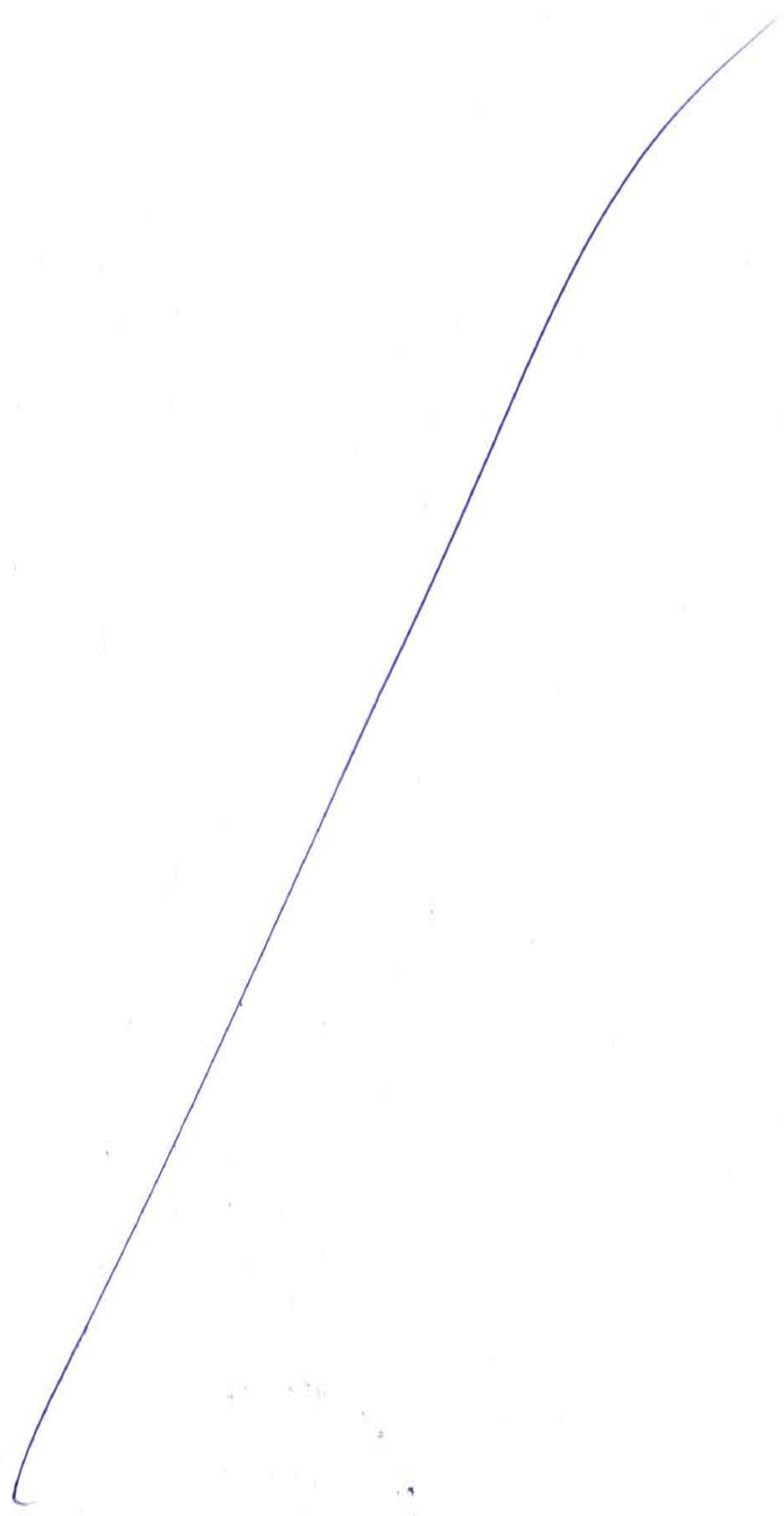
(in thousands of US dollars (Note 4))

	Net assets at the end of the year (a)	Percentage of ownership (b)	Book value (c=a*b)	Eliminated transactions of intercompany transactions (d)	Book Value (c-d)
BEIJING LUFTHANSA CENTER CO.	\$ 77,222	25.00%	\$ 19,306	\$ -	\$ 19,306
DW POWER(INDIA) LTD.	1,529	50.00%	765	764	1
KDS Hydro Pte.Ltd	134,679	20.00%	26,936	-	26,936
Hanam Marbling City Development Co., LTD.	(22,053)	47.40%	-	-	1
Gyeongsan knowledge industry development Co., Ltd.	(6,981)	29.00%	-	-	1
Yulchon 2 Industrial Complex Development Inc.	2,698	40.00%	1,079	-	1,079
Jinwi 3 Industrial Complex Development Inc.	1,179	20.00%	236	-	236
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	157,126	42.00%	66,048	42,473	23,575
Dongtan 2 Daewoo Corporation Real Estate Investment Company	57,460	30.00%	17,238	1,734	15,504
Pyeongsung Industry Co., Ltd.	3,846	27.00%	1,038	-	1,038
Pyeongsung Industrial Asset Management Co., Ltd.	83	70.00%	58	-	58
Gyeongnam Masan Robotland Co., Ltd.	414	25.00%	103	-	103
Changwon Innovation Industrial Development Co., Ltd. PFV	3,523	29.00%	1,021	-	1,021
GWIC Co., Ltd.	(64)	20.00%	-	-	1
Yangju Station Area Development Project	3,544	22.00%	779	-	779
Myeong-dong urban environment maintenance business	1,894	44.00%	834	-	834



1011

5025



Faint, illegible markings or text at the bottom of the page.

5026
1142

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

② 2015

(in millions of Korean won)

	Net assets at the end of the year (a)	Percentage of ownership (b)	Book value (c=a*b)	Eliminated transactions of intercompany transactions (d)	Book Value (c-d)
BEIJING LUFTHANSA CENTER CO.	₩ 97,665	25.00%	₩ 24,416	₩ -	₩ 24,416
DW POWER(INDIA) LTD.	1,938	50.00%	969	-	969
KDS Hydro Pte. Ltd.	116,838	20.00%	23,368	(1,217)	24,585
Hanam Marbling City Development Co., LTD.	(11,492)	44.00%	-	-	-
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	97	20.00%	19	-	19
Ansan Laketown PFV Co., Ltd.	38,771	47.40%	18,377	876	17,501
Gyeongsan knowledge industry development Co., Ltd.	998	29.00%	289	289	-
Yulchon 2 Industrial Complex Development Inc.	3,264	40.00%	1,306	-	1,306
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	190,556	42.00%	80,091	37,141	42,950
Dongtan 2 Daewoo Corporation Real Estate Investment Company	74,970	30.00%	22,491	-	22,491
Pyeongsung Industry Co., Ltd.	4,975	27.00%	1,343	-	1,343
Pyeongsung Industrial Asset Management Co., Ltd.	99	70.00%	70	-	70
Jinwi 3 Industrial Complex Development Inc.	1,198	20.00%	239	-	239

(in thousands of US dollars (Note 4))

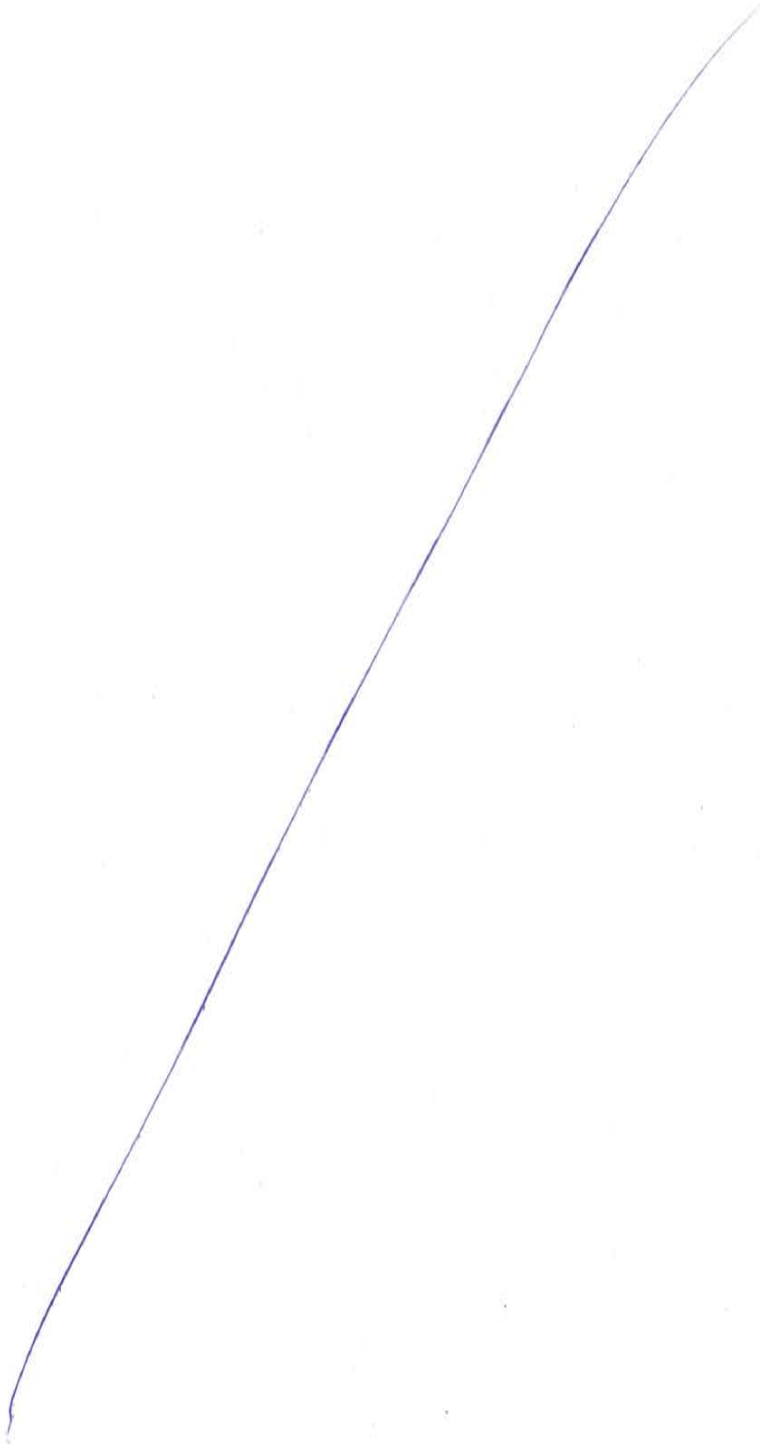
	Net assets at the end of the year (a)	Percentage of ownership (b)	Book value (c=a*b)	Eliminated transactions of intercompany transactions (d)	Book Value (c-d)
BEIJING LUFTHANSA CENTER CO.	\$ 80,815	25.00%	\$ 20,204	\$ -	\$ 20,204
DW POWER(INDIA) LTD.	1,604	50.00%	802	-	802
KDS Hydro Pte. Ltd.	96,680	20.00%	19,336	(1,007)	20,343
Hanam Marbling City Development Co., LTD.	(9,509)	44.00%	-	-	-
SEOULUNIVERSITYMEDICALHUB Co.,Ltd	80	20.00%	16	-	16
Ansan Laketown PFV Co., Ltd.	32,082	47.40%	15,206	725	14,481
Gyeongsan knowledge industry development Co., Ltd.	826	29.00%	239	239	-
Yulchon 2 Industrial Complex Development Inc.	2,701	40.00%	1,081	-	1,081
Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY Co., Ltd.)	157,680	42.00%	66,273	30,733	35,540
Dongtan 2 Daewoo Corporation Real Estate Investment Company	62,036	30.00%	18,611	-	18,611
Pyeongsung Industry Co., Ltd.	4,117	27.00%	1,111	-	1,111
Pyeongsung Industrial Asset Management Co., Ltd.	82	70.00%	58	-	58
Jinwi 3 Industrial Complex Development Inc.	991	20.00%	198	-	198



0908

1143

5027



5028
1143

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(6) Adjustments on the net asset values of the investee to reconcile its accounting policies with those of the Group are as follows:

(in millions of Korean won)

	2016				2015				Remarks
	Net asset before adjustments	Adjustments	Net asset after adjustments		Net asset before adjustments	Adjustments	Net asset after adjustments		
DW POWER(INDIA) LTD.	₩ 5,360	₩ (3,512)	₩ 1,848		₩ 4,449	₩ (3,480)	₩ 969	Charging the capitalized initial cost of business to the current expense	

(in thousands of US dollars (Note 4))

	2016				2015				Remarks
	Net asset before adjustments	Adjustments	Net asset after adjustments		Net asset before adjustments	Adjustments	Net asset after adjustments		
DW POWER(INDIA) LTD.	\$ 4,435	\$ 2,906	\$ 1,529		\$ 3,682	\$ (2,880)	\$ 802	Charging the capitalized initial cost of business to the current expense	

(*) The Group's proportionate ownership was considered when assessing the net assets and adjustments of investees.

(7) All equity method investments are unlisted equity securities and none of these investments is traded in an active market.

16. PROPERTY, PLANT AND EQUIPMENT:

(1) Changes in property, plant and equipment for the years ended December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

	Land	Buildings	Structures	Machinery	Ships	Vehicles	Tools	Equipment	Construction in progress	Total
Beginning balance	₩ 133,556	₩ 156,357	₩ 3,749	₩ 138,346	₩ 68,755	₩ 56,495	₩ 3,429	₩ 10,929	₩ 364,703	₩ 936,319
Acquisition	-	148	97	23,561	24,820	9,556	1,697	3,080	210,630	273,589
Disposal	-	-	-	(2,506)	(59)	(296)	(126)	(363)	(640)	(3,990)
Depreciation	-	(6,194)	(383)	(41,266)	(13,521)	(17,115)	(1,478)	(5,428)	-	(85,385)
Others(*)	-	440	-	50,213	(3,144)	(493)	(207)	1,420	(437,506)	(389,277)
Ending balance	₩ 133,556	₩ 150,751	₩ 3,463	₩ 168,348	₩ 76,851	₩ 48,147	₩ 3,315	₩ 9,638	₩ 137,187	₩ 731,256
Acquisition cost	133,556	217,855	10,281	392,823	140,107	125,281	24,941	44,588	137,187	1,226,619
Accumulated depreciation	-	(67,104)	(6,818)	(224,475)	(63,256)	(77,134)	(21,626)	(34,950)	-	(495,363)

(in thousands of US dollars (Note 4))

	Land	Buildings	Structures	Machinery	Ships	Vehicles	Tools	Equipment	Construction in progress	Total
Beginning balance	\$ 110,514	\$ 129,381	\$ 3,103	\$ 114,477	\$ 56,893	\$ 46,748	\$ 2,837	\$ 9,043	\$ 301,782	\$ 774,778
Acquisition	-	122	80	19,496	20,538	7,908	1,404	2,549	174,290	226,387
Disposal	-	-	-	(2,074)	(49)	(245)	(104)	(300)	(530)	(3,302)
Depreciation	-	(5,125)	(317)	(34,146)	(11,188)	(14,162)	(1,223)	(4,492)	-	(70,653)
Others(*)	-	364	-	41,550	(2,602)	(408)	(171)	1,175	(362,024)	(322,116)
Ending balance	\$ 110,514	\$ 124,742	\$ 2,866	\$ 139,303	\$ 63,592	\$ 39,841	\$ 2,743	\$ 7,975	\$ 113,518	\$ 605,094
Acquisition cost	110,514	180,269	8,507	325,050	115,935	103,667	20,638	36,895	113,518	1,014,993
Accumulated depreciation	-	(55,527)	(5,641)	(185,747)	(52,343)	(63,826)	(17,895)	(28,920)	-	(409,899)

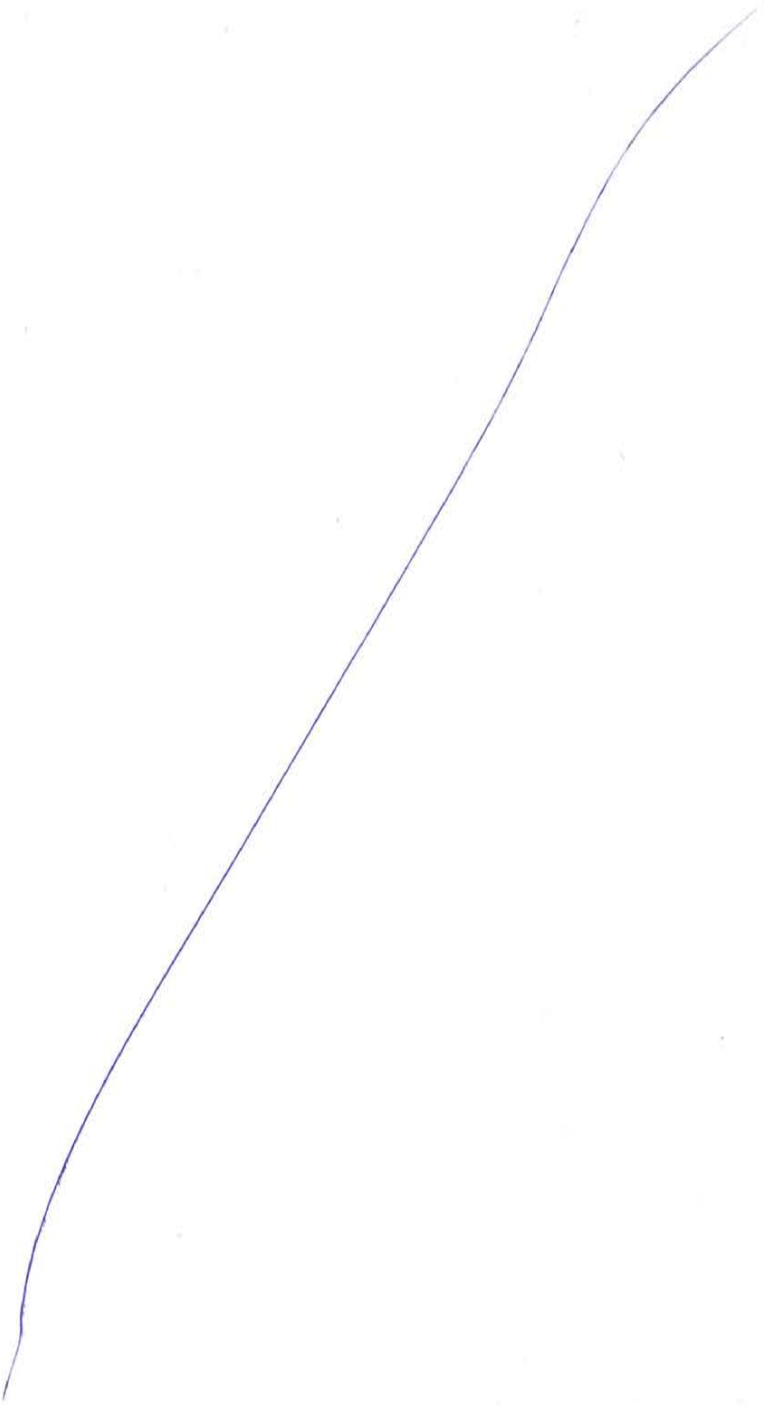
(*) Others consist of the reclassification of property, plant and equipment, and the gain (loss) on foreign exchange translation due to the property, plant and equipment in overseas operations.



25003

5029

0111



4

4

4

5030
1144

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

② 2015

(in millions of Korean won)

	Land	Buildings	Structures	Machinery	Ships	Vehicles	Tools	Equipment	Construction in progress	Total
Beginning balance	₩ 158,348	₩ 163,523	₩ 3,819	₩ 77,960	₩ 22,499	₩ 26,395	₩ 3,011	₩ 11,328	₩ 330,759	₩ 797,642
Acquisition	540	-	211	89,600	53,348	45,356	1,970	5,390	244,137	440,552
Disposal	(835)	(39)	-	(1,031)	(116)	(263)	(54)	(652)	(117)	(3,107)
Depreciation	-	(6,226)	(458)	(25,665)	(5,579)	(14,251)	(1,466)	(5,738)	-	(59,383)
Others(*)	(463)	759	177	(2,518)	(1,397)	(742)	(32)	608	85,350	81,742
Changes in scope of subsidiaries	(24,034)	(1,660)	-	-	-	-	-	(7)	(295,426)	(321,127)
Ending balance	₩ 133,556	₩ 156,357	₩ 3,749	₩ 138,346	₩ 68,755	₩ 56,495	₩ 3,429	₩ 10,929	₩ 364,703	₩ 936,319
Acquisition cost	133,556	216,983	10,184	366,070	122,264	134,847	27,499	50,856	364,703	1,426,962
Accumulated depreciation	-	(60,626)	(6,435)	(227,724)	(53,509)	(78,352)	(24,070)	(39,927)	-	(490,643)

(in thousands of US dollars (Note 4))

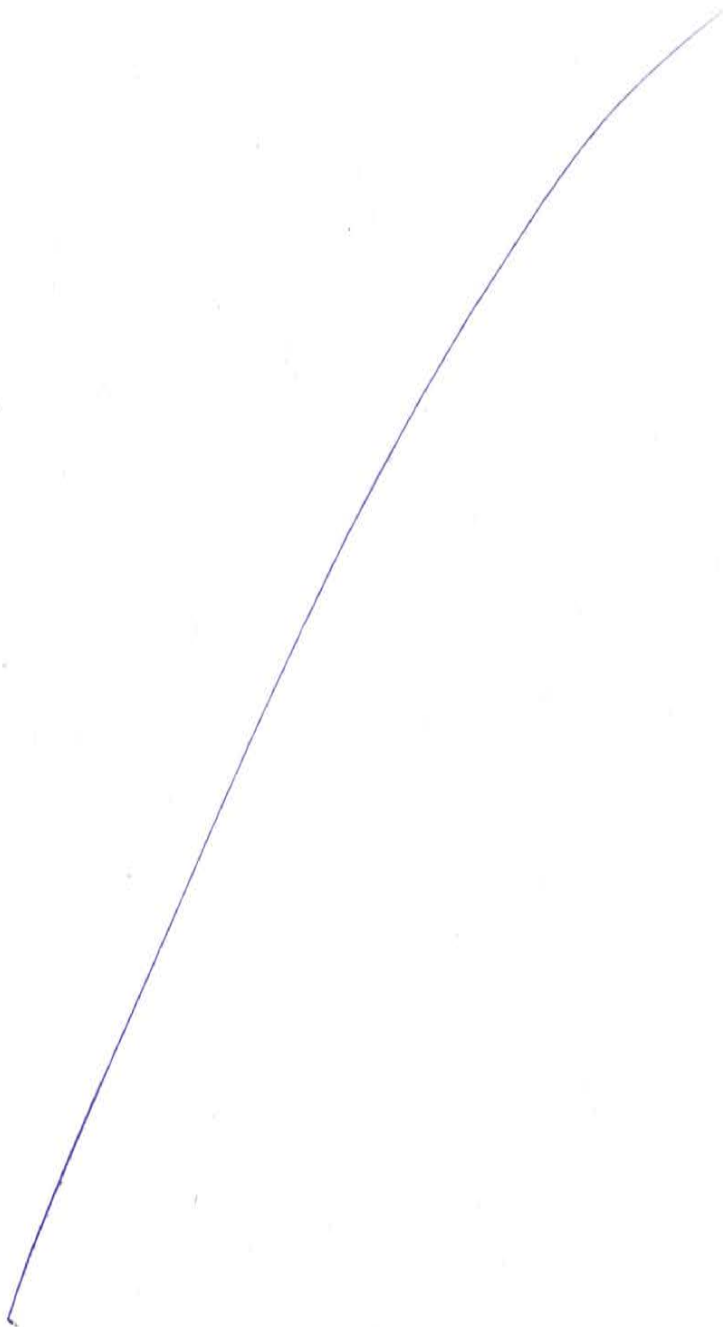
	Land	Buildings	Structures	Machinery	Ships	Vehicles	Tools	Equipment	Construction in progress	Total
Beginning balance	\$ 131,028	\$ 135,311	\$ 3,160	\$ 64,510	\$ 18,617	\$ 21,841	\$ 2,491	\$ 9,374	\$ 273,694	\$ 660,026
Acquisition	447	-	175	74,141	44,144	37,531	1,630	4,460	202,017	364,545
Disposal	(691)	(32)	-	(853)	(96)	(218)	(44)	(540)	(97)	(2,571)
Depreciation	-	(5,152)	(379)	(21,237)	(4,616)	(11,792)	(1,213)	(4,748)	-	(49,137)
Others(*)	(383)	628	146	(2,084)	(1,156)	(614)	(26)	503	70,625	67,639
Changes in scope of subsidiaries	(19,887)	(1,374)	-	-	-	-	-	(6)	(244,457)	(265,724)
Ending balance	\$ 110,514	\$ 129,381	\$ 3,102	\$ 114,477	\$ 56,893	\$ 46,748	\$ 2,838	\$ 9,043	\$ 301,782	\$ 774,778
Acquisition cost	110,514	179,547	8,427	302,912	101,170	111,582	22,755	42,082	301,782	1,180,771
Accumulated depreciation	-	(50,166)	(5,325)	(188,435)	(44,277)	(64,834)	(19,917)	(33,039)	-	(405,993)

(*) Others consist of the reclassification of property, plant and equipment, and the gain (loss) on foreign exchange translation due to the property, plant and equipment in overseas operations.



3802
4411

5031



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

17. INTANGIBLE ASSETS:

Changes in intangible assets for the years ended December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

	Usage rights	Membership rights	Goodwill	Software	Total
Beginning balance	₩ 55,823	₩ 52,613	₩ 542	₩ 11,371	₩ 120,349
Acquisition (disposal)	16	-	-	4,039	4,055
Impairment loss	-	(9,507)	-	-	(9,507)
Others(*)	740	(20,269)	-	19	(19,510)
Changes in scope of consolidation	-	-	-	-	-
Amortization	(1,541)	-	-	(7,164)	(8,705)
Ending balance	₩ 55,038	₩ 22,837	₩ 542	₩ 8,265	₩ 86,682

(in thousands of US dollars (Note 4))

	Usage rights	Membership rights	Goodwill	Software	Total
Beginning balance	\$ 46,192	\$ 43,536	\$ 448	\$ 9,409	\$ 99,585
Acquisition (disposal)	13	-	-	3,342	3,355
Impairment loss	-	(7,867)	-	-	(7,867)
Others(*)	612	(16,772)	-	16	(16,144)
Changes in scope of consolidation	-	-	-	-	-
Amortization	(1,275)	-	-	(5,927)	(7,202)
Ending balance	\$ 45,542	\$ 18,897	\$ 448	\$ 6,840	\$ 71,727

(*) Other increase or decrease consists of the amount paid to acquire investment property.

② 2015

(in millions of Korean won)

	Usage rights	Membership rights	Goodwill	Software	Total
Beginning balance	₩ 57,133	₩ 43,884	₩ 542	₩ 13,632	₩ 115,191
Acquisition (disposal)	-	429	-	4,895	5,324
Others(*)	1,522	8,300	-	(14)	9,808
Changes in scope of consolidation	-	-	-	(12)	(12)
Amortization	(2,832)	-	-	(7,130)	(9,962)
Ending balance	₩ 55,823	₩ 52,613	₩ 542	₩ 11,371	₩ 120,349

(in thousands of US dollars (Note 4))

	Usage rights	Membership rights	Goodwill	Software	Total
Beginning balance	\$ 47,276	\$ 36,313	\$ 448	\$ 11,280	\$ 95,317
Acquisition (disposal)	-	355	-	4,050	4,405
Others(*)	1,259	6,868	-	(11)	8,116
Changes in scope of consolidation	-	-	-	(10)	(10)
Amortization	(2,343)	-	-	(5,900)	(8,243)
Ending balance	\$ 46,192	\$ 43,536	\$ 448	\$ 9,409	\$ 99,585

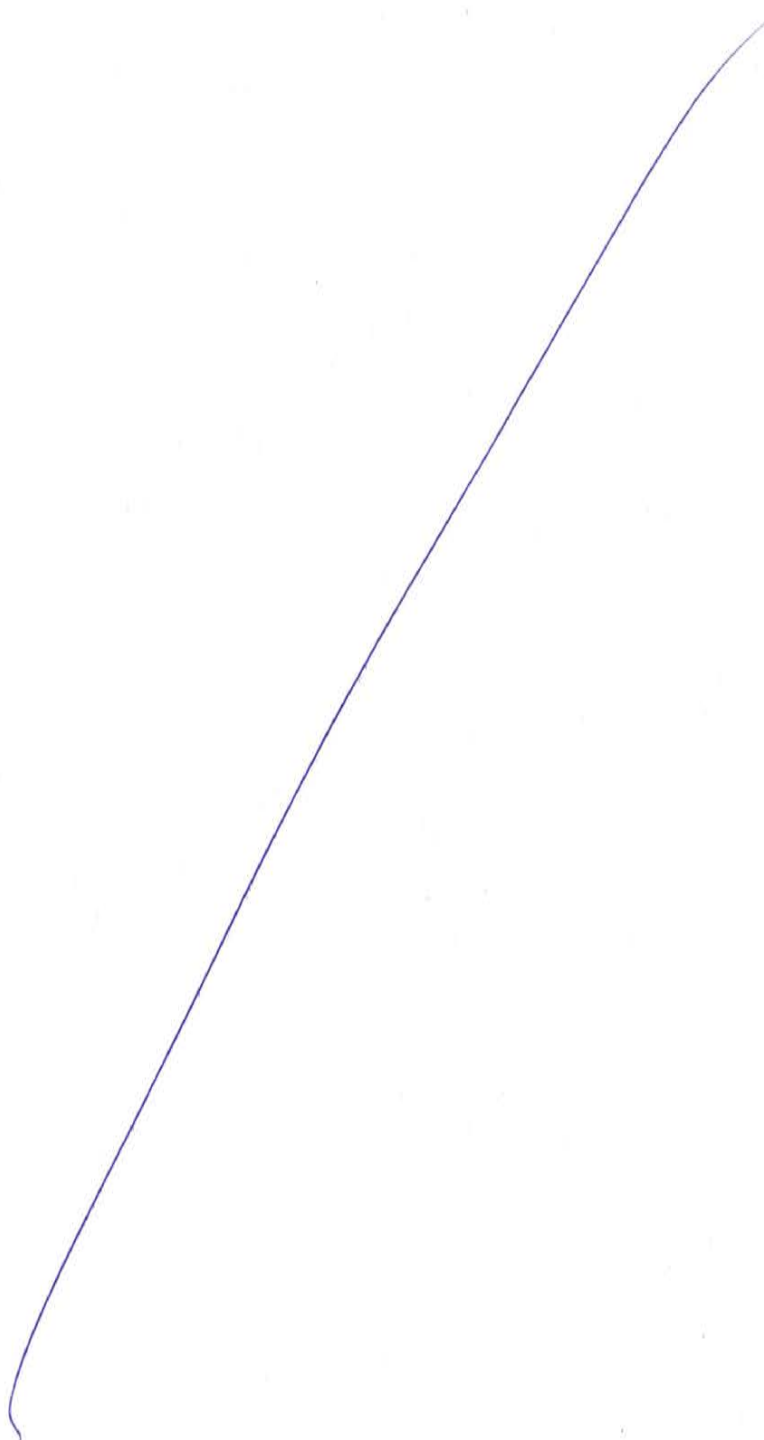
(*) Other increase or decrease consists of membership received as a payment in substitute, amount decreased due to changes in scope of consolidation and acquisitions arising from subrogation of trade receivables.



2807

5033

2111



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

18. INVESTMENT PROPERTY:

Changes in investment property for the years ended December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

	Beginning balance	Disposal	Depreciation	Impairment loss	Reclassification (*)	Ending balance
Rental property	₩ 150,500	₩ -	₩ (2,465)	₩ -	₩ 111,700	₩ 259,735
Other property	21,402	-	-	(344)	3,102	24,160
Total	₩ 171,902	₩ -	₩ (2,465)	₩ (344)	₩ 114,802	₩ 283,895

(in thousands of US dollars (Note 4))

	Beginning balance	Disposal	Depreciation	Impairment loss	Reclassification (*)	Ending balance
Rental property	\$ 124,535	\$ -	\$ (2,040)	\$ -	\$ 92,429	\$ 214,924
Other property	17,710	-	-	(285)	2,567	19,992
Total	\$ 142,245	\$ -	\$ (2,040)	\$ (285)	\$ 94,996	\$ 234,915

(*) It contains the increase as a payment in substitute and other real estate write off.

② 2015

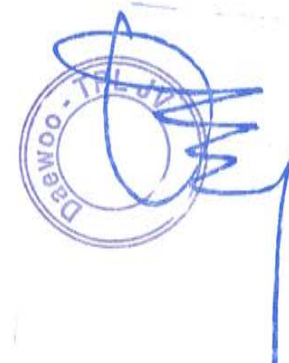
(in millions of Korean won)

	Beginning balance	Disposal	Depreciation	Reclassification	Ending balance
Rental property	₩ 152,833	₩ -	₩ (2,333)	₩ -	₩ 150,500
Other property	25,627	(3,390)	-	(835)	21,402
Total	₩ 178,460	₩ (3,390)	₩ (2,333)	₩ (835)	₩ 171,902

(in thousands of US dollars (Note 4))

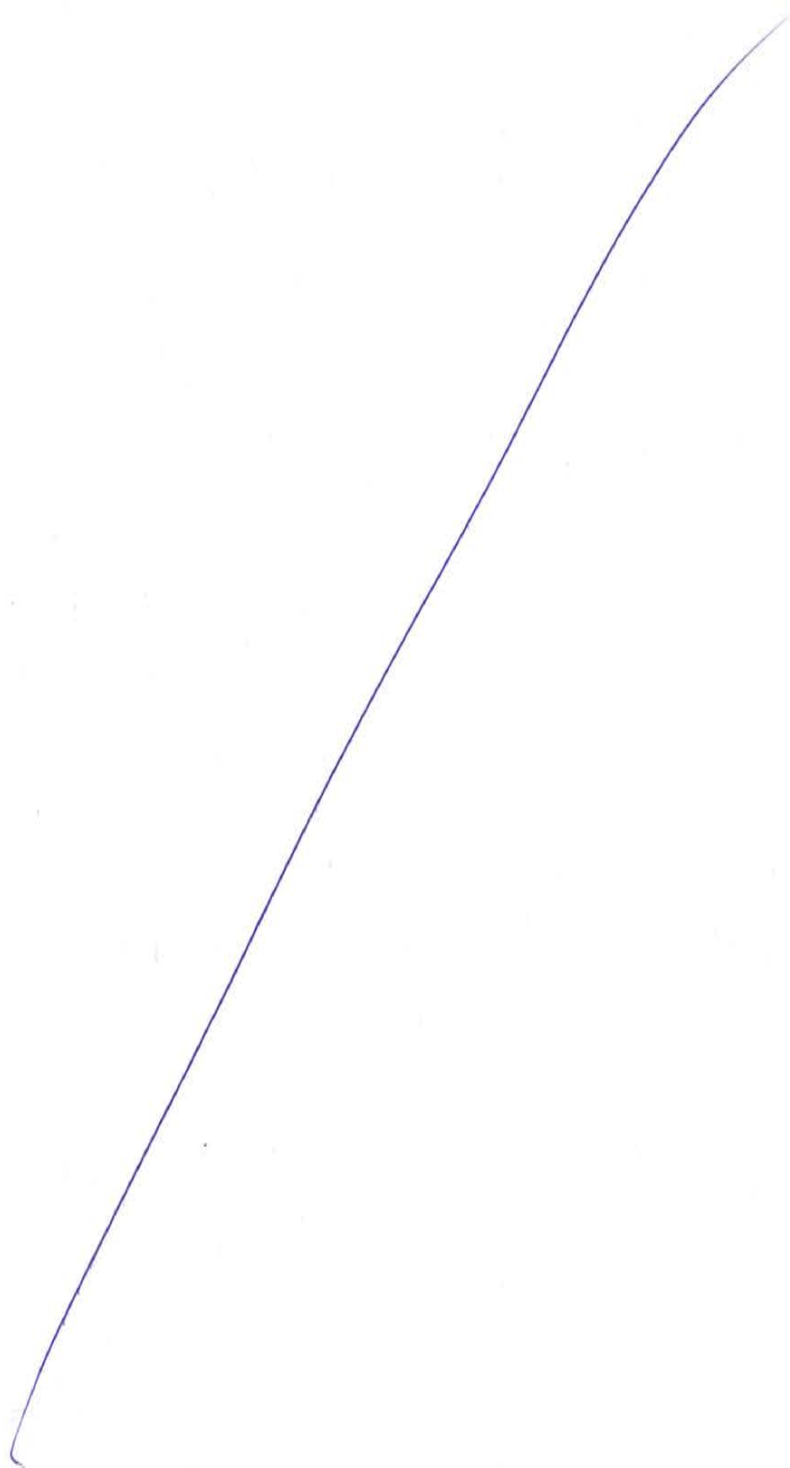
	Beginning balance	Disposal	Depreciation	Reclassification	Ending balance
Rental property	\$ 126,465	\$ -	\$ (1,930)	\$ -	\$ 124,535
Other property	21,206	(2,805)	-	(692)	17,709
Total	\$ 147,671	\$ (2,805)	\$ (1,930)	\$ (692)	\$ 142,244

There is no significant difference between the fair value and the book value of the investment property as of December 31, 2016 and 2015.



1800
1118

5035



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5036
1147

19. OTHER PAYABLES AND ADVANCES RECEIVED:

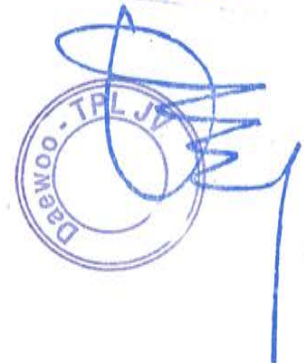
Other payables and advances received as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

		2016	2015
Current			
Other payables	Non-trade payables	₩ 759,758	₩ 659,580
	Accrued expenses	546,706	693,952
	Total	1,306,464	1,353,532
Advances received	Advances from construction contracts	116,657	187,459
	Advances from sales of real estate	118,313	26,221
	Other advances received	280,951	18,311
	Unearned sales	218	212
	Total	₩ 516,139	₩ 232,203
Non-current			
Advances received	Advances from construction contracts	₩ 419,208	₩ 853,752
	Other advances received	245	245
	Total	₩ 419,453	₩ 853,997

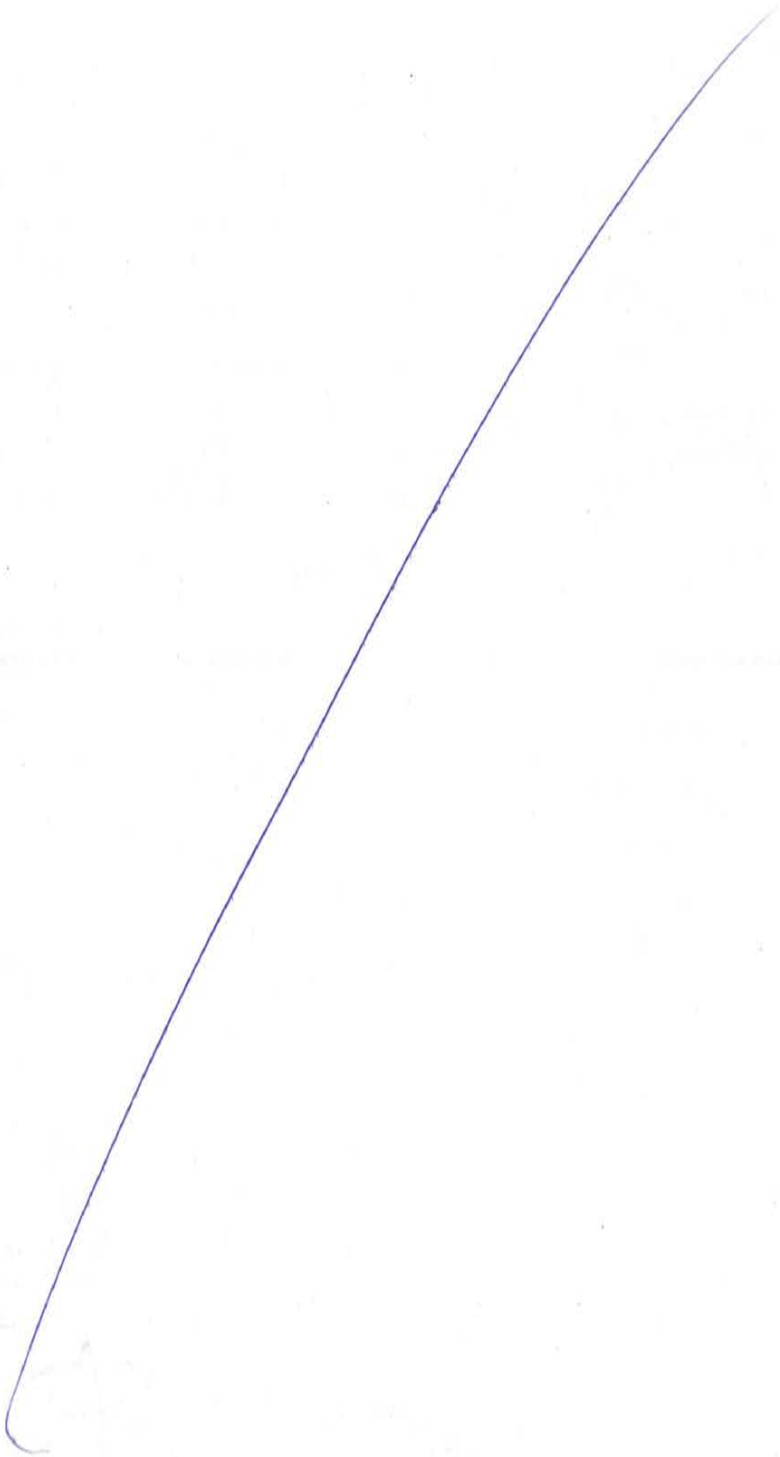
(in thousands of US dollars (Note 4))

		2016	2015
Current			
Other payables	Non-trade payables	\$ 628,678	\$ 545,784
	Accrued expenses	452,384	574,226
	Total	1,081,062	1,120,010
Advances received	Advances from construction contracts	96,530	155,117
	Advances from sales of real estate	97,901	21,697
	Other advances received	232,480	15,152
	Unearned sales	180	175
	Total	\$ 427,091	\$ 192,141
Non-current			
Advances received	Advances from construction contracts	\$ 346,883	\$ 706,456
	Other advances received	203	203
	Total	\$ 347,086	\$ 706,659



0800
5111

5037



5
6
7
8

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5038
1148

20. FINANCIAL INSTRUMENTS LIABILITIES:

(1) Financial instruments liabilities as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016	2015
Current		
Short-term borrowings	₩ 1,435,253	₩ 769,163
Current portion of long-term borrowings and debentures	1,168,182	822,459
Financial guarantee liabilities	2,148	5,722
Derivatives liabilities	27,995	37,257
Subtotal	₩ 2,633,578	₩ 1,634,601
Non-current		
Long-term borrowings	₩ 46,421	₩ 492,350
Debentures	100,000	450,000
Financial guarantee liabilities	28,520	22,348
Derivatives liabilities	2,238	22,869
Subtotal	₩ 177,179	₩ 987,567
Total	₩ 2,810,757	₩ 2,622,168

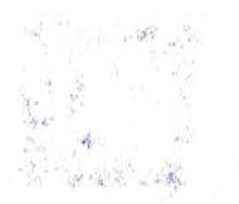
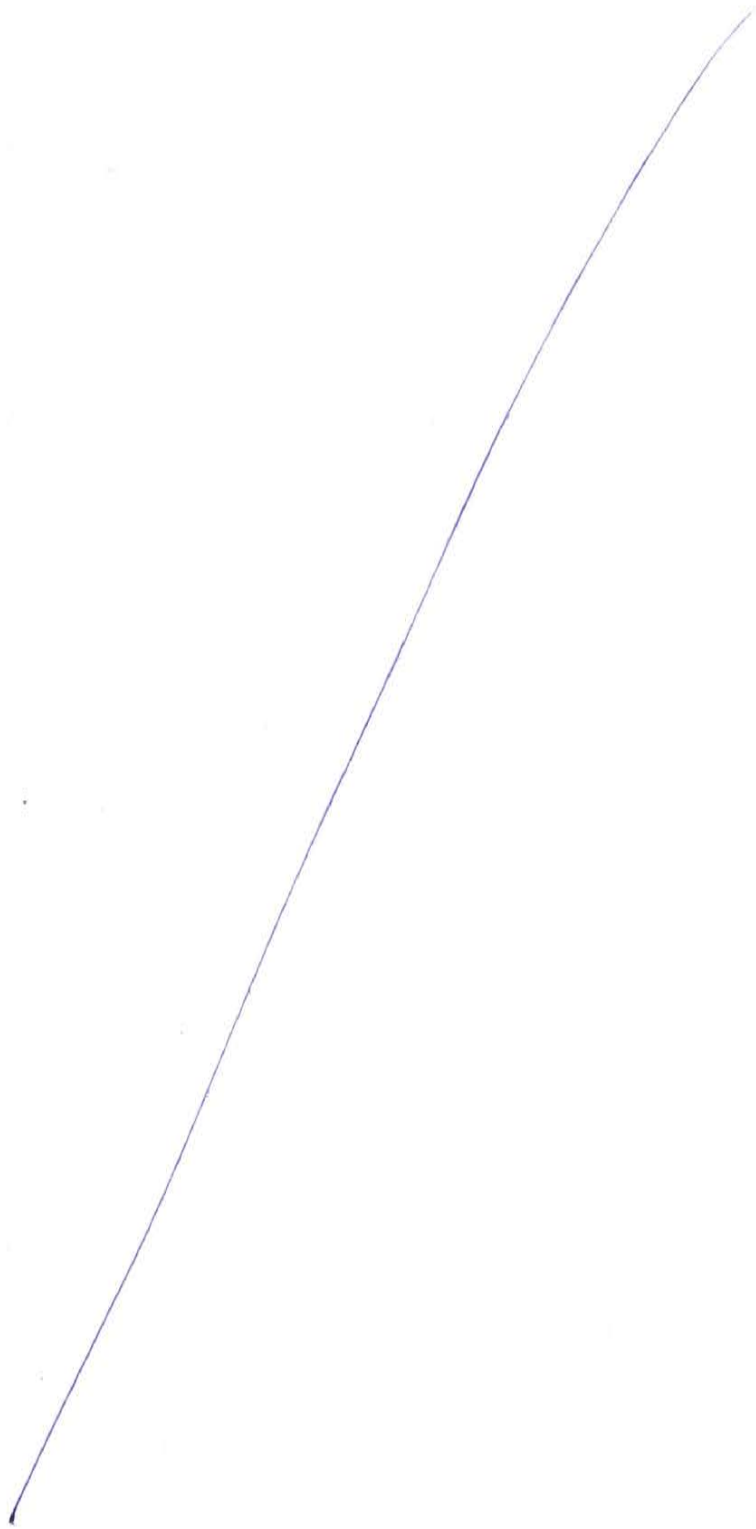
(in thousands of US dollars (Note 4))

	2016	2015
Current		
Short-term borrowings	\$ 1,187,632	\$ 636,461
Current portion of long-term borrowings and debentures	966,638	680,562
Financial guarantee liabilities	1,777	4,735
Derivatives liabilities	23,165	30,829
Subtotal	\$ 2,179,212	\$ 1,352,587
Non-current		
Long-term borrowings	\$ 38,412	\$ 407,406
Debentures	82,747	372,362
Financial guarantee liabilities	23,600	18,493
Derivatives liabilities	1,852	18,923
Subtotal	\$ 146,611	\$ 817,184
Total	\$ 2,325,823	\$ 2,169,771



11100
800
8411

5039



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5040

1149

(2) Short-term borrowings as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	Borrowing institution	Interest rates (%)	2016	2015	
Short-term borrowings in Korean won	HSBC	3.02	₩ 50,000	₩ -	
	KEB Hana Bank	-	-	60,000	
	Korea Construction Financial Cooperative	1.40-2.44	67,538	-	
	Woori Bank	-	-	110,000	
	Bank of Communications China	2.98	22,000	-	
	Korea Development Bank	3.30-3.37	370,000	200,000	
	The Export-Import Bank of Korea	2.73-3.60	454,915	200,545	
	Standard Chartered Bank Korea Ltd	3.68-3.89	108,000	50,000	
	Korea Specialty Contractor Financial Cooperative	2.56	-	250	
	Daewoo Songdo IBD L.L.C.	3.95	71,000	71,000	
	Dongbu Insurance Co., Ltd	3.90	40,000	40,000	
	Short-term borrowings in foreign currencies	KDB Singapore and others	Libor(3M)+2.30	120,850	-
		KEB Hana Bank	-	-	826
NH Nonghyup Bank		1.49-2.05	44,984	3,847	
KB Kookmin Bank		1.61-1.93	32,142	13,834	
Woori Bank		1.48	41,162	-	
Standard Chartered Bank Korea Ltd		2.21	12,662	-	
First Hawaiian Bank		1.25+Bank Prime rate	-	293	
The Export-Import Bank of Korea		1.7+EUR Libor	-	18,568	
Total			₩ 1,435,253	₩ 769,163	

(in thousands of US dollars (Note 4))

	Borrowing institution	Interest rates (%)	2016	2015	
Short-term borrowings in Korean won	HSBC	3.02	\$ 41,374	\$ -	
	KEB Hana Bank	-	-	49,648	
	Korea Construction Financial Cooperative	1.40-2.44	55,886	-	
	Woori Bank	-	-	91,022	
	Bank of Communications China	2.98	18,204	-	
	Korea Development Bank	3.30-3.37	306,165	165,494	
	The Export-Import Bank of Korea	2.73-3.60	376,429	165,946	
	Standard Chartered Bank Korea Ltd	3.68-3.89	89,367	41,374	
	Korea Specialty Contractor Financial Cooperative	2.56	-	207	
	Daewoo Songdo IBD L.L.C.	3.95	58,751	58,751	
	Dongbu Insurance Co., Ltd	3.90	33,099	33,099	
	Short-term borrowings in foreign currencies	KDB Singapore and others	Libor(3M)+2.30	100,000	-
		KEB Hana Bank	-	-	683
NH Nonghyup Bank		1.49-2.05	37,223	3,183	
KB Kookmin Bank		1.61-1.93	26,597	11,447	
Woori Bank		1.48	34,060	-	
Standard Chartered Bank Korea Ltd		2.21	10,477	-	
First Hawaiian Bank		1.25+Bank Prime rate	-	242	
The Export-Import Bank of Korea		1.7+EUR Libor	-	15,365	
Total			\$ 1,187,632	\$ 636,461	

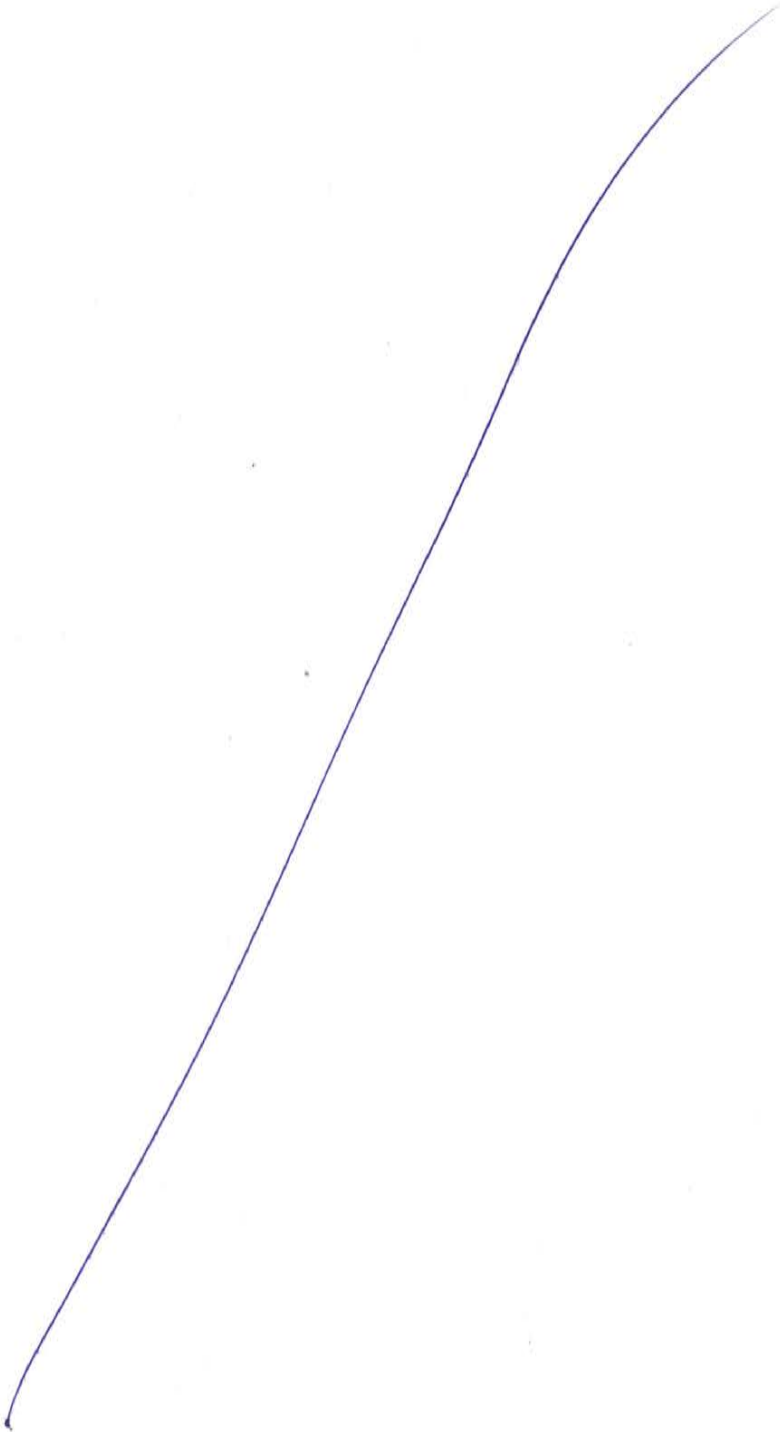


CMOP

2111

1.8

5041



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5042

1150

(3) Long-term borrowings as of December 31, 2016 and 2015, are as follows:

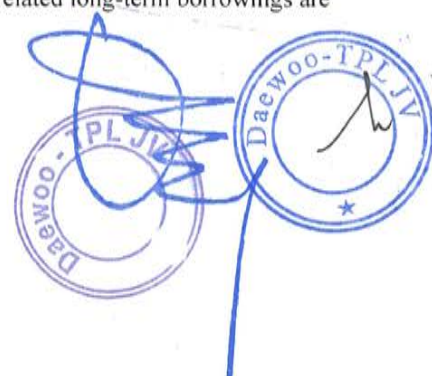
(in millions of Korean won)

	Borrowing institution	Interest rates (%)	2016		2015	
			Current	Non-current	Current	Non-current
Long-term borrowings in Korean won	CP	-	₩ -	₩ -	₩ 50,000	₩ -
	Woori Bank	3.05-3.42	-	29,213	111,649	-
	Korea Housing & Urban Guarantee Corporation	-	224	6,296	225	6,521
	Hanwha Insurance Co., Ltd	3.12	-	10,912	-	-
Long-term borrowings in foreign currencies	AKA bank	Euribo(6M)+0.45	12,531	-	12,038	12,660
	Arab Bank Plc	-	-	-	-	52,740
	Arab Bank Plc etc(*1)	Libor(3M)+2.40	132,935	-	-	-
	FGB	Libor(3M)+2.80	54,383	-	-	52,740
	HSBC	Libor(3M)+3.30	54,383	-	-	52,740
	KDB Singapore etc(*1)	Libor(3M)+2.85	84,595	-	146,500	82,040
	NBAD	-	-	-	52,740	-
	NBK(*1)	5	118,462	-	-	-
	QIB(*1)	Libor(6M)+2.50	120,850	-	-	-
	Korea Development Bank	4.60-5.85	241,700	-	-	234,404
	Bank of Federated States	5.50-7.00	-	-	233	2,621
First Hawaiian Bank	5.25	-	-	12	-	
	Subtotal		820,063	46,421	373,397	496,466
	Less : Discounts on present value		(1,881)	-	(938)	(4,116)
	Total		₩ 818,182	₩ 46,421	₩ 372,459	₩ 492,350

(in thousands of US dollars (Note 4))

	Borrowing institution	Interest rates (%)	2016		2015	
			Current	Non-current	Current	Non-current
Long-term borrowings in Korean won	CP	-	\$ -	\$ -	\$ 41,374	\$ -
	Woori Bank	3.05-3.42	-	24,173	92,386	-
	Korea Housing & Urban Guarantee Corporation	-	185	5,210	186	5,396
	Hanwha Insurance Co., Ltd	3.12	-	9,029	-	-
Long-term borrowings in foreign currencies	AKA bank	Euribo(6M)+0.45	10,369	-	9,961	10,476
	Arab Bank Plc	-	-	-	-	43,641
	Arab Bank Plc etc(*1)	Libor(3M)+2.40	110,000	-	-	-
	FGB	Libor(3M)+2.80	45,000	-	-	43,641
	HSBC	Libor(3M)+3.30	45,000	-	-	43,641
	KDB Singapore etc(*1)	Libor(3M)+2.85	70,000	-	121,225	67,886
	NBAD	-	-	-	43,641	-
	NBK(*1)	5	98,025	-	-	-
	QIB(*1)	Libor(6M)+2.50	100,000	-	-	-
Korea Development Bank	4.60-5.85	200,000	-	-	193,962	
Bank of Federated States	5.50-7.00	-	-	193	2,169	
First Hawaiian Bank	5.25	-	-	10	-	
	Subtotal		678,579	38,412	308,976	410,812
	Less : Discounts on present value		(1,556)	-	(777)	(3,406)
	Total		\$ 677,023	\$ 38,412	\$ 308,199	\$ 407,406

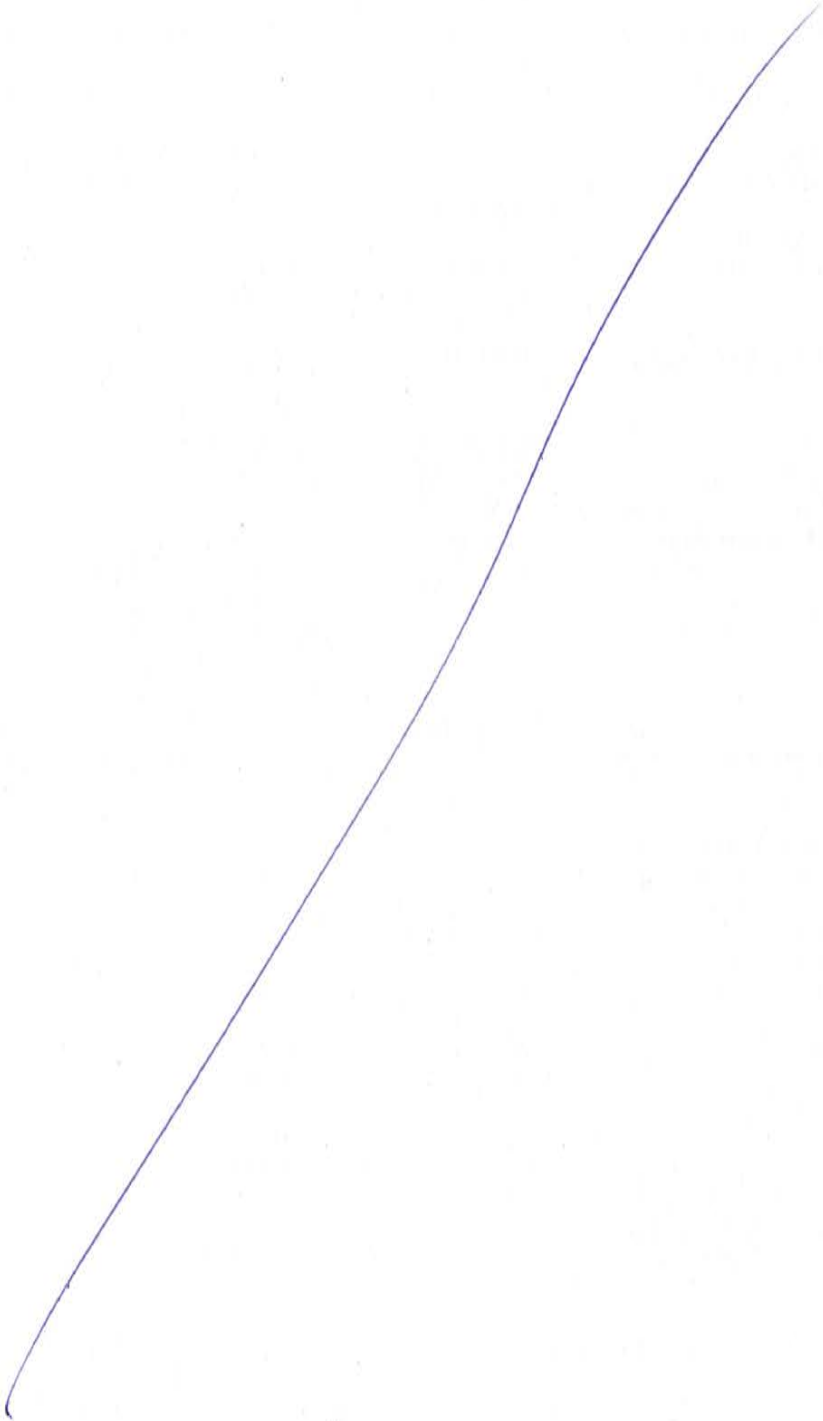
(*1) As the interest coverage ratio of the Group is less than the financial covenant ratio within the repayment period of borrowings, ₩ 397,611 million, equivalent to US \$ 329,012 thousand, of the related long-term borrowings are classified as Current portion of long-term borrowings and debentures.



2402

1150

5043



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5044
1151

(4) Debentures as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	Interest rates (%)	2016		2015	
		Current	Non-current	Current	Non-current
29-2nd public bond	5.10	₩ 100,000	₩ -	₩ -	₩ 100,000
30-2nd public bond	4.11	150,000	-	-	150,000
31st public bond	3.56	-	-	250,000	-
32nd public bond	3.96	-	-	200,000	-
33rd private bond	4.30	100,000	-	-	100,000
34th private bond	3.50	-	100,000	-	100,000
Total		₩ 350,000	₩ 100,000	₩ 450,000	₩ 450,000

(in thousands of US dollars (Note 4))

	Interest rates (%)	2016		2015	
		Current	Non-current	Current	Non-current
29-2nd public bond	5.10	\$ 82,747	\$ -	\$ -	\$ 82,747
30-2nd public bond	4.11	124,121	-	-	124,121
31st public bond	3.56	-	-	206,869	-
32nd public bond	3.96	-	-	165,494	-
33rd private bond	4.30	82,747	-	-	82,747
34th private bond	3.50	-	82,747	-	82,747
Total		\$ 289,615	\$ 82,747	\$ 372,363	\$ 372,362

21. NET DEFINED BENEFIT LIABILITY:

The Group operates defined benefit plan for employees who have qualifications. Actuarial valuation on plan assets and defined benefit obligations were performed by Mirae Asset Life Insurance Co., Ltd., an independent actuary. The present value and current service cost were measured using the projected unit credit method.

(1) Net defined benefit liability recognized in the statements of financial position as of December 31, 2016 and 2015, is as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

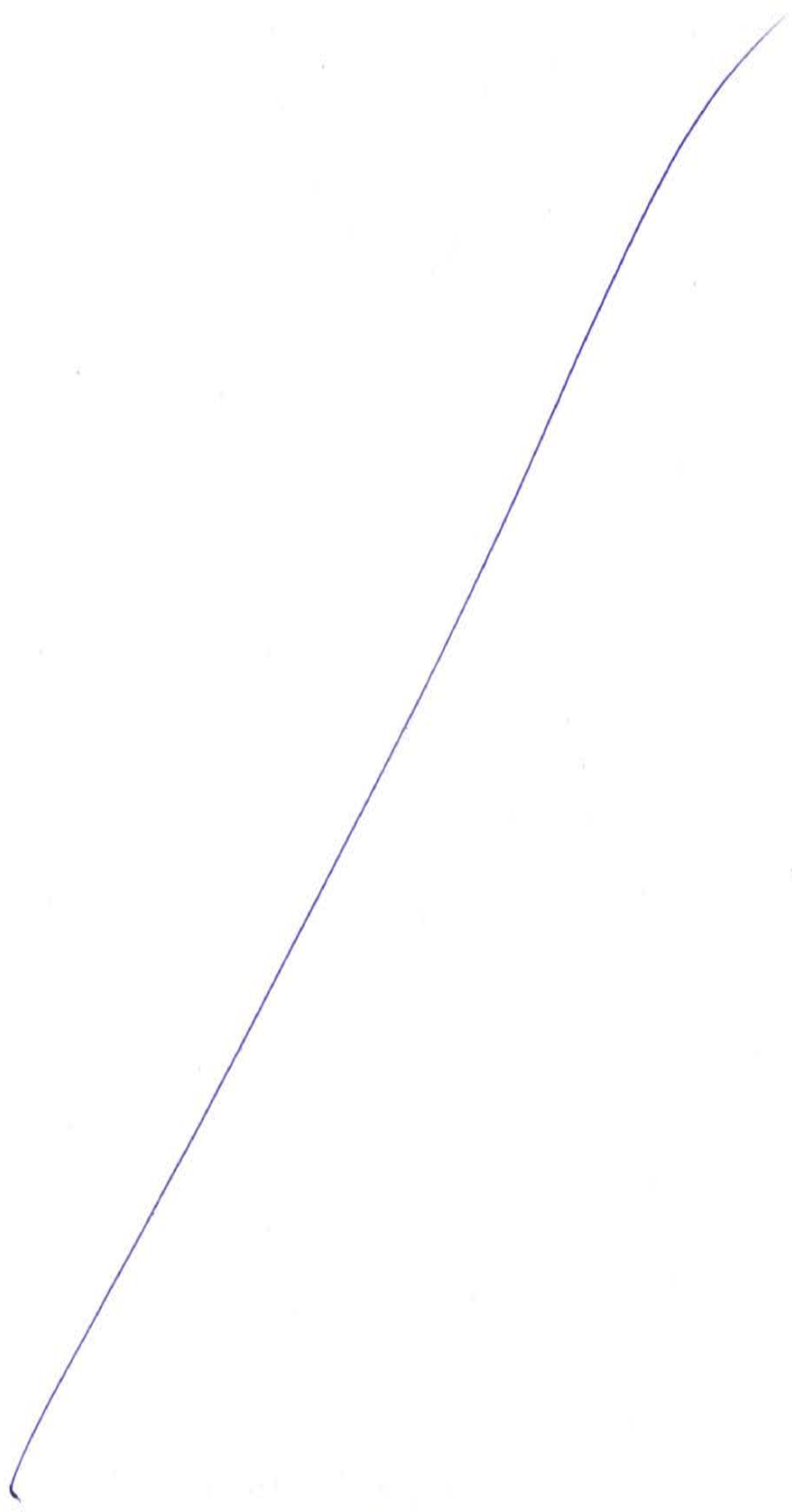
	2016		2015	
Present value of funded defined benefit obligations	₩ 408,200	₩ 410,264	\$ 337,774	\$ 339,482
Present value of unfunded defined benefit obligations	2,688	2,413	2,224	1,997
	410,888	412,677	339,998	341,479
Fair value of plan assets(*)	(245,873)	(240,352)	(203,453)	(198,885)
Liability in the statements of financial position	₩ 165,015	₩ 172,325	\$ 136,545	\$ 142,594

The contributions to the National Pension Fund of ₩ 2,291 million (equivalent to US \$ 1,896 thousand) are included in the fair value of plan assets as of December 31, 2016 (2015: ₩ 2,377 million, equivalent to US \$ 1,967 thousand).



1121

5045



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5046
1152

(2) Changes in the carrying amount of defined benefit obligations for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
	₩		₩	
Beginning balance	412,677	₩	372,717	\$ 341,479
Current service cost	47,294		46,323	39,134
Past service cost	-		7,713	-
Interest expense	10,766		14,891	8,909
Remeasurements:				
Actuarial gains and losses arising from changes in financial assumptions	(12,595)		35,873	(10,422)
Actuarial gains and losses arising from experience adjustments	(9,189)		(27,620)	(7,604)
Actuarial gains and losses arising from retirement age adjustments	(106)		(4,951)	(88)
Payments from plans:				
Benefit payments	(37,959)		(32,269)	(31,410)
Ending balance	<u>410,888</u>	₩	<u>412,677</u>	<u>\$ 341,479</u>

(3) Changes in the fair value of plan assets for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
	₩		₩	
Beginning balance	240,352	₩	174,688	\$ 198,885
Interest income	5,987		6,567	4,954
Remeasurements:				
Return on plan assets	(2,059)		(2,785)	(1,704)
Contributions:				
Employers	17,826		72,070	14,751
Payments from plans:				
Benefits payments	(15,813)		(9,775)	(13,086)
Administrative expenses	(334)		(259)	(276)
Contribution to national pension plan	(86)		(154)	(71)
Ending balance	<u>245,873</u>	₩	<u>240,352</u>	<u>\$ 198,885</u>

(4) The principal actuarial assumptions used are as follows:

1) The Group determined the estimate of discount rate and others for assessing the present value of the defined benefit obligations by the reference to the market yields on high-quality corporate bonds whose currency and term are consistent with the currency and estimated term of the postemployment benefit obligations.

	2016		2015	
Discount rate		2.78%		2.74%
Inflation rate		5.17%		4.25%

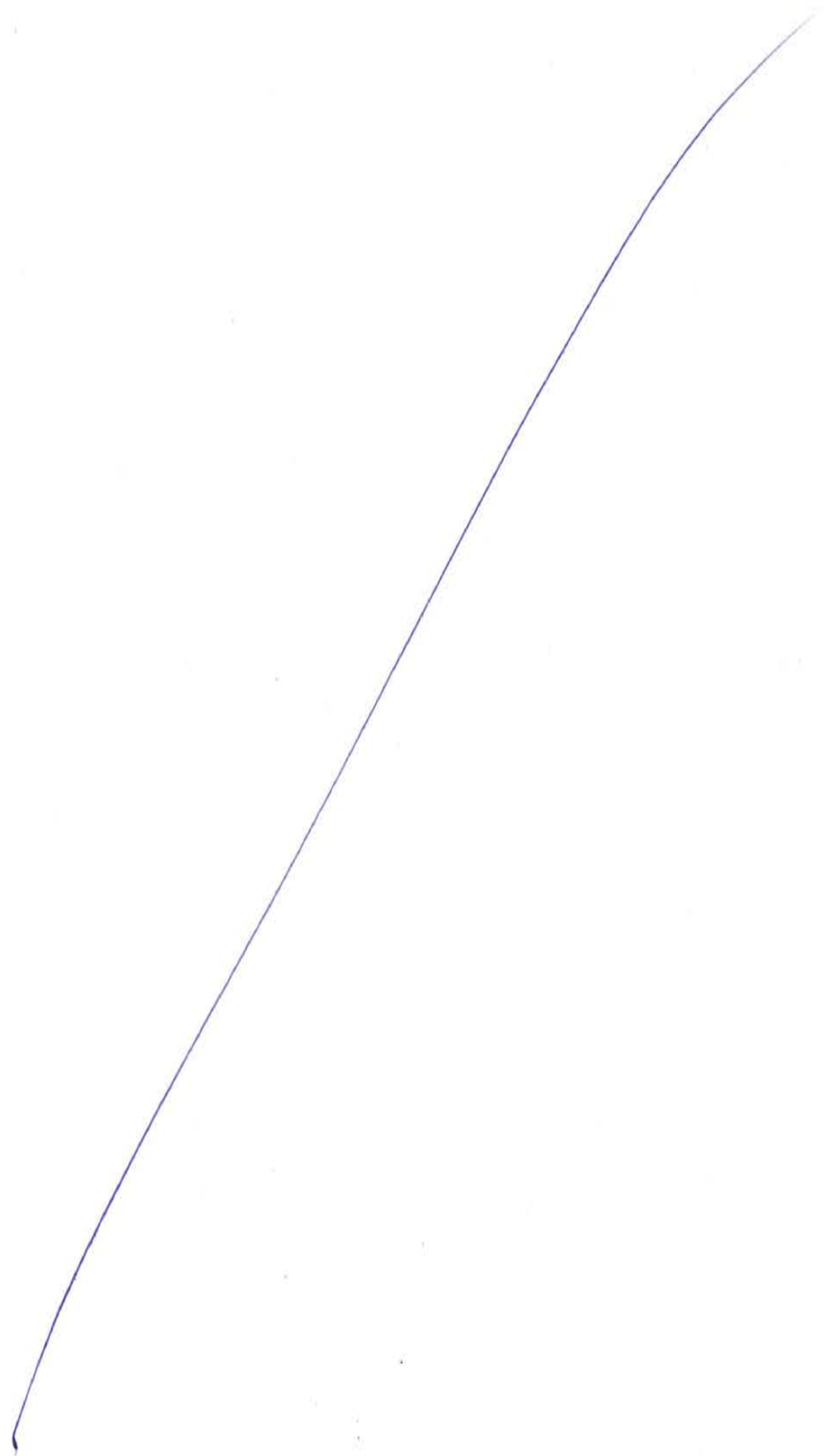
2) Retirement pension mortality rate from 2012, announced by the Insurance Development Institute to the Insurance Business Act, was used.



1980

5047

1125



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5048
1153

(5) The sensitivity analysis for changes in key actuarial assumptions is as follows:

	Effect on defined benefit obligation	
	Increase of 1%	Decrease of 1%
Discount rate	6.05% decrease	6.80% increase
Inflation rate	6.79% increase	6.15% decrease

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statements of financial position.

(6) Plan assets as of December 31, 2016 and 2015, consist of:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
	W	\$	W	\$
Cash and cash equivalents	15,828	13,097	12,206	10,100
Fixed deposits	214,414	177,421	207,776	171,929
Debt securities	6,475	5,358	8,204	6,789
Equity securities	214	177	253	209
Contribution to national pension plan	2,291	1,896	2,377	1,967
Others	6,651	5,504	9,536	7,891
Total	W 245,873	\$ 203,453	W 240,352	\$ 198,885

(7) Expected contributions to postemployment benefit plans for the year ending December 31, 2017, are W 37,152 million (equivalent to US \$ 30,742 thousand).

(8) The weighted-average duration of the defined benefit obligations is 6.61 years, and expected maturity analysis of undiscounted pension benefits as of December 31, 2016, is as follows:

(in millions of Korean won)

	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Over 4 years	Total
Pension benefits	W 51,312	W 52,728	W 119,162	W 718,076	W 941,278

(in thousands of US dollars (Note 4))

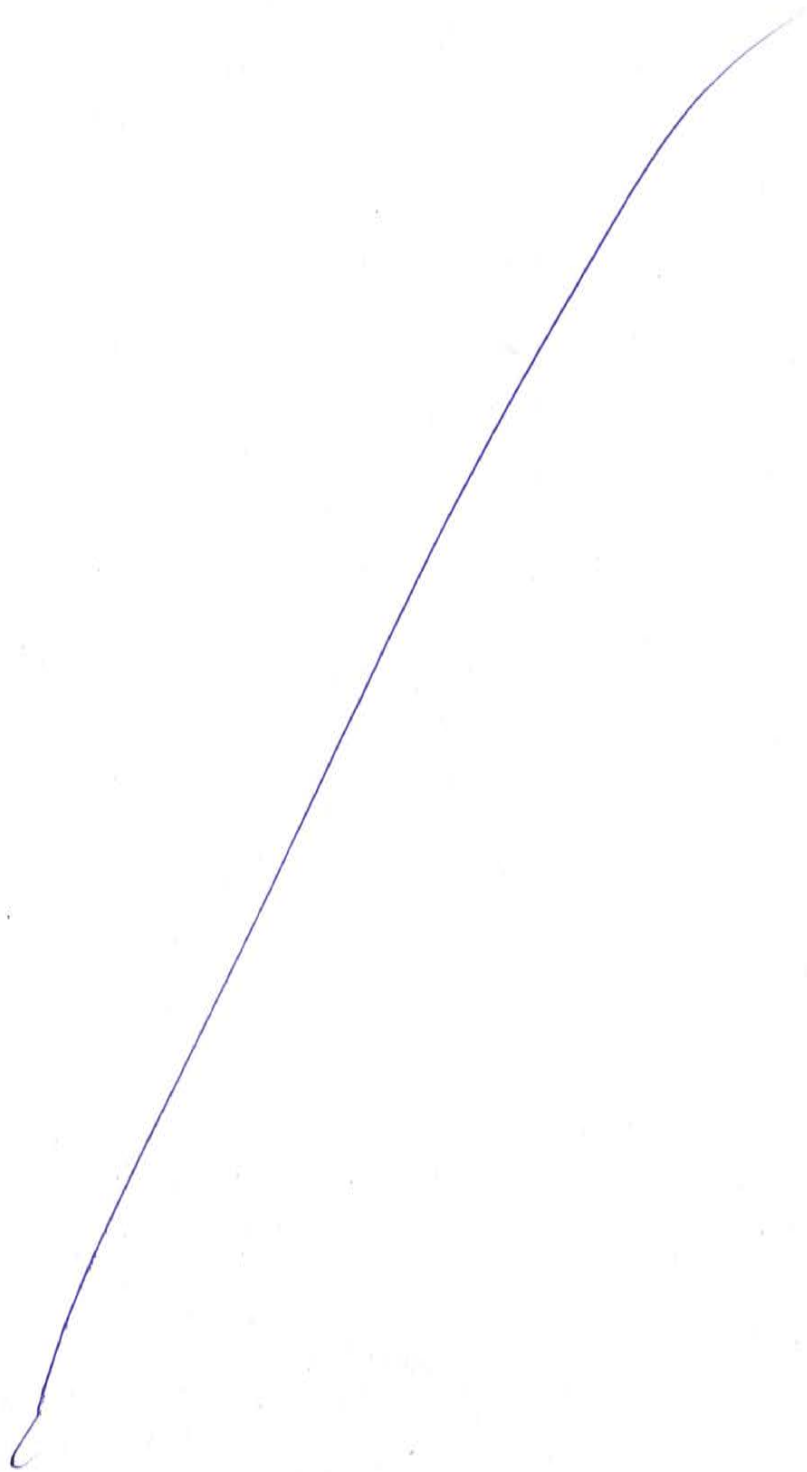
	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	Over 4 years	Total
Pension benefits	\$ 42,459	\$ 43,631	\$ 98,603	\$ 594,188	\$ 778,881



0408

1123

5049



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5050

1154

22. **PROVISIONS:**

(1) Provisions consist of provisions for construction warranty, provisions for contingent liabilities related with lawsuits and others.

(2) Changes in provisions for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016			2015		
	Provisions for construction warranty	Provisions for contingent liabilities	Total	Provisions for construction warranty	Provisions for contingent liabilities	Total
Beginning balance	₩ 80,325	₩ 250,623	₩ 330,948	₩ 65,467	₩ 506,950	₩ 572,417
Provision	76,231	196,127	272,358	35,552	112,661	148,213
Reversal	(1,781)	(30,673)	(32,454)	(1,475)	(47,498)	(48,973)
Payment	(24,850)	(171,553)	(196,403)	(19,219)	(321,490)	(340,709)
Ending balance	₩ 129,925	₩ 244,524	₩ 374,449	₩ 80,325	₩ 250,623	₩ 330,948

(in thousands of US dollars (Note 4))

	2016			2015		
	Provisions for construction warranty	Provisions for contingent liabilities	Total	Provisions for construction warranty	Provisions for contingent liabilities	Total
Beginning balance	\$ 66,467	\$ 207,383	\$ 273,850	\$ 54,172	\$ 419,487	\$ 473,659
Provision	63,079	162,290	225,369	29,418	93,224	122,642
Reversal	(1,474)	(25,381)	(26,855)	(1,221)	(39,303)	(40,524)
Payment	(20,563)	(141,955)	(162,518)	(15,903)	(266,024)	(281,927)
Ending balance	\$ 107,509	\$ 202,337	\$ 309,846	\$ 66,466	\$ 207,384	\$ 273,850

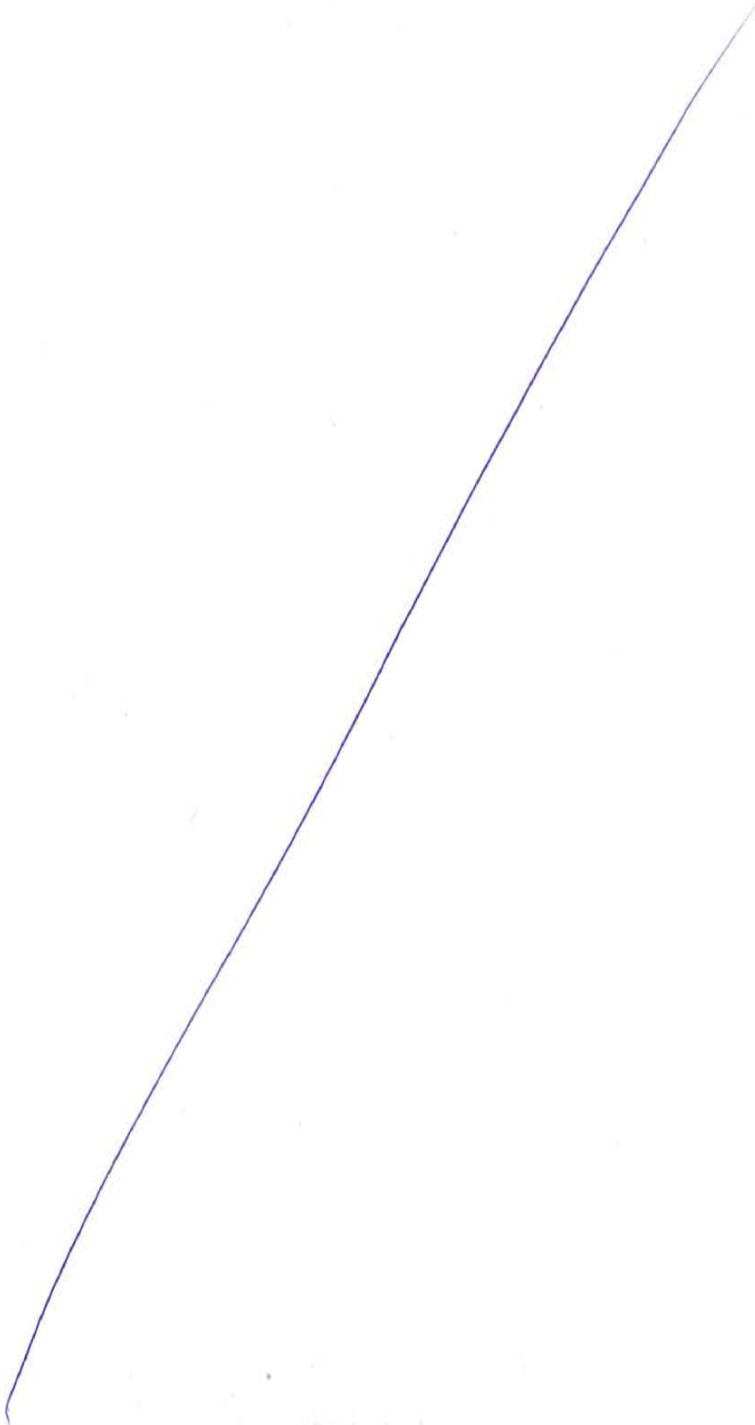


000

5

5051

000



n

W



W

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1155

23. COMMITMENTS AND CONTINGENCIES:

(1) As of December 31, 2016, the Group provided 4 blank promissory notes, 30 blank checks and 3 notes in the aggregate amount of ₩1,500 million (equivalent to US \$1,241 thousand) as collaterals for its borrowings, guarantees for construction performance and warranties, and guarantees on capital commitments.

(2) Details of major litigations that the Group is involved in as a defendant as of December 31, 2016, are as follows

(in millions of Korean won and thousands of US dollars (Note 4))

Plaintiff	Defendants	Details	Amount	
Gyeonggi Urban innovation Corporation	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 16 others	Transfer of stock and shareholders name	₩ 29,312	\$ 24,255
Korea Gas Corporation	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 18 others	Compensation for damages	28,100	23,252
Seoul	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 11 others	Compensation for damages	27,028	22,365
Cho youngim and 265 others	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 1 others	Compensation for damages	16,327	13,510
Sung kwang Medical Foundation and 3 others	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.	Restitution of construction cost	13,592	11,247
book a hyun 1-2 area Redevelopment union	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.	Claim objection	13,248	10,962
Ye sukung and 44 others	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.	Compensation for damages	11,336	9,380
Korea	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. and 3 others	Compensation for damages	10,893	9,014
Kim moonyoung and 40 others	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.	Compensation for damages	9,896	8,189
Posco E&C	DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.	Compensation for damages	9,034	7,475

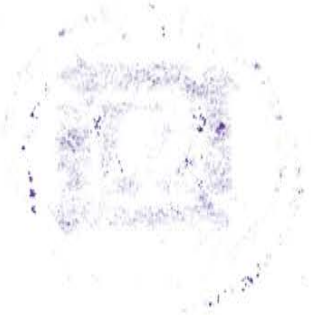
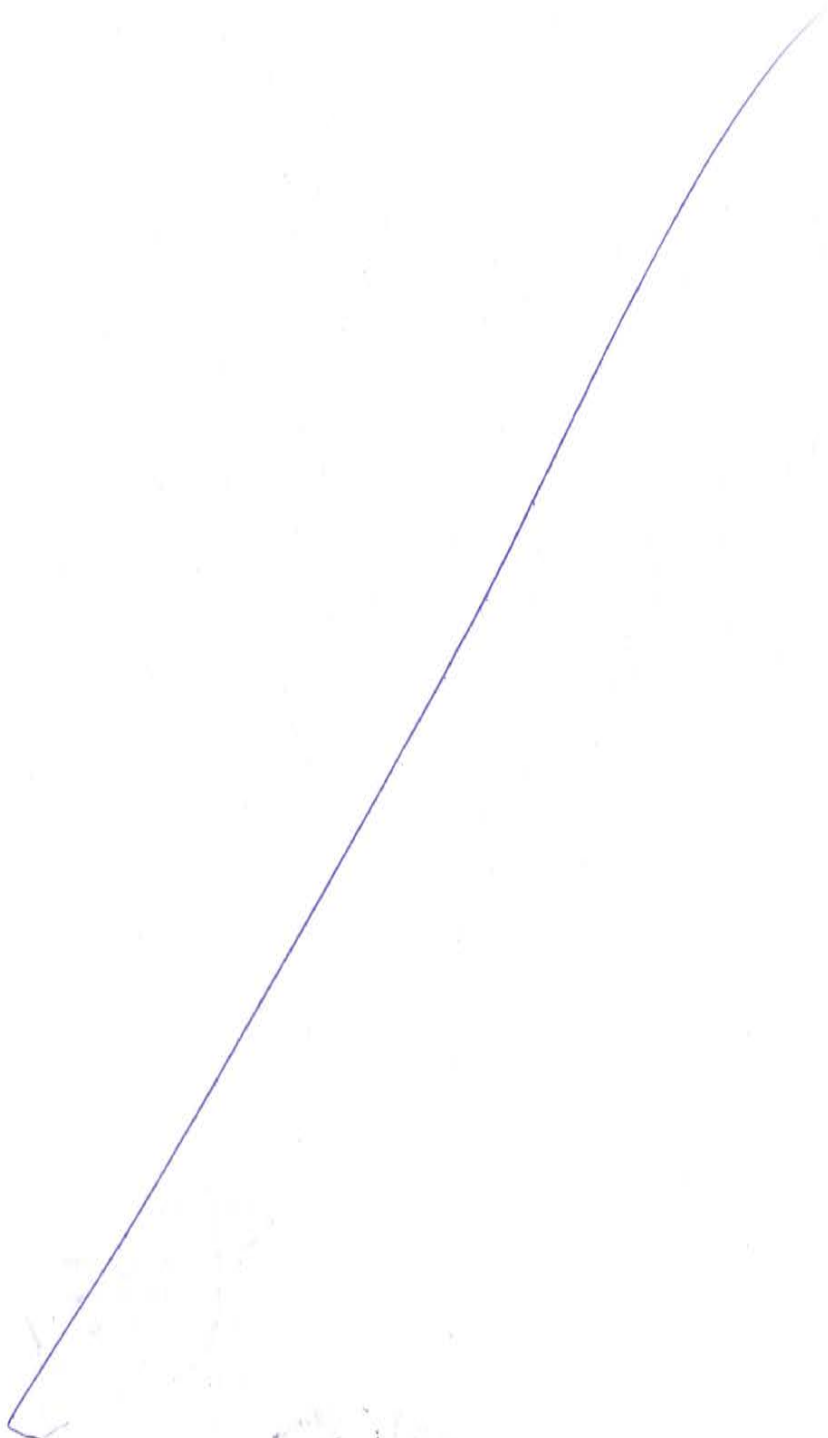
There are also a number of other legal actions, disputes, and investigations in the ordinary course of business. As the timing and the amount of outflow of economic benefits is uncertain, management recognized provisions at the best estimation for any material impact on the Group's financial position arising from the lawsuits. The final litigation amount of the Group is subject to change from the estimated amount depending on the outcome of the lawsuits.



1122

1122

5053



5054

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1156

(3) Commitment with financial institutions

As of December 31, 2016, the Group entered into an agreement to open an import letter of credit agreement with the Korea Development Bank, Woori Bank and KEB Hana Bank up to USD 527,761 thousand, (December 31, 2015: US \$ 628,200 thousand and ₩5,000 million, equivalent to US \$4,137 thousand), respectively. In addition, the Group entered into a bank overdraft agreement, bill discounting agreement and revolving credit facility agreement with Woori Bank up to ₩481,000 million, equivalent to US \$398,014 thousand (December 31, 2015: ₩581,000 million, equivalent to US \$480,761 thousand). Also, the Group entered into structured finance loan and cooperative loan agreements with the Export-Import Bank of Korea of up to ₩1,324,384 million, equivalent to US \$1,095,891 thousand (December 31, 2015: ₩1,102,188 million, equivalent to US \$912,030 thousand). In addition, the Group entered into the agreements related to financial liabilities (borrowings).

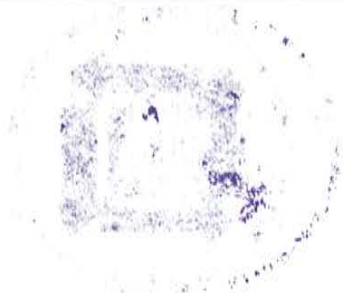
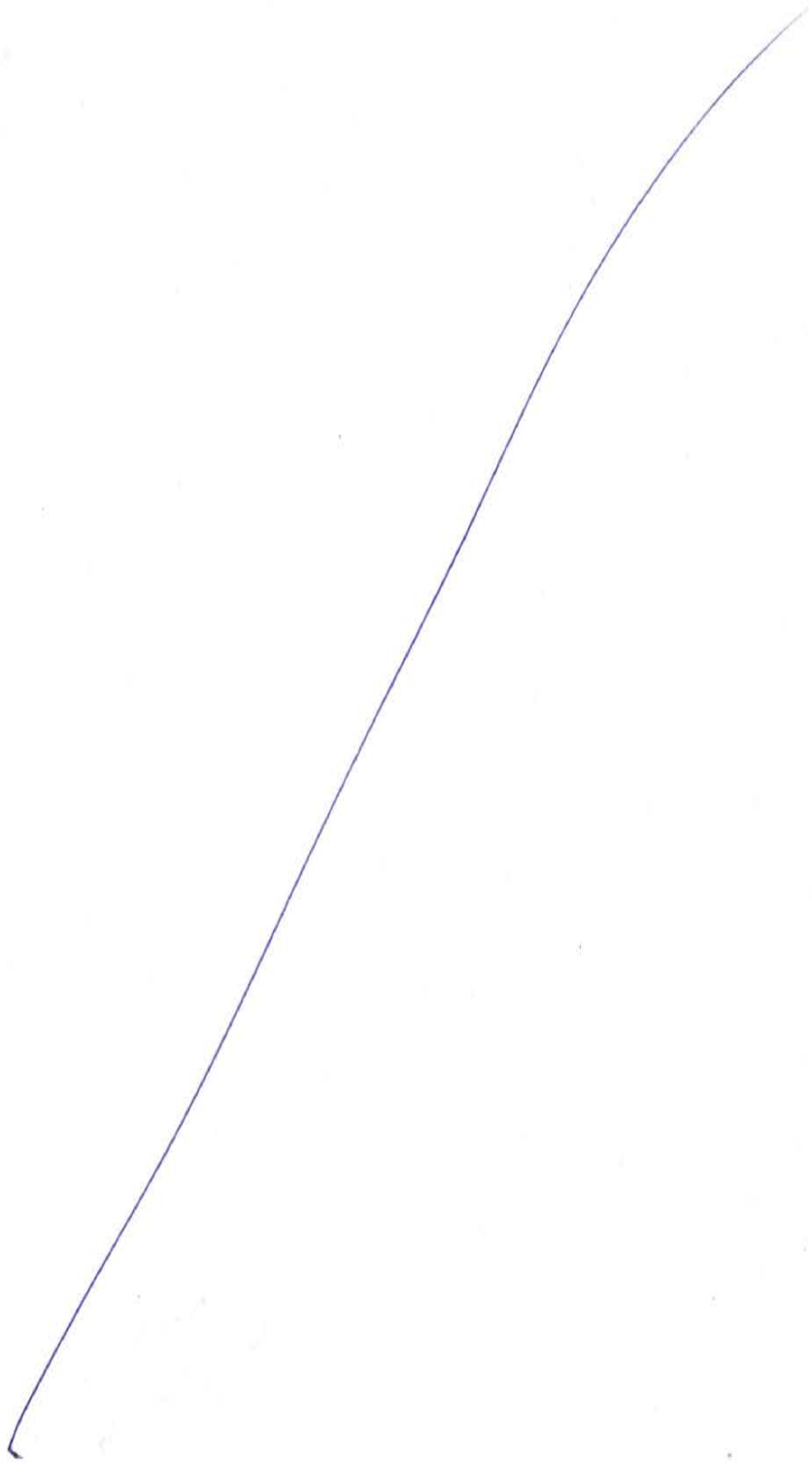
(4) Other Commitments

- 1) The Group granted put options that give financial investors who participated in the Second Seohaean Expressway project and a few other projects the right to sell the shares amounting to ₩80,186 million (equivalent to US \$66,352 thousand).
- 2) In relation to the construction of general industrial complex in Dangjin Songsan 2-2 Industrial Estate, the Group entered into a purchase agreement that requires the Group to purchase the land or beneficial interest in trust up to ₩50,000 million (equivalent to US \$41,374 thousand) in the event Goldring Songsan Co., Ltd., the trust beneficiary, exercises the right to complete the sale.
- 3) In relation to site renovation for the Group's first-level harbor redevelopment project at Geoje Gohyun harbor, the Group entered into an agreement that requires the Group to assume obligation on the land held for sale as commercial facilities of up to ₩64,000 million (equivalent to US \$52,958 thousand).
- 4) In relation to office development project in Sewoon 6-3 area 1, 2, the Group has pledged responsibility for rental real estate in the matter to the senior and mid-tier lender in the event that the mid-tier lender of the project exercises the call option
- 5) In relation to construction of the urban environment improvement project in Hapjeong area 2 (contract amount: ₩ 36,500 million (equivalent to US \$30,203 thousand)) and construction of Knowledge Industry Center in Hanam district Hyunan area 1 (contract amount: ₩ 300,000 million (equivalent to US \$248,242 thousand)) in the event that other than 'unqualified opinion' expressed in the 2016 fiscal year audit reports of the Group, or the credit rating falls below BBB+, the Group obligated to take over debt for the remaining loan principal.
- 6) The Group entered into a contract with Sheraton Overseas Management Corporation ("SOMC") for the development of a hotel and the introduction of management skills on February 5, 2008. As the Group has a contract with SOMC for the hotel management in trust, SOMC will manage Sheraton-Incheon Hotel for 15 years from the opening dates, and the Group will pay fees stipulated in the contract. The Group paid ₩ 990 million, equivalent to US \$819 thousand (2015: ₩820 million, equivalent to US \$679 thousand) for the year ended December 31, 2016. The Group recognized the fees as cost of sales.



1128

5055



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5056

1157

24. PLEDGED ASSETS AND PAYMENT GUARANTEES:

(1) Pledged Assets

1) Restricted financial instruments asset as of December 31, 2016, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	Detailed title	Financial Institutions	Amount	Amount	Remarks
Short-term financial Instruments, etc.	Foreign currency deposit	SMBC and others	₩ 176,428	\$ 145,989	Joint venture account
	Foreign bank deposit etc	Korea Exchange Bank and others	34,763	28,765	Pledging of loans and bills discounted, etc.
	Bank deposit	Korea Development Bank and others	10,716	8,867	Win-win growth fund, warranty for construction site lease
	R P	Korea Development Bank	5,762	4,768	Guarantee deposit for office sublease
	CMA etc	Hyundai Securities Co., Ltd	678	561	Deposits for transfer of business rights
		Subtotal		228,347	228,347
Long-term financial instruments	Currency deposit	Woori bank	86	71	Pledging for warranty
	Bank account deposit	Bank for account deposit	23	19	Bank account deposit
	Monetary bond trust	Nonghyup Bank	235	195	Money trust fund supplementary obligations
			344	344	
	Total		₩ 228,691	\$ 189,235	

2) Pledged other assets as of December 31, 2016, are as follows:

(in millions of Korean won)

	Book value	Total limits (*1)	Security holder
Property, plant and equipment, intangible assets, investment property, assets held for sale(*2)	₩ 848,791	₩ 693,636	Korea Standard Chartered Bank and others
Investments in securities, investments in associates	275,006	5,150,709	Korea Development Bank and others
Total	₩ 1,123,797	₩ 5,844,345	

(in thousands of US dollars (Note 4))

	Book value	Total limits (*1)	Security holder
Property, plant and equipment, intangible assets, investment property, assets held for sale(*2)	\$ 702,351	\$ 573,964	Korea Standard Chartered Bank and others
Investments in securities, investments in associates	227,560	4,262,068	Korea Development Bank and others
Total	\$ 929,911	\$ 4,836,032	

(*1) The Group has been displayed the amount by multiplying the percentage of the Group's obligation about the joint obligations incurred by a third party.

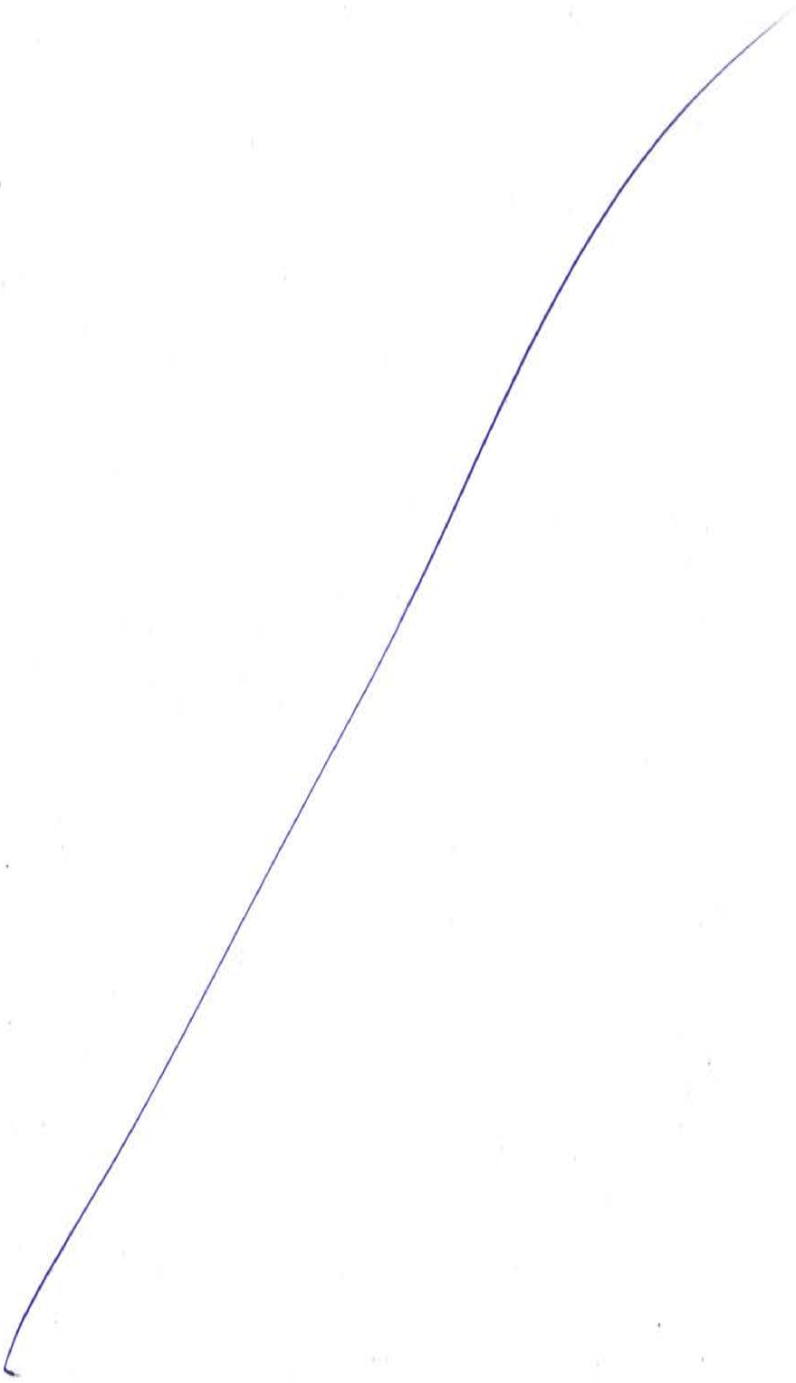
(*2) The amount include the pledged property, plant and equipment of ₩446,700 million (equivalent to US \$369,632 thousand) for loan, which amounts to ₩460,700 million (equivalent to US \$381,216 thousand) (Total limits are ₩511,700 million, equivalent to US \$423,417 thousand).



7058

1121

5057



6

4

11

4

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1158

① The payment guarantees that the Group provided for developers' debts as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015		2016		2015	
ABCP/ABSTB	₩	981,575	₩	1,604,590	\$	812,226	\$	1,327,753
Other loan		123,249		158,321		101,985		131,006
Total	₩	1,104,824	₩	1,762,911	\$	914,211	\$	1,458,759

(*) The above guarantee amount is the amount attributable to the Group's share, and excludes the amount attributable to other companies, which amounts to ₩76,000 million (equivalent to US \$62,888 thousand). It includes the amount of payment guarantees provided for the debts of Skyland Co., Ltd. and others, which amount to ₩285,000 million (equivalent to US \$235,830 thousand)

Major guarantees for the developers' debts that the Group provided as of December 31, 2016, are as follows:

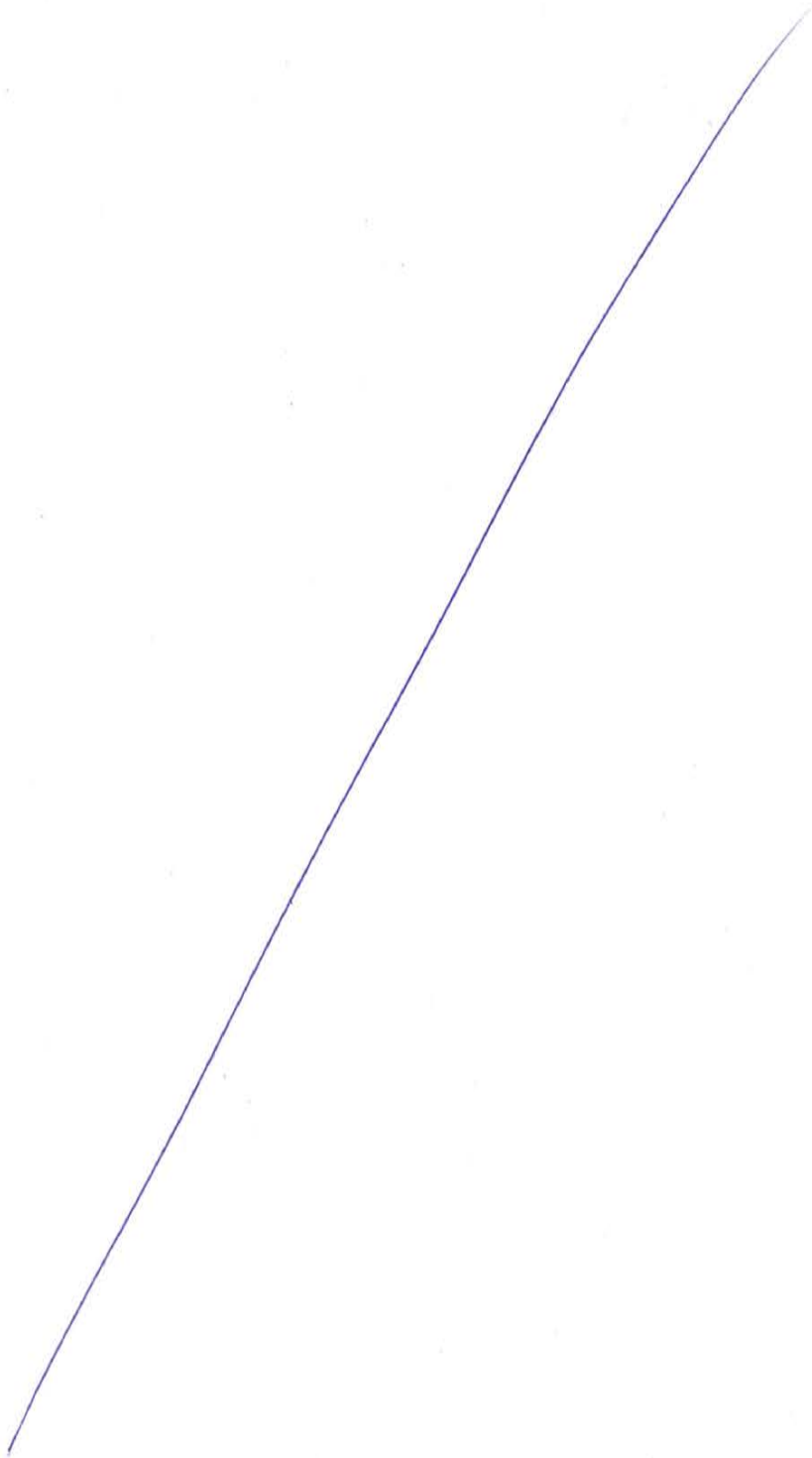
Business Area	Types of bond institutions	Debt		Warranty History	Period	Type
		Debt	Guarantee(*)			
Seoul	Stock	₩ 435,000	₩ 210,000	Debt acquisition	2016.07– 2019.07	ABSTB and others
Incheon	Capital, etc.	240,500	150,500	Debt acquisition	2016.09– 2017.09	Loan, ABSTB and others
Chungnam Cheonan	Stock	206,600	145,000	Debt acquisition	2014.10– 2018.04	ABSTB and others
Seoul	Stock	128,000	128,000	Debt acquisition	2016.04– 2017.04	ABSTB and others
Seoul	Securities, etc.	119,600	82,493	Debt acquisition etc.	2015.06– 2018.06	Loan, ABSTB and others
Gyeonggi Pyeongtaek	Securities, etc.	87,500	82,075	Debt acquisition etc.	2014.10– 2017.04	Loan, ABSTB and others
Gyeonggi Gimpo	Securities, etc.	203,500	75,000	Debt acquisition	2015.08– 2018.10	Loan, ABSTB and others
Gyeonggi Pyeongtaek	Securities, etc.	110,000	60,558	Debt acquisition etc.	2016.06– 2019.06	Loan, ABSTB and others
Gyeonggi Gimpo	Securities, etc.	76,613	50,000	Debt acquisition	2014.11– 2017.11	Loan, ABSTB and others
Seoul	Securities, etc.	100,000	50,000	Debt acquisition	2014.04– 2016.10	Loan, ABSTB and others



2008

1139

5059



Faint, illegible markings or text at the bottom center of the page.

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

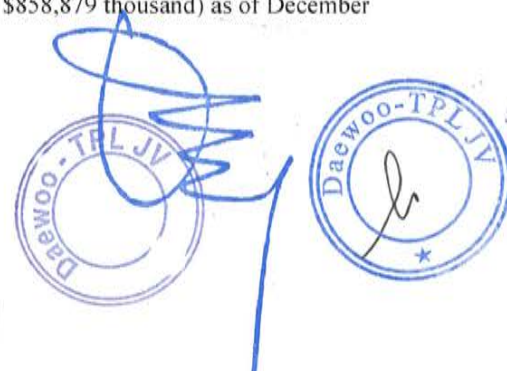
5060

1159

Business Area	Types of bond institutions	Debt		Warranty History	Period	Type
		Debt	Guarantee(*)			
Seoul	Stock	\$ 359,950	\$ 173,769	Debt acquisition	2016.07– 2019.07	ABSTB and others
Incheon	Capital, etc.	199,007	124,535	Debt acquisition	2016.09– 2017.09	Loan, ABSTB and others
Chungnam Cheonan	Stock	170,956	119,983	Debt acquisition	2014.10– 2018.04	ABSTB and others
Seoul	Stock	105,916	105,916	Debt acquisition	2016.04– 2017.04	ABSTB and others
Seoul	Securities, etc.	98,966	68,261	Debt acquisition etc.	2015.06– 2018.06	Loan, ABSTB and others
Gyeonggi Pyeongtaek	Securities, etc.	72,404	67,915	Debt acquisition etc.	2014.10– 2017.04	Loan, ABSTB and others
Gyeonggi Gimpo	Securities, etc.	168,391	62,060	Debt acquisition	2015.08– 2018.10	Loan, ABSTB and others
Gyeonggi Pyeongtaek	Securities, etc.	91,022	50,110	Debt acquisition etc.	2016.06– 2019.06	Loan, ABSTB and others
Gyeonggi Gimpo	Securities, etc.	63,395	41,374	Debt acquisition	2014.11– 2017.11	Loan, ABSTB and others
Seoul	Securities, etc.	82,747	41,374	Debt acquisition	2014.04– 2016.10	Loan, ABSTB and others

(*) The above guarantee amount is the amount attributable to the Group's share.

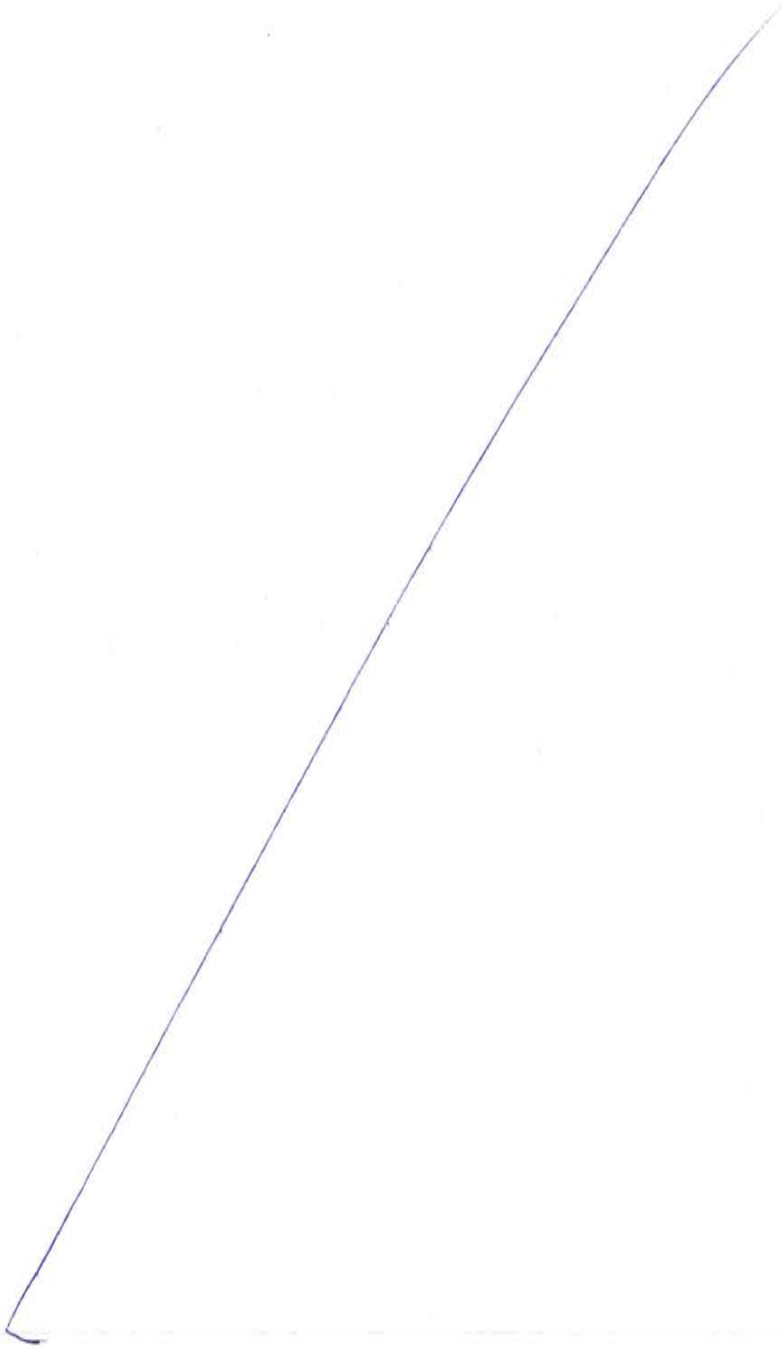
- ② The Group is jointly and severally liable for the guarantees of ₩349,305 million (equivalent to US \$289,040 thousand) for the borrowing of a housing cooperative for redevelopment and reconstruction.
- ③ The Group has been provided with guarantees of ₩14,335,193 million (equivalent to US \$11,861,971 thousand) by Construction Guarantee Cooperative and others in relation to construction contract performance and a land sale agreement. In relation to the guarantee provided, the letter of guarantee issued by the Korea Trade Insurance Corporation and others are offered as collateral.
- ④ The Group has provided performance guarantees of ₩10,056,848 million (equivalent to US \$8,321,761 thousand) in connection with contract performance, sale-in-lot guarantee and warranty for domestic construction contracts. If the Group does not complete the guaranteed constructions for various project, such as Gimpo pungmu City Development Project and others, the Group provides conditional assumption of obligations.
- ⑤ The Group is jointly and severally liable for the guarantees of ₩1,370,262 million (equivalent to US \$1,133,854 thousand) in connection with the sale-in-lot instalment payments and is also jointly and severally liable for the guarantees of ₩36,032 (equivalent to US \$29,815 thousand) for moving expenses of housing-project members.
- ⑥ The Group has provided supplemental funding agreement of ₩301,167 million (equivalent to US \$249,207 thousand) to Shinbundang Railroad Co., Ltd. and other SOC companies. Also, the Group has supplemental funding duty for the deficit of project expenses of Erail Co., Ltd. and other SOC companies.
- ⑦ The Group and other construction companies have provided performance guarantees on their construction projects on a reciprocal basis. The Group has provided guarantees to other construction companies of up to ₩864,899 million (equivalent to US \$715,680 thousand) as of December 31, 2016. Also, the Group has been provided with guarantees by other construction companies of up to ₩1,037,955 million (equivalent to US \$858,879 thousand) as of December 31, 2016.



3805

1932

5061



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

⑧ The Group has agreed to supplement the related operating expenses of Eugene Green Housing 2nd Private Real-estate Trust.

⑨ The Group entered into a land sale and development agreement with New Songdo International City Development ("NSIC"). In accordance with the contract, the Group provided the preferred beneficiary right of the land and building with a book value of ₩148,525 million (equivalent to US \$122,900 thousand) to Dongbu Insurance Co., Ltd. and Korea Standard Chartered Bank as collateral for its borrowings of ₩111,000 million (equivalent to US \$91,849 thousand).

25. CAPITAL STOCK AND CAPITAL SURPLUS:

(1) The Parent Company is authorized to issue 700 million shares with the par value per share of ₩5,000. As of December 31, 2016, the Group has issued 415,622,638 shares of common stock.

(2) Capital surplus as of December 31, 2016 and 2015, mainly consists of paid-in capital in excess of par value.

26. OTHER COMPONENT OF EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME:

(1) Other components of equity as of December 31, 2016 and 2015, consist of:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
Treasury stock(*1)	₩	(101,723)	₩	(101,723)
Debt to be swapped for equity(*2)		2,549		2,549
Total	₩	(99,174)	₩	(99,174)

(*1) As of December 31, 2016, the Group holds 4,736,918 treasury shares acquired at prevailing market price for stock price stabilization and the disposition of losses resulting from capital reduction.

(*2) In 2000 and 2001, the Group agreed to the conversion of its debt into equity in accordance with the Corporate Workout Plan with the Creditors' Association. The conversion required the condonation of interest liability until equity conversion or the issuance of mandatory convertible bonds. Accordingly, the debt to be swapped for equity that is scheduled to be converted into the Group's common stock is recorded as a capital adjustment. As of December 31, 2016, the debt to be swapped for equity amounts to ₩2,549 million (equivalent to US \$2,109 thousand), and there have been no changes in debt to be swapped for equity for the year ended December 31, 2016. The number of issuable stocks is 509,868 shares.

(2) Other comprehensive income after tax effect as of December 31, 2016 and 2015, consists of:

(in millions of Korean won and thousands of US dollars (Note 4))

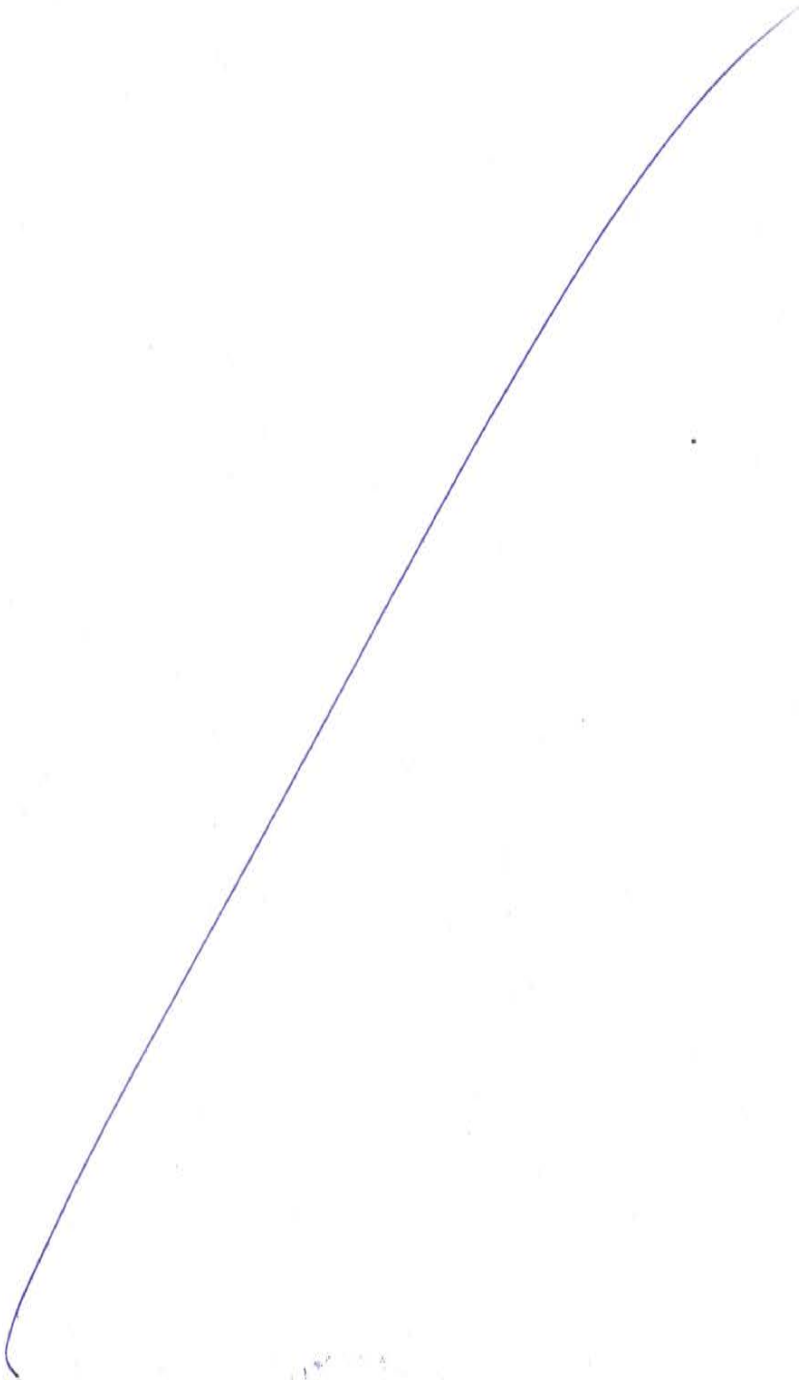
	2016		2015	
Gain (loss) on valuation of available-for-sale financial assets	₩	15,398	₩	9,883
Loss on overseas operations translation		(161,443)		(173,035)
Other comprehensive gain of associates		12,023		12,185
Total	₩	(134,022)	₩	(150,967)



0000

0011

5063



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5064

1161

27. RETAINED EARNINGS:

Retained earnings as of December 31, 2016 and 2015, consist of:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
Legal reserves ¹ (*1)	₩	60,846	₩	60,639
Discretionary reserves(*2)		23,966		38,633
Unappropriated retained earnings		(447,651)		258,755
Total	₩	(362,839)	₩	358,027

(*1) The Commercial Code of the Republic of Korea requires the Group to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for cash dividends payment, but may be transferred to capital stock or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed in accordance with a resolution of the shareholders' meeting.

(*2) The Group appropriates a certain portion of its retained earnings as reserves for financial structure improvement, and research and human resource development, which are provided in order to obtain tax benefits under the Special Tax Treatment Control Law.

28. EARNINGS PER SHARE:

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted-average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group and held as treasury shares.

(1) Basic earnings per share for the years ended December 31, 2016 and 2015, is as follows:

(in Korean won and US dollars (Note 4))

	2016		2015	
Profit attributable to equity holders of the Company	₩	(735,846,855,359)	₩	105,903,189,744
Weighted-average number of ordinary shares in issue		410,885,720		410,885,720
Basic earnings per share		(1,791)		258

(2) Diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(3) Diluted earnings per share for the years ended December 31, 2016 and 2015, is as follows:

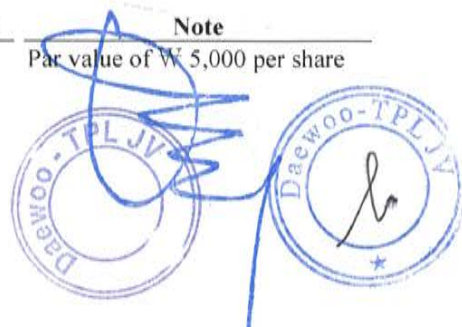
(in Korean won and US dollars (Note 4))

	2016		2015	
Profit used to determine diluted earnings per share	₩	(735,846,855,359)	₩	105,903,189,744
Weighted-average number of ordinary shares for diluted earnings per share		410,885,720		411,395,588
Diluted earnings per share		(1,791)		257

(4) The diluted potential stocks as of December 31, 2016, are as follows:

(in Korean won and US dollars (Note 4))

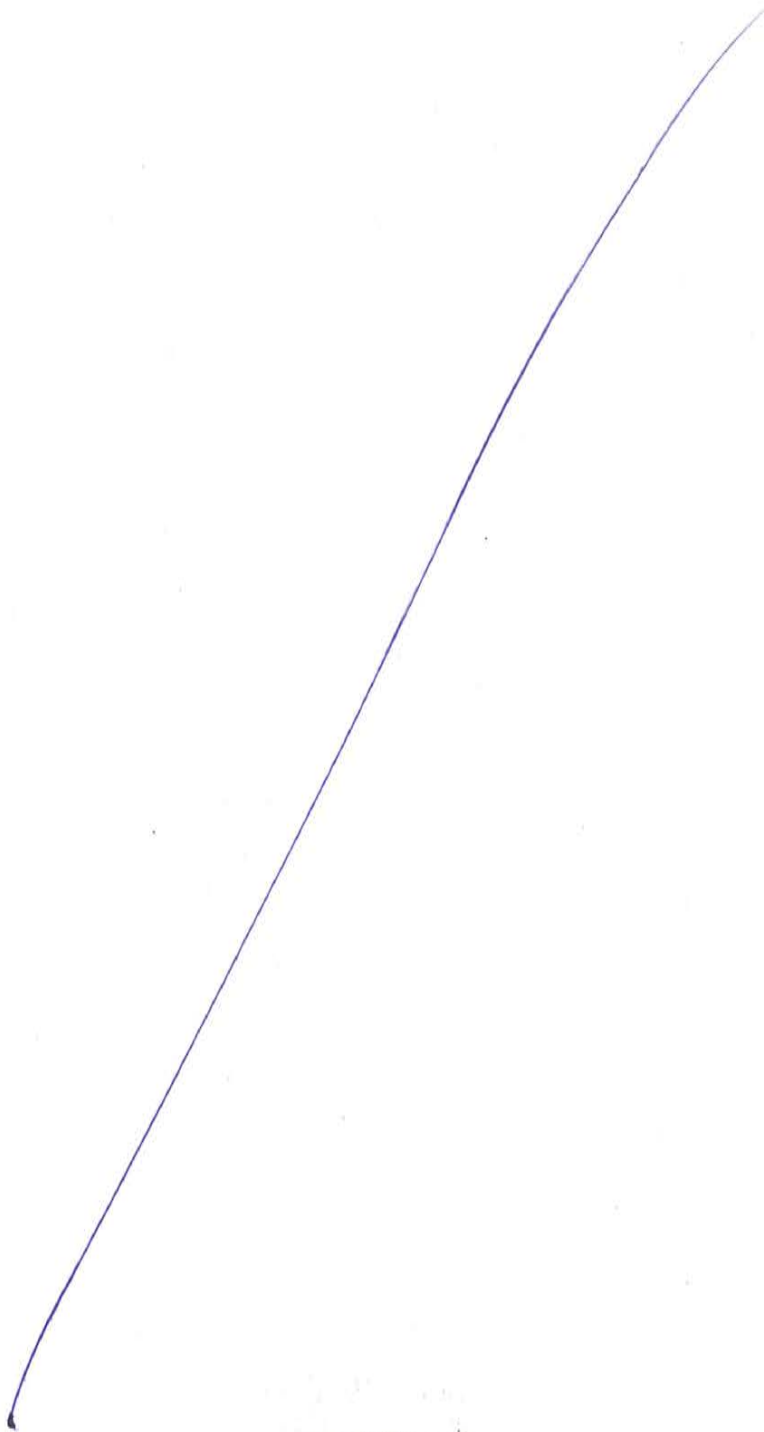
	Face value	Issuable common stock	Note
Debt to be swapped for equity	\$	2,109,509,888	Par value of ₩ 5,000 per share



1200

1011

5065



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

29. EXPENSES BY NATURE:

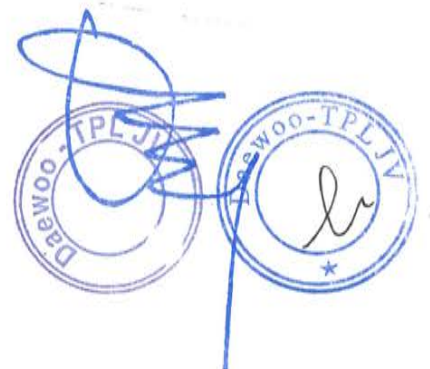
Expenses that are recorded by nature as cost of sales, selling and administrative expenses in the statements of income for the years ended December 31, 2016 and 2015, consist of:

(in millions of Korean won)

	2016			2015		
	Cost of sales	Selling and administrative expenses	Total	Cost of sales	Selling and administrative expenses	Total
Changes in finished housing	₩ 22,494	₩ -	₩ 22,494	₩ (8,730)	₩ -	₩ (8,730)
Purchase of raw materials and land held for development	3,977,496	-	3,977,496	3,391,493	-	3,391,493
Labor cost	767,237	190,722	957,959	724,249	172,099	896,348
Outsourcing	4,128,533	-	4,128,533	3,619,515	-	3,619,515
Consulting fees	456,593	65,667	522,260	469,816	46,616	516,432
Other employee welfare	130,648	47,861	178,509	116,170	41,479	157,649
Rent	175,328	28,554	203,882	134,834	27,559	162,393
Commissions	246,517	42,681	289,198	181,647	32,935	214,582
Advertising	24,798	7,989	32,787	28,666	7,027	35,693
Development	875	13,958	14,833	1,030	14,357	15,387
Depreciation	81,335	14,756	96,091	56,033	15,631	71,664
Insurance premium	58,150	6,538	64,688	57,051	5,308	62,359
Taxes and dues	68,156	10,964	79,120	59,630	12,241	71,871
Others	872,714	132,608	1,005,322	499,758	14,616	514,374
Total	₩ 11,010,874	₩ 562,298	₩ 11,573,172	₩ 9,331,162	₩ 389,868	₩ 9,721,030

(in thousands of US dollars (Note 4))

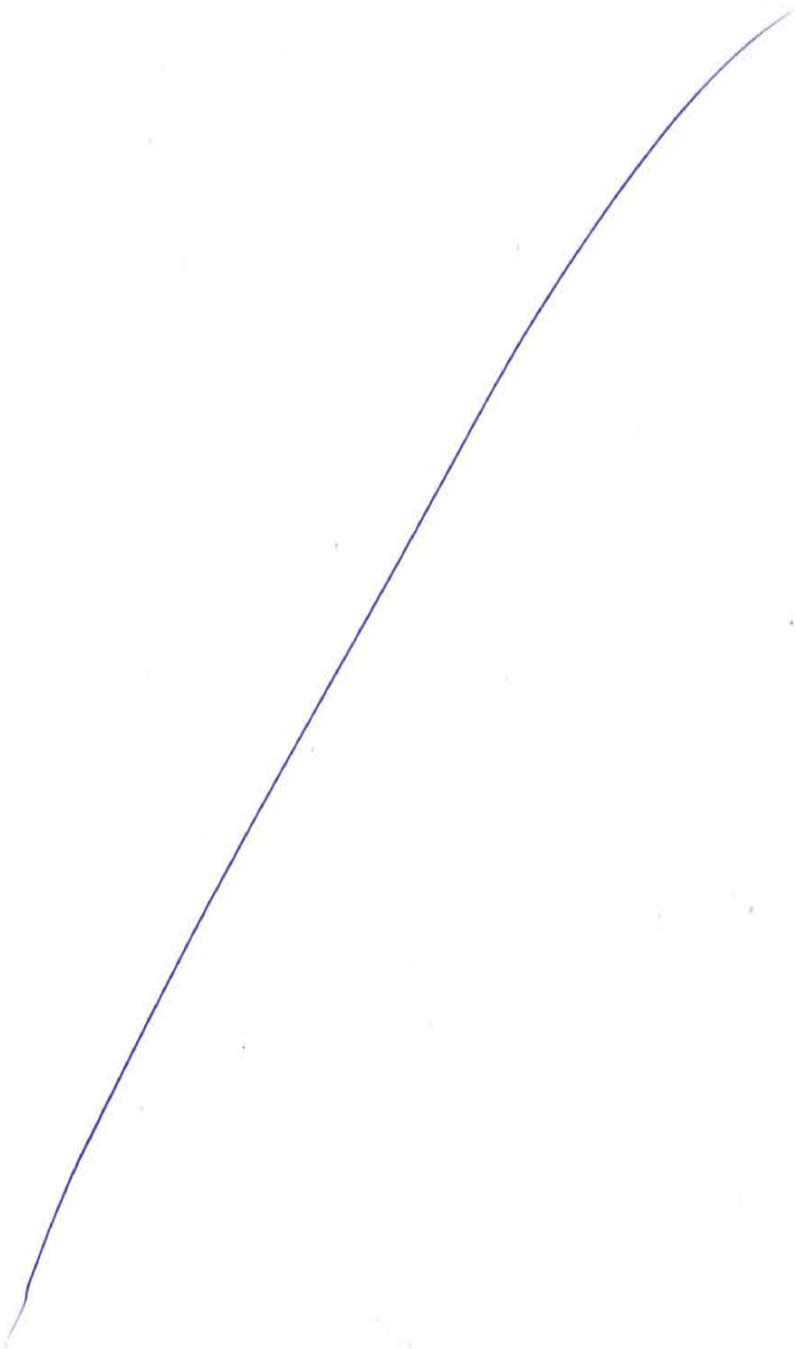
	2016			2015		
	Cost of sales	Selling and administrative expenses	Total	Cost of sales	Selling and administrative expenses	Total
Changes in finished housing	\$ 18,613	\$ -	\$ 18,613	\$ (7,224)	\$ -	\$ (7,224)
Purchase of raw materials and land held for development	3,291,267	-	3,291,267	2,806,366	-	2,806,366
Labor cost	634,867	157,817	792,684	599,296	142,407	741,703
Outsourcing	3,416,246	-	3,416,246	2,995,048	-	2,995,048
Consulting fees	377,818	54,338	432,156	388,760	38,573	427,333
Other employee welfare	108,108	39,604	147,712	96,127	34,323	130,450
Rent	145,079	23,628	168,707	111,571	22,805	134,376
Commissions	203,986	35,317	239,303	150,308	27,253	177,561
Advertising	20,520	6,611	27,131	23,720	5,815	29,535
Development	724	11,550	12,274	852	11,880	12,732
Depreciation	67,302	12,210	79,512	46,366	12,934	59,300
Insurance premium	48,118	5,410	53,528	47,208	4,392	51,600
Taxes and dues	56,397	9,072	65,469	49,342	10,129	59,471
Others	722,146	109,729	831,875	413,536	12,094	425,630
Total	\$ 9,111,191	\$ 465,286	\$ 9,576,477	\$ 7,721,276	\$ 322,605	\$ 8,043,881



0000

5067

88.1



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5068

1163

30. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015		2016		2015	
Salaries	₩	168,711	₩	147,099	\$	139,604	\$	121,720
Consulting fees		65,667		46,616		54,338		38,573
Welfare expenses		47,861		41,479		39,604		34,323
Rent		28,554		27,559		23,628		22,804
Development		13,958		14,357		11,550		11,880
Commissions		42,681		32,935		35,317		27,253
Pension costs		22,012		25,000		18,214		20,687
Insurance Premium		6,538		5,308		5,410		4,392
Advertising		7,989		7,027		6,611		5,815
Travel expenses		7,678		5,403		6,353		4,471
Depreciation		9,904		10,581		8,195		8,755
Amortization		4,852		5,050		4,015		4,179
Reversal of allowance for doubtful accounts		(9,169)		(21,364)		(7,587)		(17,678)
Bad debt expenses		112,108		12,561		92,766		10,394
Others		32,954		30,257		27,268		25,037
Total	₩	562,298	₩	389,868	\$	465,286	\$	322,605

31. OTHER INCOME AND EXPENSES:

(1) Other income for years ended December 31, 2016 and 2015, is as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

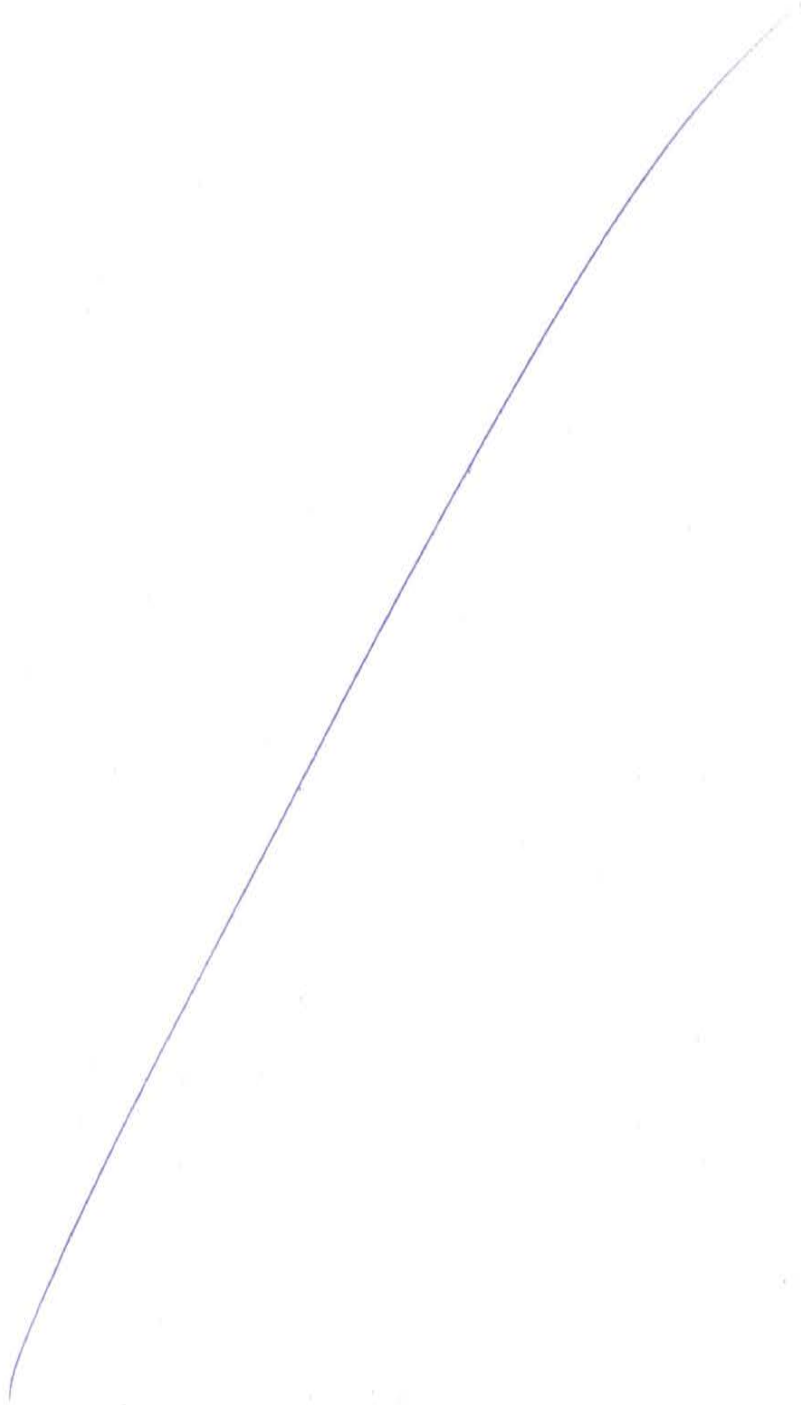
	2016		2015		2016		2015	
Reversal of allowance for doubtful accounts	₩	36,754	₩	58,348	\$	30,413	\$	48,281
Gain on disposal of investments in securities		213		23,469		176		19,420
Gain on disposal of investments in associates		29		-		24		-
Gain on disposal of assets classified as held for sale		8,778		7,532		7,264		6,233
Reversal of impairment losses on assets classified as held for sale		3,498		-		2,894		-
Gain on disposal of property, plant and equipment		3,334		3,266		2,759		2,703
Gains on disposal of investment property		403		2,004		333		1,658
Return of reserve for other contingent liabilities		30,673		47,498		25,381		39,303
Dividend income		652		4,336		540		3,588
Miscellaneous revenues		63,595		44,186		52,623		36,563
Gain on foreign currency transactions		87,217		57,617		72,170		47,676
Gain on foreign currency translation		28,035		28,033		23,198		23,197
Reversal of gain on foreign currency translation		3,020		19,985		2,499		16,537
Gain on debt exemption		96		-		79		-
Gain on valuation of derivatives		178,045		87,989		147,327		72,808
Gain on transactions of derivatives		28,269		69,051		23,392		57,138
Total	₩	472,611	₩	453,314	\$	391,072	\$	375,105



7007

5069

1183



5070

1164

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(2) Other expenses for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
	₩	₩	\$	\$
Other bad debts expense	149,613	69,295	123,801	57,340
Impairment losses on investment property	344	-	285	-
Loss on disposal of investments in securities	107	106	89	88
Impairment losses on investment in securities	63,353	320	52,423	265
Impairment losses on investment in associates	570	-	472	-
Loss on disposal of assets classified as held for sale	1,365	747	1,129	618
Impairment losses on assets classified as held for sale	23,988	16,622	19,849	13,754
Loss on disposal of property, plant and equipment	886	801	733	663
Impairment losses on property, plant and equipment	45,061	-	37,287	-
Loss on disposal of intangible assets	1	-	1	-
Impairment losses on intangible assets	9,507	-	7,867	-
Transfer to reserve for contingent liabilities	196,127	112,661	162,290	93,224
Donations	9,714	1,520	8,038	1,258
Miscellaneous losses	25,826	28,198	21,370	23,333
Reversal of loss on foreign currency translation	121,923	17,617	100,888	14,578
Loss on foreign currency transactions	84,654	50,832	70,049	42,062
Loss on foreign currency translation	43,418	36,220	35,927	29,971
Loss on transactions of derivatives	14,878	24,363	12,311	20,160
Loss on valuation of derivatives	143,418	45,687	118,674	37,805
Others	7,642	2,883	6,323	2,384
Total	₩ 942,395	₩ 407,872	\$ 779,806	\$ 337,503

32. FINANCIAL INCOME AND COSTS:

(1) Financial income for the years ended December 31, 2016 and 2015, is as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
	₩	₩	\$	\$
Interest income on bank deposits	5,921	6,857	4,899	5,674
Interest income on available-for-sale financial assets	165	580	137	480
Interest income on trade and other receivables	18,844	14,023	15,593	11,604
Total	₩ 24,930	₩ 21,460	\$ 20,629	\$ 17,758

(2) Financial costs for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
	₩	₩	\$	\$
Financial expenses	92,385	95,238	76,446	78,807
Others	749	2,010	620	1,663
Total	₩ 93,134	₩ 97,248	\$ 77,066	\$ 80,470

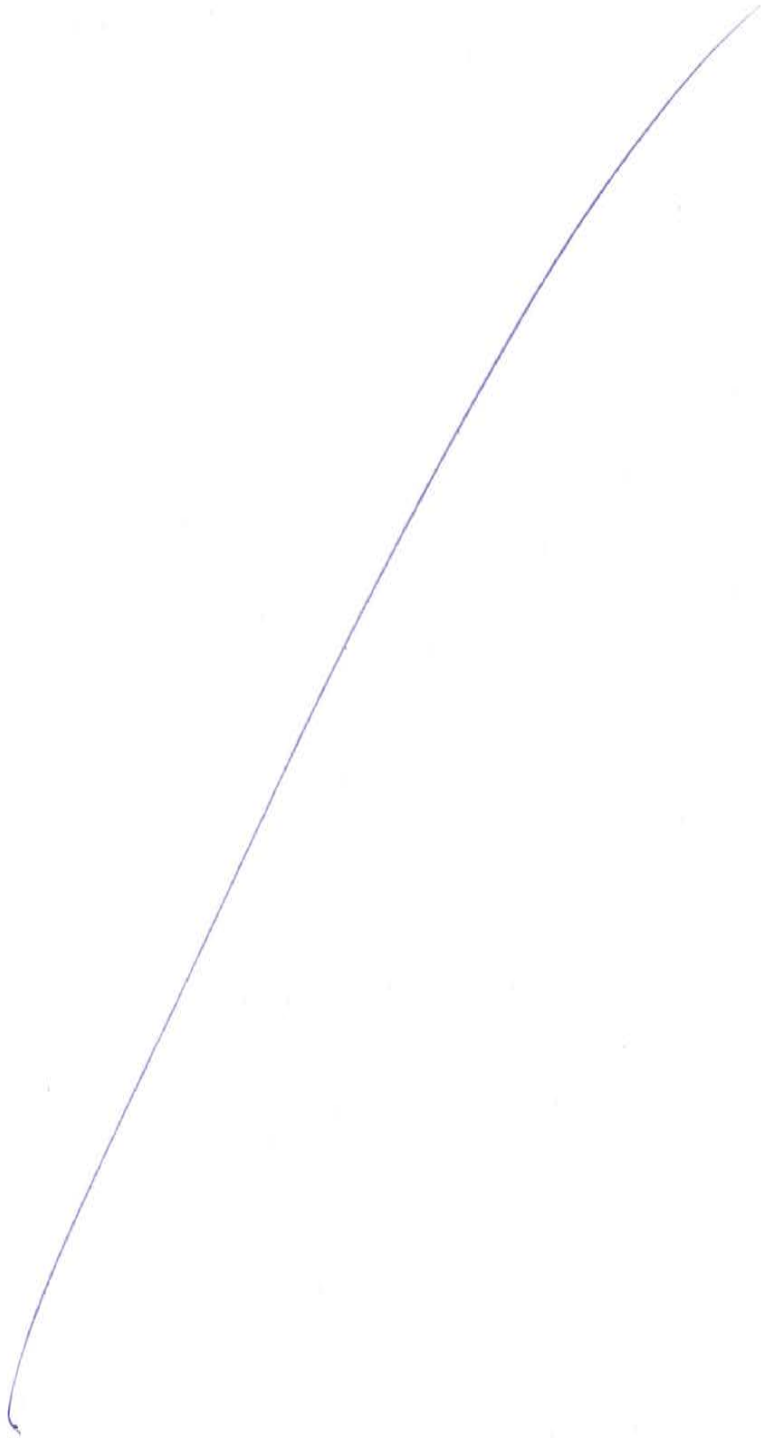
(3) During the year, the Group has capitalized borrowing costs amounting to ₩ 2,962 million, equivalent to US \$ 2,451 thousand (2015: ₩ 10,119 million, equivalent to US \$ 8,373 thousand) on qualifying assets, inventories. Borrowing costs were capitalized at the weighted-average rate of its general borrowings of 3.42% (2015: 3.68%).



8908

5071

4011



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5072

1165

33. INCOME TAX:

(1) Income tax expense for the years ended December 31, 2016 and 2015, consists of:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
Current tax				
Current tax on profits for the year	₩ 3,551	₩ 22,149	\$ 2,938	\$ 18,328
Adjustments in respect of prior years	(16,825)	(65,111)	(13,922)	(53,878)
Total current tax	(13,274)	(42,962)	(10,984)	(35,550)
Deferred tax				
Origination and reversal of temporary differences	(242,936)	57,784	(201,023)	47,815
Total deferred tax	(242,936)	57,784	(201,023)	47,815
Income tax expense	₩ (256,210)	₩ 14,822	\$ (212,007)	\$ 12,265

(2) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted-average tax rate applicable to profits of the consolidated entities as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
Profit before tax	₩ (1,011,137)	₩ 119,470	\$ (836,688)	\$ 98,858
Tax calculated based on applicable tax rate	(244,695)	28,912	(202,479)	23,924
Tax adjustment	(11,515)	(14,090)	(9,528)	(11,659)
Payment of income taxes (Income tax refund)	(10,178)	(24,986)	(8,422)	(20,675)
Income not subject to tax	(4,398)	(3,640)	(3,639)	(3,012)
Expenses not deductible for tax purposes	17,474	12,415	14,459	10,273
Unrecognized deferred income tax for temporary differences	1,182	4,505	978	3,728
Others	(15,595)	(2,384)	(12,904)	(1,973)
Income tax expense	₩ (256,210)	₩ 14,822	\$ (212,007)	\$ 12,265

(3) The income tax credited (charged) directly to equity as of December 31, 2016 and 2015, is as follows:

(in millions of Korean won)

	2016			2015		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Remeasurements of net defined benefit liabilities	₩ 82,937	₩ (20,671)	₩ 62,266	₩ 101,423	₩ (24,176)	₩ 77,247
Gain on valuation of financial assets available for sale	(20,305)	4,908	(15,397)	(13,005)	3,147	(9,858)
Other comprehensive income from associates	206,517	(45,074)	161,443	222,210	(53,775)	168,435
Equity method accumulated other comprehensive income	(13,241)	1,217	(12,024)	(10,988)	(1,192)	(12,180)
Total	₩ 255,908	₩ (59,620)	₩ 196,288	₩ 299,640	₩ (75,996)	₩ 223,644

(in thousands of US dollars (Note 4))

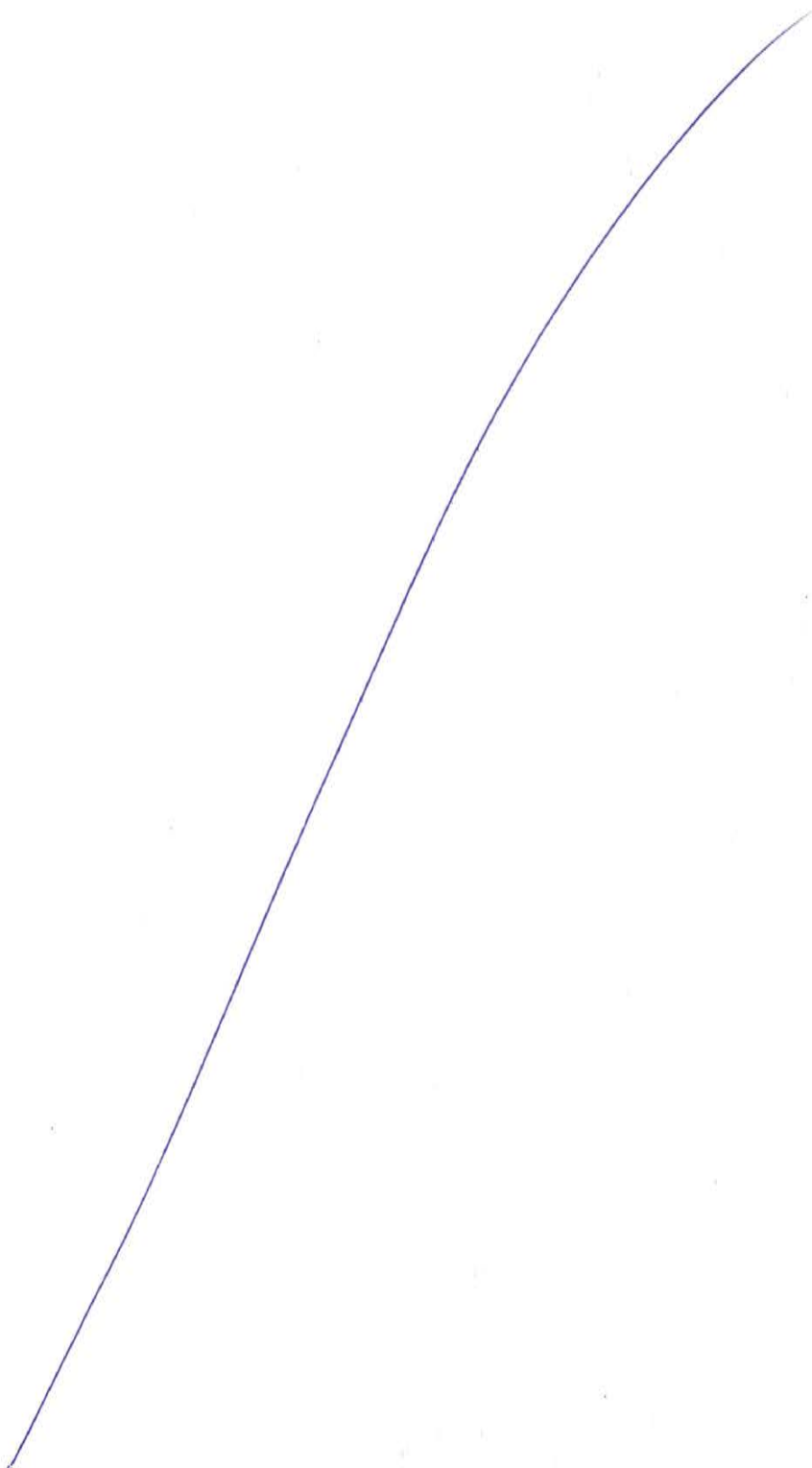
	2016			2015		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Remeasurements of net defined benefit liabilities	\$ 68,628	\$ (17,105)	\$ 51,523	\$ 83,925	\$ (20,005)	\$ 63,920
Gain on valuation of financial assets available for sale	(16,802)	4,061	(12,741)	(10,761)	2,604	(8,157)
Other comprehensive income from associates	170,887	(37,297)	133,590	183,872	(44,497)	139,375
Equity method accumulated other comprehensive income	(10,957)	1,007	(9,950)	(9,032)	(987)	(10,079)
Total	\$ 211,756	\$ (49,334)	\$ 162,422	\$ 247,944	\$ (62,885)	\$ 185,059



1107

5073

1107



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5074

1166

(4) The gross balances of deferred tax assets and liabilities as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016			2015		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Deferred tax assets	₩ 265,204	₩ 716,617	₩ 981,821	₩ 190,126	₩ 512,218	₩ 702,344
Deferred tax liabilities	(36,486)	(40,046)	(76,532)	(4,455)	(19,160)	(23,615)
Total	₩ 228,718	₩ 676,571	₩ 905,289	₩ 185,671	₩ 493,058	₩ 678,729

(in thousands of US dollars (Note 4))

	2016			2015		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Deferred tax assets	\$ 219,449	\$ 592,981	\$ 812,430	\$ 157,324	\$ 423,846	\$ 581,170
Deferred tax liabilities	(30,191)	(33,137)	(63,328)	(3,686)	(15,854)	(19,541)
Total	\$ 189,258	\$ 559,844	\$ 749,102	\$ 153,638	\$ 407,992	\$ 561,629

(5) Changes in deferred tax assets (liabilities) for the years ended December 31, 2016 and 2015, are as follows:

ⓐ 2016

(in millions of Korean won)

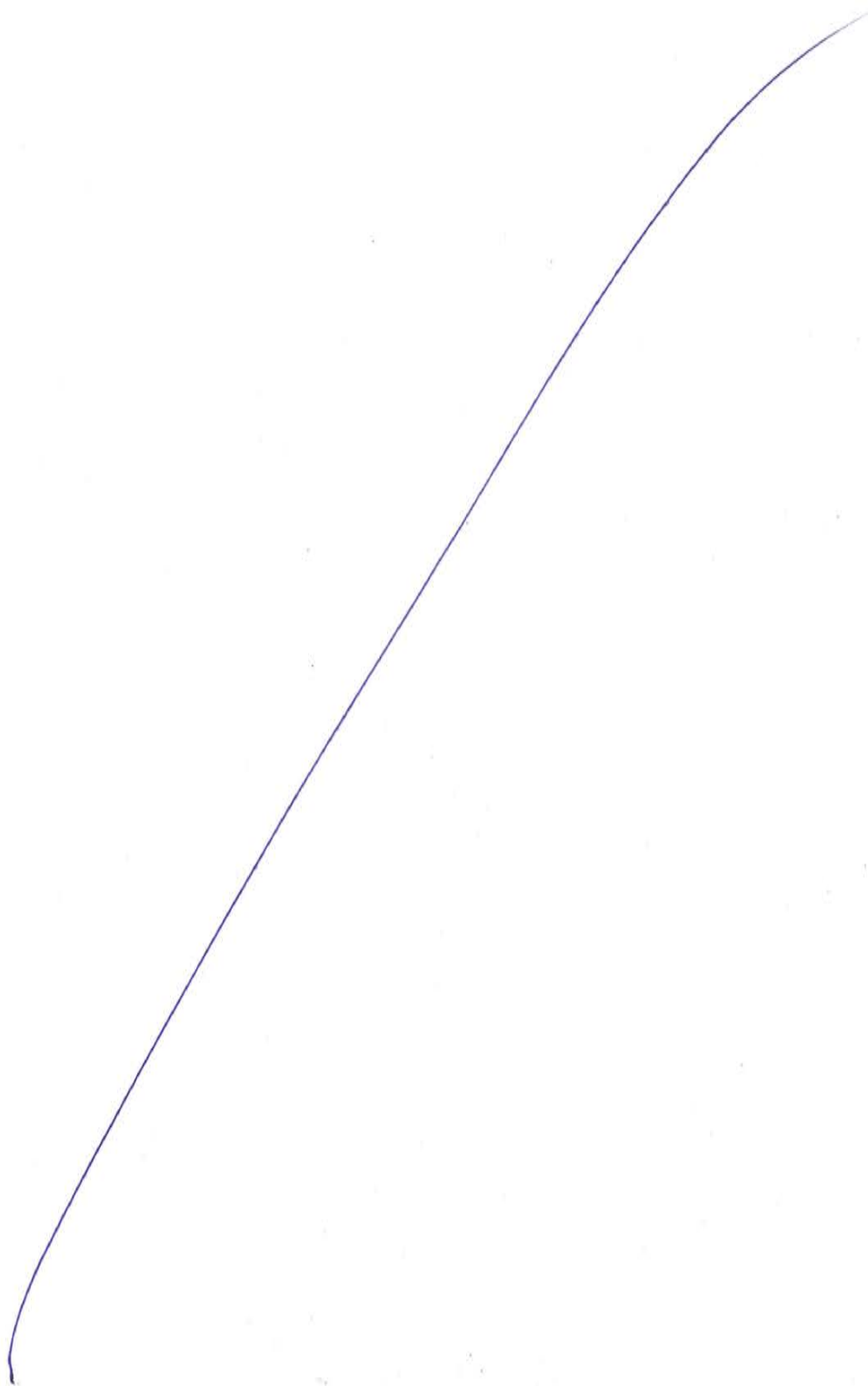
	Beginning Balance	Increase (Decrease)		Ending Balance
		Profit for the year	Other comprehensive income	
Defined benefit liability	₩ 35,456	₩ 7,870	₩ (4,743)	₩ 38,583
Allowance for doubtful accounts	302,100	83,375	-	385,475
Accrued income	(4,944)	151	-	(4,793)
Financial guarantee liability and long-term provision	179,165	87,324	-	266,489
Present value discount	2,152	(184)	-	1,968
Property, plant and equipment	(9,994)	685	-	(9,309)
Intangible assets	214	(136)	-	78
Investments in securities	41,827	28,547	(1,765)	68,609
Impairment losses on investments in securities	11,375	1,997	-	13,372
Reserve for R&D	(2,099)	1,371	-	(728)
Gain (loss) on foreign currency translation	(368)	(952)	-	(1,320)
Others	123,845	(4,257)	(9,868)	109,720
Tax loss carryforwards	-	37,145	-	37,145
Total	₩ 678,729	₩ 242,936	₩ (16,376)	₩ 905,289



1508

5075

1188



F

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5076

1167

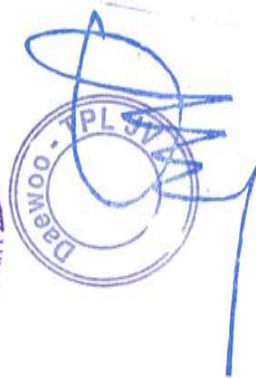
(in thousands of US dollars (Note 4))

	Beginning Balance	Increase (Decrease)		Ending Balance
		Profit for the year	Other comprehensive income	
Defined benefit liability	\$ 29,339	\$ 6,512	\$ (3,925)	\$ 31,926
Allowance for doubtful accounts	249,979	68,991	-	318,970
Accrued income	(4,091)	125	-	(3,966)
Financial guarantee liability and long-term provision	148,254	72,258	-	220,512
Present value discount	1,780	(152)	-	1,628
Property, plant and equipment	(8,270)	567	-	(7,703)
Intangible assets	177	(112)	-	65
Investments in securities	34,611	23,622	(1,461)	56,772
Impairment losses on investments in securities	9,412	1,653	-	11,065
Reserve for R&D	(1,737)	1,135	-	(602)
Gain (loss) on foreign currency translation	(304)	(788)	-	(1,092)
Others	102,478	(3,523)	(8,165)	90,790
Tax loss carryforwards	-	30,736	-	30,736
Total	\$ 561,628	\$ 201,024	\$ (13,551)	\$ 749,101

② 2015

(in millions of Korean won)

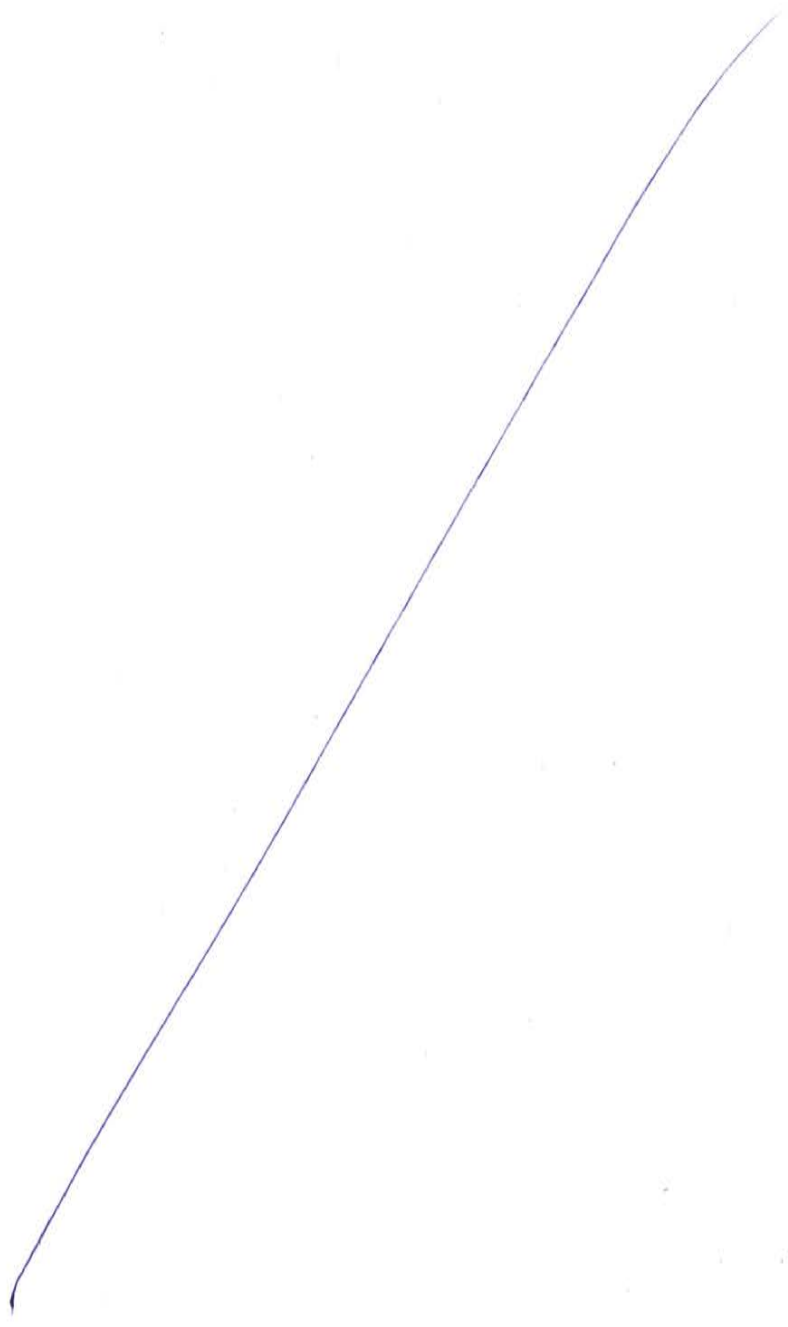
	Beginning Balance	Increase (Decrease)		Ending Balance
		Profit for the year	Other comprehensive income	
Defined benefit liability	₩ 38,811	₩ (4,982)	₩ 1,627	₩ 35,456
Allowance for doubtful accounts	230,100	72,000	-	302,100
Accrued income	(5,309)	365	-	(4,944)
Financial guarantee liability and long-term provision	227,184	(48,019)	-	179,165
Present value discount	2,687	(535)	-	2,152
Property, plant and equipment	(10,250)	256	-	(9,994)
Intangible assets	350	(136)	-	214
Investments in securities	41,138	(3,503)	4,192	41,827
Impairment losses on investments in securities	8,416	2,959	-	11,375
Reserve for R&D	(5,647)	3,548	-	(2,099)
Gain (loss) on foreign currency translation	(386)	18	-	(368)
Others	104,629	(34,558)	53,774	123,845
Tax loss carryforwards	45,197	(45,197)	-	-
Total	₩ 676,920	₩ (57,784)	₩ 59,593	₩ 678,729



21707

5077

1811



7

7



7

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1168

(in thousands of US dollars (Note 4))

	Beginning Balance	Increase (Decrease)		Ending Balance
		Profit for the year	Other comprehensive income	
Defined benefit liability	\$ 32,115	\$ (4,122)	\$ 1,346	\$ 29,339
Allowance for doubtful accounts	190,401	59,578	-	249,979
Accrued income	(4,393)	302	-	(4,091)
Financial guarantee liability and long-term provision	187,988	(39,734)	-	148,254
Present value discount	2,223	(443)	-	1,780
Property, plant and equipment	(8,482)	212	-	(8,270)
Intangible assets	290	(113)	-	177
Investments in securities	34,041	(2,899)	3,469	34,611
Impairment losses on investments in securities	6,964	2,448	-	9,412
Reserve for R&D	(4,673)	2,936	-	(1,737)
Gain (loss) on foreign currency translation	(319)	15	-	(304)
Others	86,578	(28,596)	44,496	102,478
Tax loss carry forwards	37,399	(37,399)	-	-
Total	\$ 560,132	\$ (47,815)	\$ 49,311	\$ 561,628

(6) The Group did not recognize deferred income tax assets of ₩ 93,149 million, equivalent to US \$ 77,078 thousand (2015: ₩ 88,263 million, equivalent to US \$ 74,084 thousand) in respect of temporary differences of ₩ 22,542 million, equivalent to US \$ 18,653 thousand (2015: ₩ 21,360 million, equivalent to US \$ 17,675 thousand) arising on investments in subsidiaries and associates, whose sale is not probable.

(7) Deferred taxes expected to reverse subsequent to December 31, 2017, have been measured using the effective rate 24.2% that will apply for future periods.

34. OPERATING LEASE:

(1) The Group renewed the operating lease as of the end of the current year for the building of Korea Exchange Bank with the trust bank of the Deutsche Office Real Estate Trust II, Kumho Asiana Building 1 from April 18, 2013, until December 31, 2018.

(2) The Group has agreed on a five-year rental operating lease contract for Songdo IBS Building (the "rental subject") with the trust bank of the Hyundai Youfirst Private Real Estate Trust X II, Korea Standard Chartered Bank, until December 28, 2021. The Group has the right to purchase preferred stock to purchase the objects of the lease for the period from March 6, 2017, to September 5, 2017.

(3) In accordance with the operating lease contract of the Kumho Asiana 1st Building and Songdo IBS Building, the minimum lease payments schedule as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
Less than 1 year	₩ 25,861	₩ 32,901	\$ 21,399	\$ 27,225
Between 1-5 years	84,361	117,950	69,806	97,600
Total	₩ 110,222	₩ 150,851	\$ 91,205	\$ 124,825



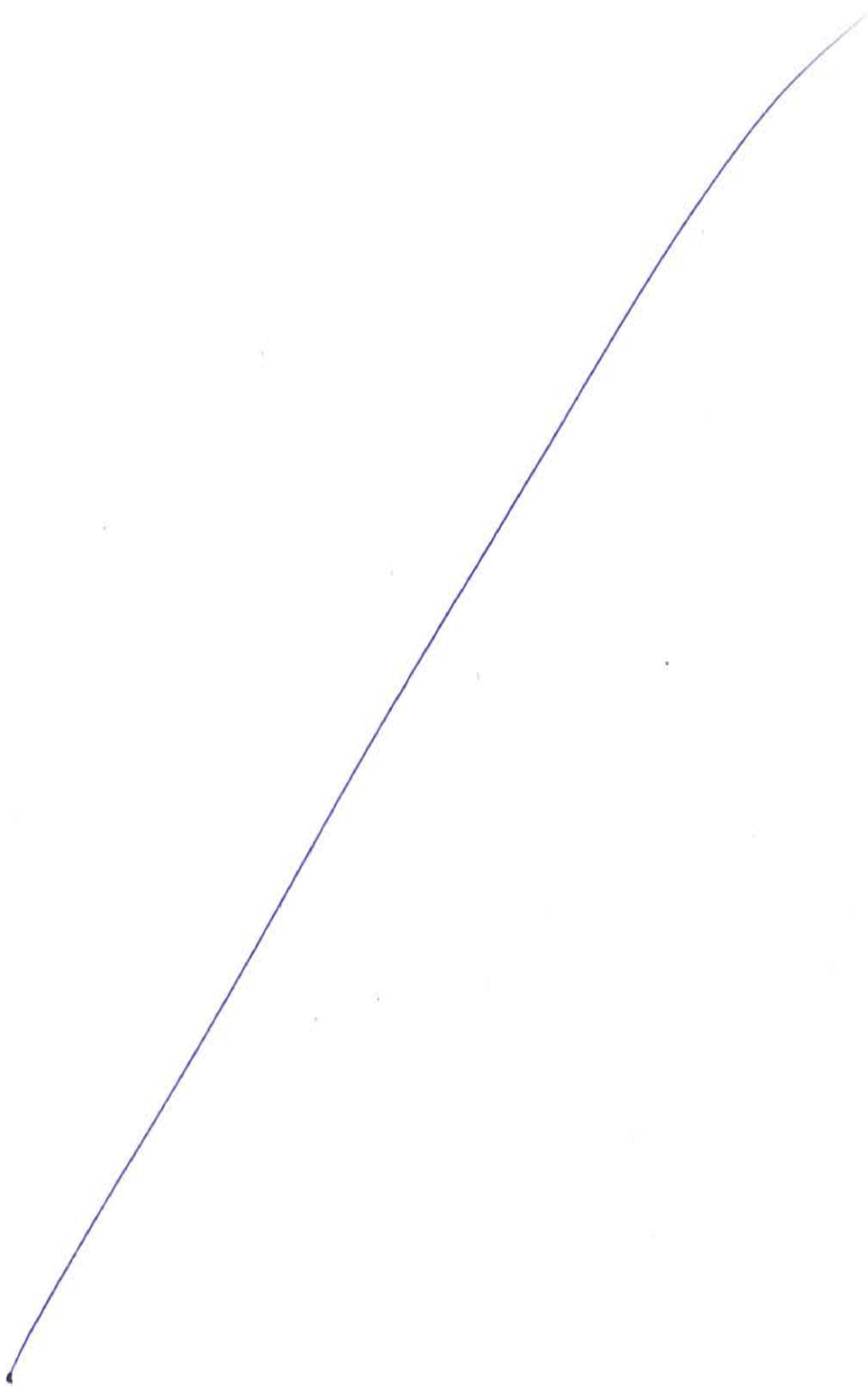
Handwritten signature in blue ink over a circular stamp that reads 'DAEWOO-TPL JV'.



87002

5079

68:1



5080

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1169

(4) In accordance with the sublease contract of the Kumho Asiana 1st Building and Songdo IBS Building, the expected rental revenue schedule as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015		2016		2015	
Less than 1 year	₩	2,994	₩	2,025	\$	2,477	\$	1,676
Between 1-5 years		2,659		2,190		2,200		1,812
Total	₩	5,653	₩	4,215	\$	4,677	\$	3,488

35. RELATED-PARTY TRANSACTIONS:

(1) Related parties as of December 31, 2016, are as follows:

Relationship	Related parties
Parent Company and associates of the Group	Korea Development Bank and its subsidiaries(Daewoo Shipbuilding & Marine Engineering, Korea Development Bank Capital, KDB Infra, KDB Value PEF VI, KDB Value VI LLC, KDB Life Insurance Co., Ltd. and others)
Associates	Skyland Co., Ltd., Skyland Asset Management Co., Ltd., Chung-Ju Technopolis Assets Management Co., Ltd., Econhill Development Asset Management Co., Ltd, The Uni-Star Co., Ltd, Pocheon IPP Co., Ltd. (formerly DAEWOO ENERGY CO., LTD.), Myeong-dong City and Residential Environment Improvement Plans Co., Ltd., HANAM Marbling City Development Co. Ltd., HANAM Marble City Co., Ltd., SACC Co., Ltd., Gyeongsan knowledge industry development Co., Ltd., Yulchon 2 Industrial Complex Development Inc., Jinwi 3 Industrial Complex Development Inc., Dongtan2 Daewoo KOCREF New Stay Development REIT Co., Ltd., Pyeong Seong Industria Inc., Pyeong Seong Industria Asset Management Co., Ltd., Kyungnam Masan Robotland Co., Ltd., Kyungnam Masan Robotland Asset Management Co., Ltd., , Changwon Innovation Industrial Development Asset Management Co., Ltd., Changwon Innovation Industrial Development Co., Ltd. PFV, Yangju Station Area Development Co., GWIC Co., Ltd, UNION DW ENG & CON LTD., MEGAWORLD-DW CO., BEIJING LUFTHANSA CENTER CO., GULF ENG.CONST. & CONTRACT, DW ARABIA LTD., DW NIGERIA LTD., DAEWOO-HANEL CORP, DAEWOO E & C IRAN, V-CITY 21 JOINT STOCK COMPANY, DW POWER(INDIA) LTD., KDS Hydro Pte. Ltd, Daewoo E&C LLC
Affiliate by the Monopoly Regulation And Fair Trade Act	Green Ansung Enviro Co., Ltd., Chonmasan Tunnel Co., Ltd., Bugok Environment Co., Ltd., Kanghwa Tidal Power Co., Ltd.

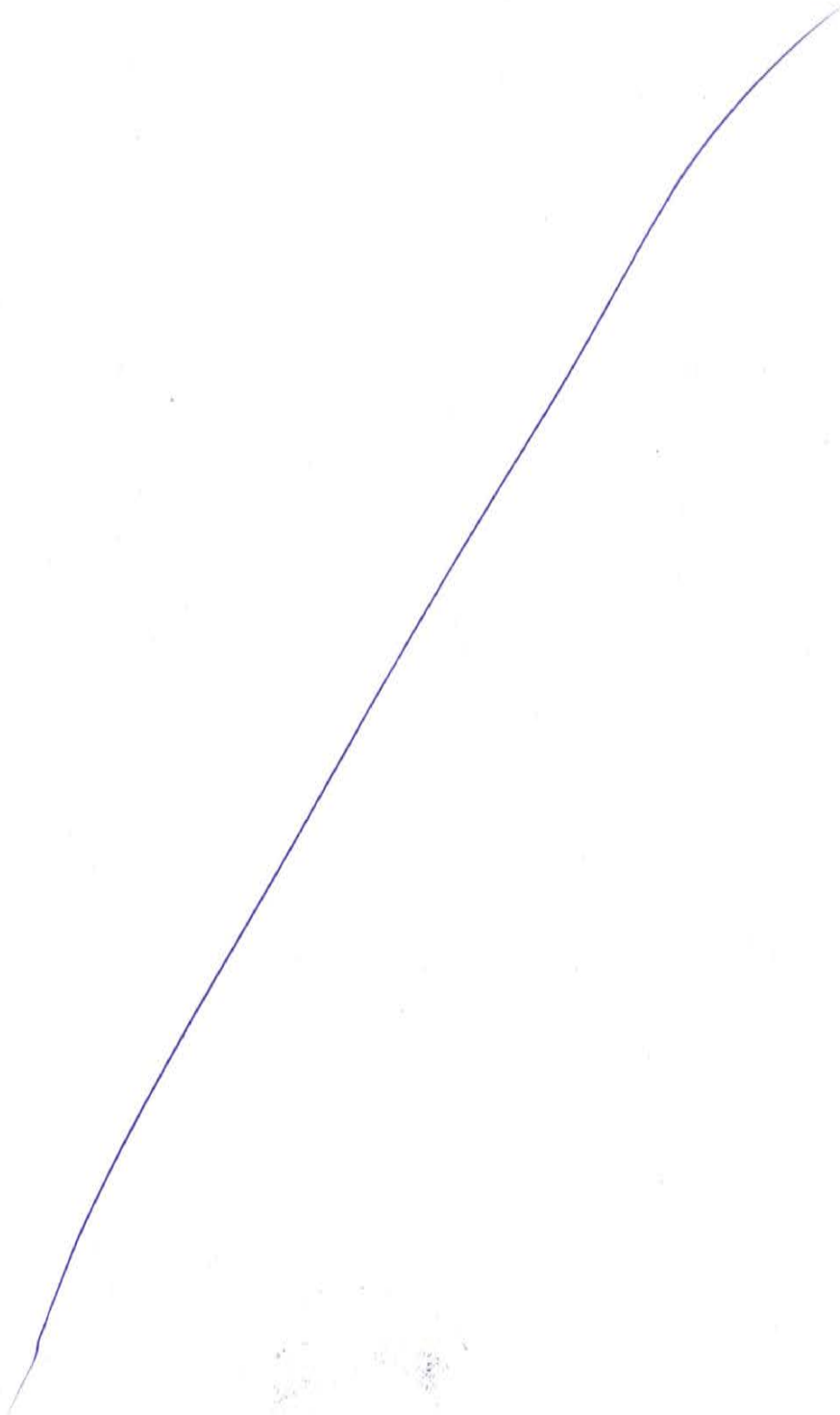
(2) Significant transactions, which occurred in the normal course of business with related parties for the years ended December 31, 2016 and 2015, are as follows:



1980

5081

1102



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5082

1170

① 2016

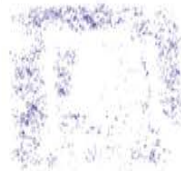
(in millions of Korean won)

	Related parties	Transaction contents		Sales and others			Purchases and others			Equity changes
		Sales and others	Purchases and others	Sales	Other income	Total	Purchases	Other expenses	Total	
Parent company and associates of the Group	Korea Development Bank	Others	Interest expenses and others	₩ 112	₩ 296	₩ 408	₩ 12,914	₩ -	₩ 12,914	₩ -
	KDB Life Insurance Co., Ltd.	-	Commissions and others	-	-	-	8	-	8	-
	Korea Development Bank Capital	-	Rent and others	-	-	-	9	-	9	-
	Daewoo Shipbuilding & Marine Engineering Co., Ltd.	-	Outsourcing	-	-	-	9,756	-	9,756	-
Associates	Skyland Co., Ltd.	Construction contracts and others	-	158,774	934	159,708	-	-	-	-
	Cheongju Technopolis Asset Management Co., Ltd.	Construction contracts	-	24,361	3	24,364	6,566	-	6,566	-
	Econil Asset Management Co., Ltd.	Consulting fees	-	81	-	81	-	-	-	-
	The Uni-Star Co., Ltd.	Construction contracts and others	-	16,248	-	16,248	-	-	-	-
	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd	Others	-	48,356	-	48,356	227	-	227	-
	Ansan Laketown PFV Co., Ltd. (*)	Consulting fees	-	24,139	132	24,271	-	-	-	(4,740)
	Ansan Laketown (*)	Construction contracts and others	-	265	-	265	2,042	-	2,042	(142)
	Hanam Marbling City Development Co. Ltd.	Construction contracts and others	-	25,311	-	25,311	-	-	-	-
	Gyeongsan knowledge industry development Co., Ltd	Construction contracts and others	-	61,306	-	61,306	-	-	-	-
	Jinwi 3 Industrial Complex Development Inc.	Dividend income and others	-	86	-	86	-	-	-	-
	Pocheon IPP Co., Ltd.	-	-	186,134	-	186,134	184	-	184	-
	Changwon Innovation Industrial Development Asset Management Co., Ltd.	Construction contracts and others	-	235	-	235	-	-	-	240
	Changwon Innovation Industrial Development PFV Co., Ltd.	Construction contracts and others	-	3,658	-	3,658	-	-	-	1,450
	Yangju Station Area Development Co., Ltd.	Others	-	-	-	-	-	-	-	1,100
	GWIC Co., Ltd.	Construction contracts and others	-	-	-	-	-	-	-	60
	BEIJING LUFTHANSA CENTER CO., LTD.	-	-	61	7,649	7,710	-	-	-	-
	V-CITY 21 JOINT STOCK COMPANY	Dividend income and others	-	-	-	-	-	-	-	(47)
	DW POWER(INDIA) LTD	-	-	-	-	-	-	-	-	(2,439)
	KDS Hydro Pte.Ltd.	-	-	-	-	-	-	-	-	3,268
	Daewoo E&C LLC	-	-	-	-	-	-	-	-	(509)
Affiliate by the Monopoly Regulation And Fair Trade Act	Green Ansong Enviro Co., Ltd.	Construction contracts and others	-	-	115	115	-	-	-	(7,573)
	Chonmasan tunnel Co., Ltd.	Interest income	-	15,096	4	15,100	-	-	-	-
	Bugok Environment Co., Ltd.	Interest income	-	-	44	44	-	-	-	-
	Total			₩ 564,223	₩ 1,197	₩ 573,400	₩ 31,706	₩ -	₩ 31,706	₩ (9,332)

(*) The entity was eliminated as it was sold to a third party.



5083



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5084

1171

(in thousands of US dollars (Note 4))

	Related parties	Transaction contents		Sales and others			Purchases and others			Equity changes
		Sales and others	Purchases and others	Sales	Other income	Total	Purchases	Other expenses	Total	
Parent company and associates of the Group	Korea Development Bank	Others	Interest expenses and others	\$ 93	\$ 245	\$ 338	\$ 10,686	\$ -	\$ 10,686	\$ -
	KDB Life Insurance Co., Ltd.	-	Commissions and others	-	-	-	7	-	7	-
	Korea Development Bank Capital	-	Rent and others	-	-	-	7	-	7	-
	Daewoo Shipbuilding & Marine Engineering Co., Ltd.	-	Outsourcing	-	-	-	8,073	-	8,073	-
Associates	Skyland Co., Ltd.	Construction contracts and others	-	131,382	774	132,154	-	-	-	-
	Cheongju Technopolis Asset Management Co., Ltd.	Construction contracts	-	20,158	2	20,160	5,433	-	5,433	-
	Econil Asset Management Co., Ltd.	Consulting fees	-	67	-	67	-	-	-	-
	The Uni-Star Co., Ltd.	Construction contracts and others	-	13,445	-	13,445	-	-	-	-
	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd	Others	-	40,013	-	40,013	188	-	188	-
	Ansan Laketown PFV Co., Ltd. (*)	Consulting fees	-	19,974	110	20,084	-	-	-	(3,922)
	Ansan Laketown (*)	Construction contracts and others	-	219	-	219	1,690	-	1,690	(118)
	Hanam Marbling City Development Co. Ltd.	Construction contracts and others	-	20,944	-	20,944	-	-	-	-
	Gyeongsan knowledge industry development Co., Ltd	Construction contracts and others	-	50,729	-	50,729	-	-	-	-
	Jinwi 3 Industrial Complex Development Inc.	Dividend income and others	-	71	-	71	-	-	-	-
	Pocheon IPP Co., Ltd.	-	-	154,021	-	154,021	152	-	152	-
	Changwon Innovation Industrial Development Asset Management Co., Ltd.	Construction contracts and others	-	194	-	194	-	-	-	199
	Changwon Innovation Industrial Development PFV Co., Ltd.	Construction contracts and others	-	3,027	-	3,027	-	-	-	1,200
	Yangju Station Area Development Co., Ltd.	Others	-	-	-	-	-	-	-	910
	GWIC Co., Ltd.	Construction contracts and others	-	-	-	-	-	-	-	50
	BEIJING LUFTHANSA CENTER CO., LTD.	-	-	50	6,329	6,379	-	-	-	-
	V-CITY 21 JOINT STOCK COMPANY	Dividend income and others	-	-	-	-	-	-	-	(39)
	DW POWER(INDIA) LTD.	-	-	-	-	-	-	-	-	(2,018)
	KDS Hydro Pte Ltd.	-	-	-	-	-	-	-	-	2,704
	Daewoo E&C LLC	-	-	-	-	-	-	-	-	(421)
Affiliate by the Monopoly Regulation And Fair Trade Act	Green Ansong Enviro Co., Ltd.	Construction contracts and others	-	-	95	95	-	-	-	(6,266)
	Chonmasan tunnel Co., Ltd.	Interest income	-	12,492	3	12,495	-	-	-	-
	Bugok Environment Co., Ltd.	Interest income	-	-	-	-	-	-	-	-
	Total			\$ 879	\$ 7,594	\$ 474,471	\$ 26,236	\$ -	\$ 26,236	\$ (7,721)

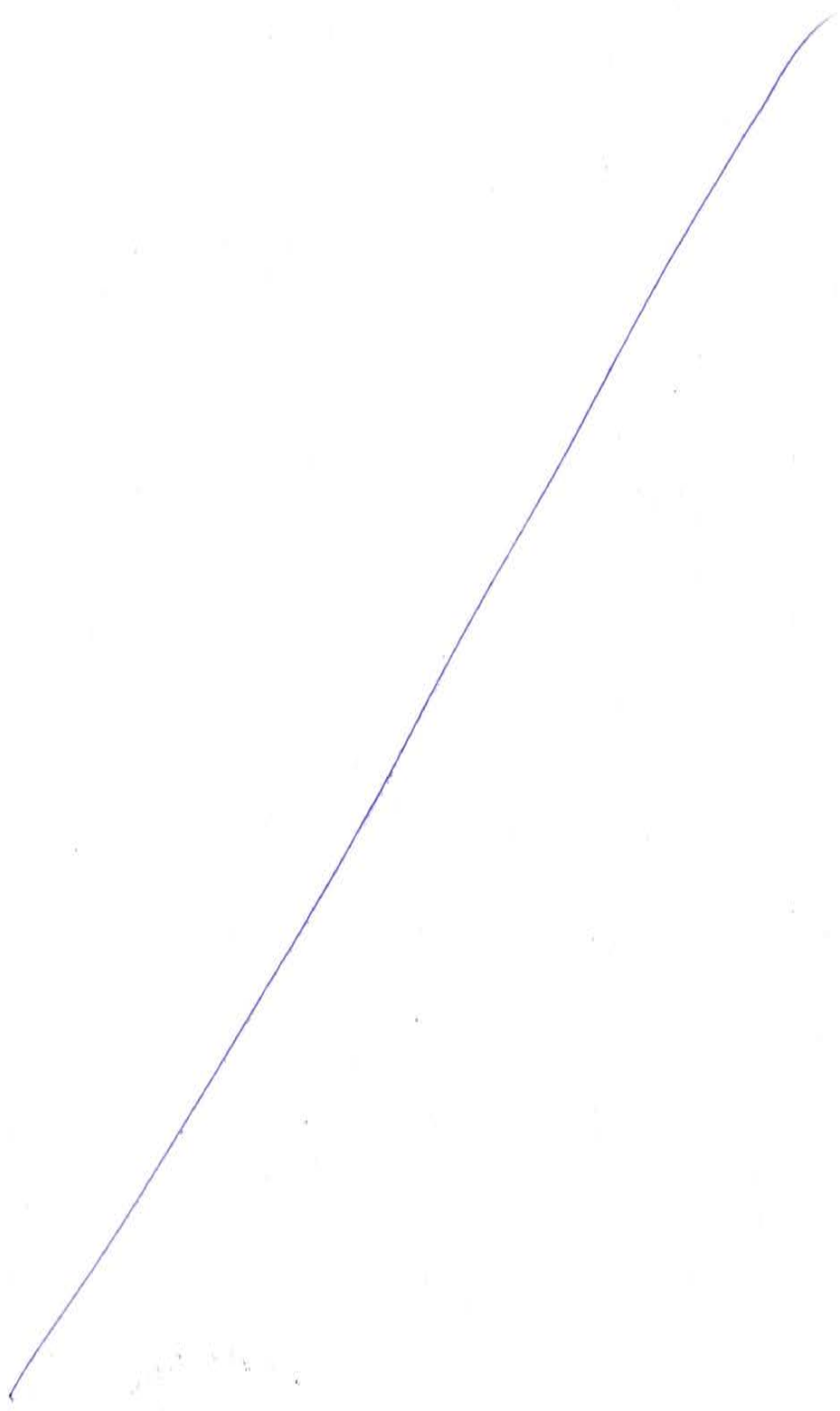
(*) The entity was eliminated as it was sold to a third party



1802

1511

5085



1802

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5086

1172

② 2015

(in millions of Korean won)

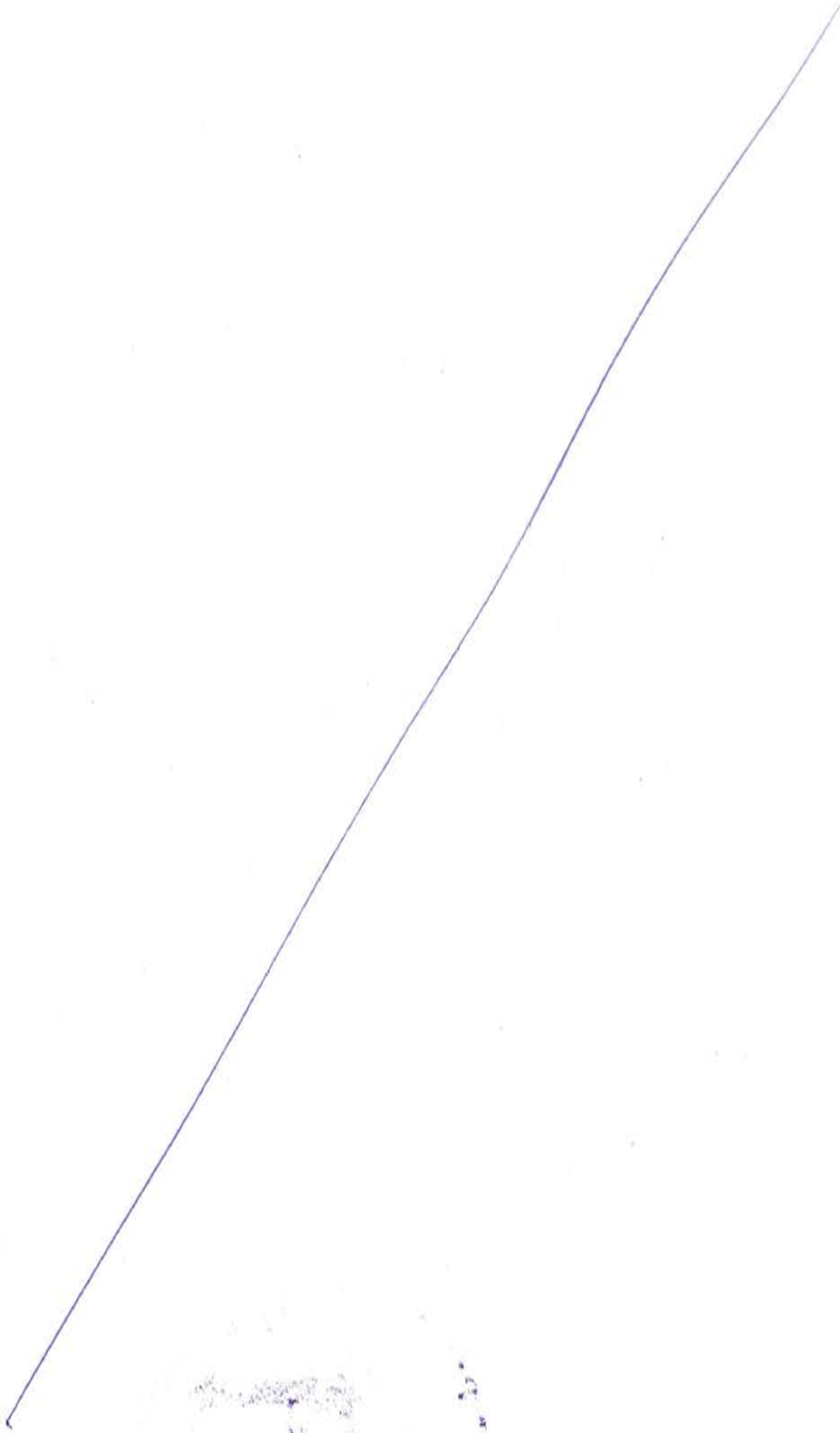
	Related parties	Transaction contents		Sales and others			Purchases and others			Equity changes	
		Sales and others	Purchases and others	Sales	Other income	Total	Purchases	Other expenses	Total		
Parent company and associates of the Group	Korea Development Bank	Others	Interest expenses and others	W 112	W 451	W 563	W 681	W 23,737	W 24,418	W -	
	KDB Daewoo Securities	Others	Commissions and others	-	494	494	12	-	12	-	
	KDB Life Insurance Co., Ltd.	Others	Commissions and others	-	-	-	7	-	7	-	
Associates	Korea Development Bank Capital	Others	Rent and others	-	-	-	9	-	9	-	
	Pocheon IPP Co., Ltd.	Construction contracts and others	-	442,906	-	442,906	11	-	11	-	
	Skyland Co., Ltd.	Construction contracts and others	-	159,612	2,039	161,651	-	-	-	-	
	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd	Construction contracts	-	38,652	-	38,652	-	-	-	-	
	Econhill Development Asset Management Co., Ltd.	Consulting fees	-	81	-	81	-	-	-	-	
	Ansan Laketown PFV Co., Ltd.	Construction contracts and others	-	99,138	197	99,335	-	-	-	-	
	Ansan Laketown	Others	-	291	-	291	-	-	-	-	
	Hanam Marbling City Co., Ltd.	Consulting fees	-	140	-	140	-	-	-	-	
	Gyeongsan knowledge industry development Co., Ltd	Construction contracts and others	-	14,924	-	14,924	-	-	-	-	
	Hanam Marbling City Development Co. Ltd.	Others	-	-	1,004	1,004	-	-	-	-	
	BEIJING LUFTHANSA CENTER CO., LTD.	Dividend income and others	-	30	7,548	7,578	-	-	-	-	
	Affiliate by the Monopoly Regulaion And Fair Trade Act	Chonmasan Tunnel Co., Ltd.	Construction contracts and others	-	11,995	-	11,995	-	-	-	-
		Bugok Environment Co., Ltd.	Interest income	-	-	57	57	-	-	-	-
Total				W 767,881	W 11,790	W 779,671	W 720	W 23,737	W 24,457	W -	



02002

ST-10

5087



5

5



5

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5088

1173

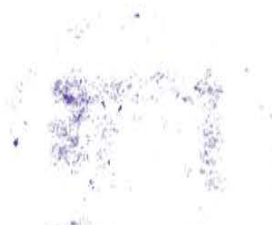
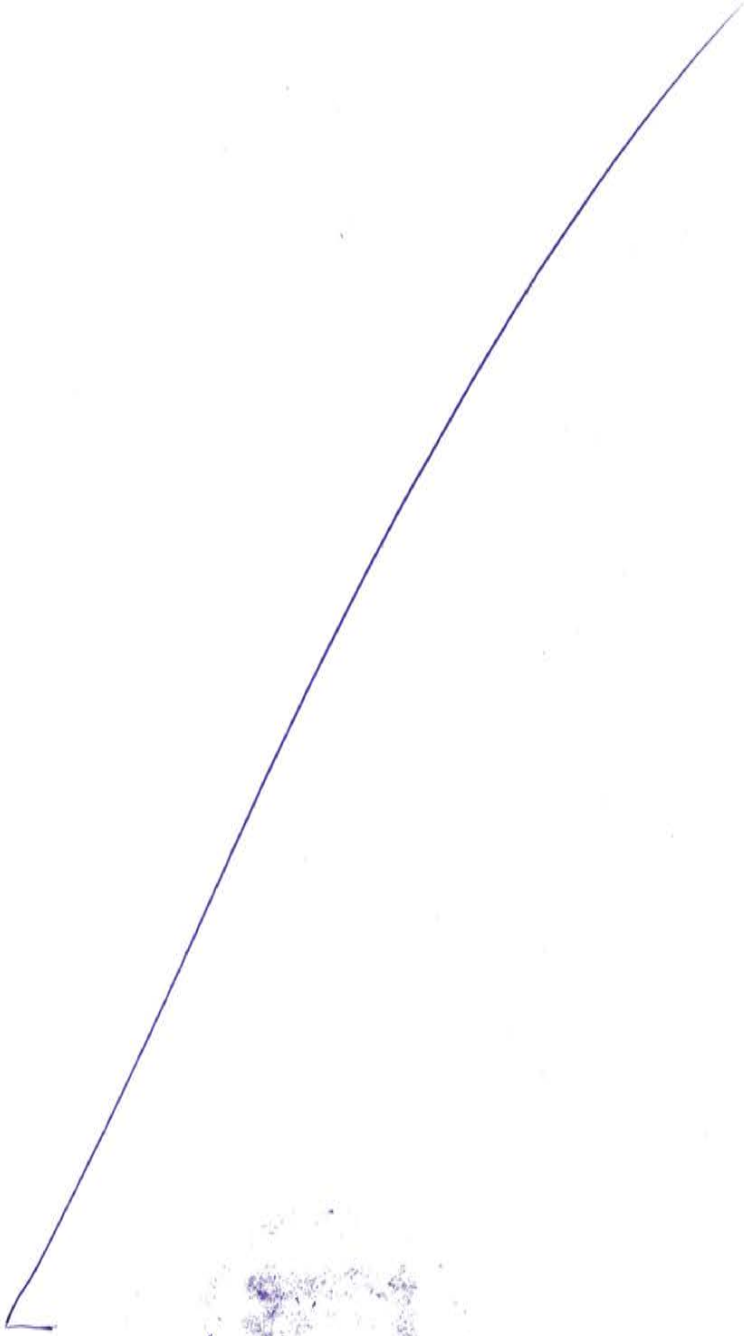
(in thousands of US dollars (Note 4))

	Related parties	Transaction contents		Sales and others			Purchases and others			Equity changes	
		Sales and others	Purchases and others	Sales	Other income	Total	Purchases	Other expenses	Total		
Parent company and associates of the Group	Korea Development Bank	Others	Interest expenses and others	\$ 93	\$ 373	\$ 466	\$ 564	\$ 19,641	\$ 20,205	\$ -	
	KDB Daewoo Securities	Others	Commissions and others	-	409	409	10	-	10	-	
	KDB Life Insurance Co., Ltd.	Others	Commissions and others	-	-	-	6	-	6	-	
Associates	Korea Development Bank Capital	Others	Rent and others	-	-	-	7	-	7	-	
	Pocheon IPP Co., Ltd.	Construction contracts and others	-	366,492	-	366,492	9	-	9	-	
	Skyland Co., Ltd.	Construction contracts and others	-	132,074	1,687	133,761	-	-	-	-	
	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd.	Construction contracts	-	31,983	-	31,983	-	-	-	-	
	Econhill Development Asset Management Co., Ltd.	Consulting fees	-	67	-	67	-	-	-	-	
	Ansan Laketown PFV Co., Ltd.	Construction contracts and others	-	82,034	163	82,197	-	-	-	-	
	Ansan Laketown	Others	-	241	-	241	-	-	-	-	
	Hanam Marbling City Co., Ltd.	Consulting fees	-	116	-	116	-	-	-	-	
	Gyeongsan knowledge industry development Co., Ltd.	Construction contracts and others	-	12,349	-	12,349	-	-	-	-	
	Hanam Marbling City Development Co. Ltd.	Others	-	-	831	831	-	-	-	-	
	BEIJING LUFTHANSA CENTER CO., LTD.	Dividend income and others	-	25	6,246	6,271	-	-	-	-	
	Affiliate by the Monopoly Regulation And Fair Trade Act	Chonmasan Tunnel Co., Ltd.	Construction contracts and others	-	9,926	-	9,926	-	-	-	-
		Bugok Environment Co., Ltd.	Interest income	-	-	47	47	-	-	-	-
Total				\$ 635,400	\$ 9,756	\$ 645,156	\$ 596	\$ 19,641	\$ 20,237	\$ -	



8000
8911

5089



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5090

1174

(3) Account balances with related parties for the years ended December 31, 2016 and 2015, are as follows:

① 2016

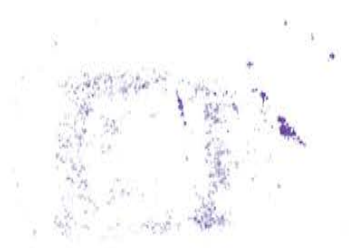
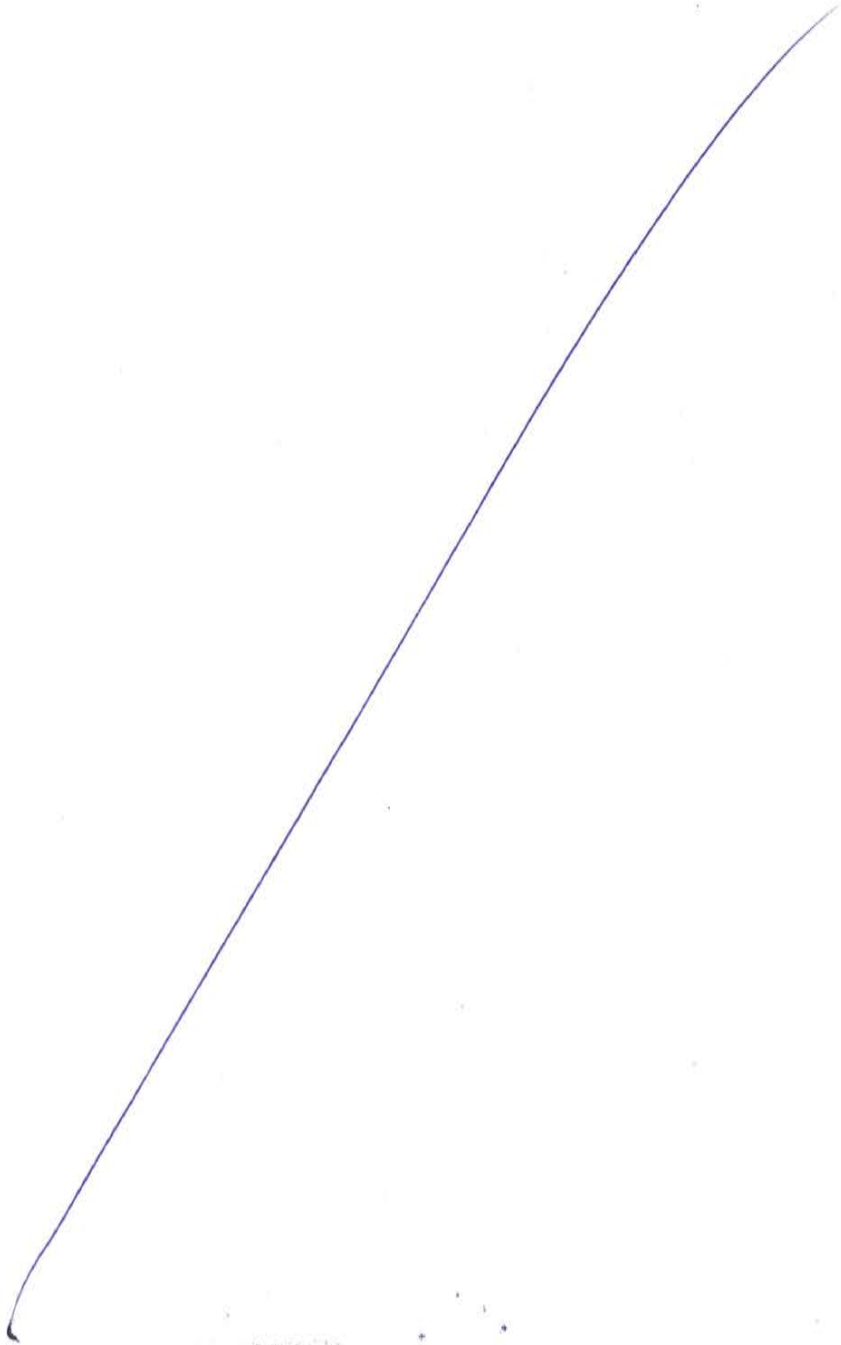
(in millions of Korean won)

	Related parties	Receivables(*)			Payables			
		Trade receivables	Other receivables	Total	Trade payables	Other payables	Total	
Parent company and associates of the Group	Korea Development Bank	₩ -	₩ 34,895	₩ 34,895	₩ -	₩ 471,201	₩ 471,201	
Associates	Daewoo Shipbuilding & Marine Engineering Co., Ltd.	-	7,191	7,191	-	5,326	5,326	
	Skyland Co., Ltd.	140,361	1,883	142,244	-	-	-	
	Cheongju Technopolis Asset Management Co., Ltd.	-	710	710	-	4	4	
	Econhill Development Asset Management Co., Ltd.	7	1	8	-	-	-	
	Sewoon 19 SPE Co., Ltd.	-	-	-	-	774	774	
	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd.	2,727	273	3,000	-	10	10	
	Hanam Marble City Development Co., Ltd.	9,320	-	9,320	-	-	-	
	SACC Co., Ltd.	-	2,127	2,127	-	-	-	
	Gyeongsan knowledge industry development Co., Ltd.	14,339	1,204	15,543	-	-	-	
	Jinwi 3 Industrial Complex Development Inc.	86	-	86	-	-	-	
	Pocheon IPP Co., Ltd.	4,265	427	4,692	-	40,816	40,816	
	Dongtan 2 Daewoo KORCREF Newstay Development REIT Co., Ltd.	-	-	-	-	19	19	
	Changwon Innovation Industrial Development PFV Co., Ltd.	1,207	-	1,207	-	-	-	
	V-CITY 21 JOINT STOCK COMPANY	-	45	45	-	-	-	
	GULF ENG CONST. & CONTRACT	-	5,469	5,469	-	-	-	
	Chonmasan Tunnel Co., Ltd.	7,233	1,285	8,518	-	-	-	
	Bugok Environment Co., Ltd.	-	-	-	-	-	-	
			-	416	416	-	-	-
	Total		₩ 179,545	₩ 55,926	₩ 235,471	₩ -	₩ 518,150	₩ 518,150



5091

5091



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(in thousands of US dollars (Note 4))

	Related parties	Receivables(*)			Payables			
		Trade receivables	Other receivables	Total	Trade payables	Other payables	Total	
Parent company and associates of the Group	Korea Development Bank	\$ -	\$ 28,875	\$ 28,875	\$ -	\$ 389,906	\$ 389,906	
Associates	Daewoo Shipbuilding & Marine Engineering Co., Ltd.	-	5,950	5,950	-	4,407	4,407	
	Skyland Co., Ltd.	116,145	1,558	117,703	-	-	-	
	Cheongju Technopolis Asset Management Co., Ltd.	-	588	588	-	3	3	
	Econhill Development Asset Management Co., Ltd.	6	1	7	-	-	-	
	Sewoon 19 SPE Co., Ltd.	-	-	-	-	640	640	
	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd.	2,256	226	2,482	-	8	8	
	Hanam Marbling City Development Co., Ltd.	7,712	-	7,712	-	-	-	
	SACC Co., Ltd.	-	1,760	1,760	-	-	-	
	Gyeongsan knowledge industry development Co., Ltd.	11,865	996	12,861	-	-	-	
	Jinwi 3 Industrial Complex Development Inc.	71	-	71	-	-	-	
	Pocheon IPP Co., Ltd.	3,529	353	3,882	-	33,774	33,774	
	Dongtan 2 Daewoo KORCREF Newstay Development REIT Co., Ltd.	-	-	-	-	16	16	
	Changwon Innovation Industrial Development PFV Co., Ltd.	999	-	999	-	-	-	
	V-CITY 21 JOINT STOCK COMPANY	-	37	37	-	-	-	
	GULF ENG.CONST. & CONTRACT	-	4,525	4,525	-	-	-	
	Affiliate by the Monopoly Regulation And Fair Trade Act	Chonmasan Tunnel Co., Ltd.	5,985	1,063	7,048	-	-	-
		Bugok Environment Co., Ltd.	-	-	-	-	-	-
			-	344	344	-	-	-
		Total	\$ 148,568	\$ 46,276	\$ 194,844	\$ -	\$ 428,754	\$ 428,754

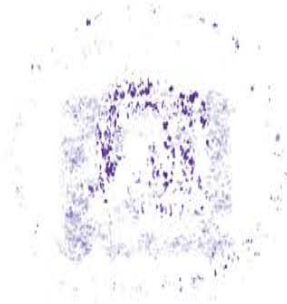
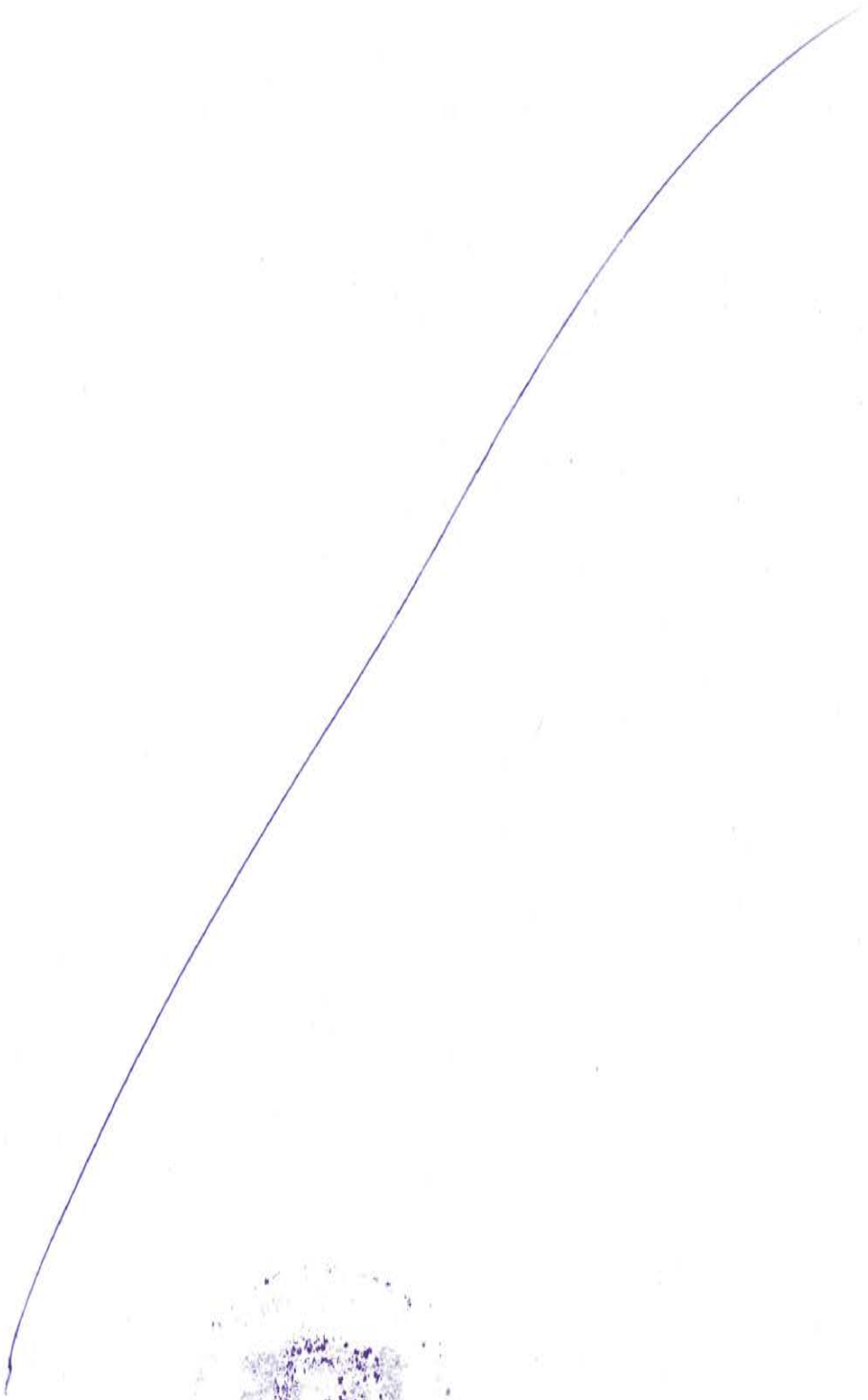
(*) The Group established an allowance for bad debts amounting to W47,238 million, equivalent to US \$39,088, for the receivables of related parties as of December 31, 2016.



5093

5093

1172



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5094

1176

② 2015

(in millions of Korean won)

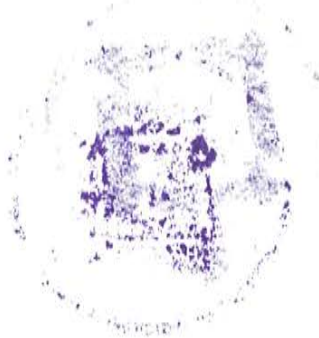
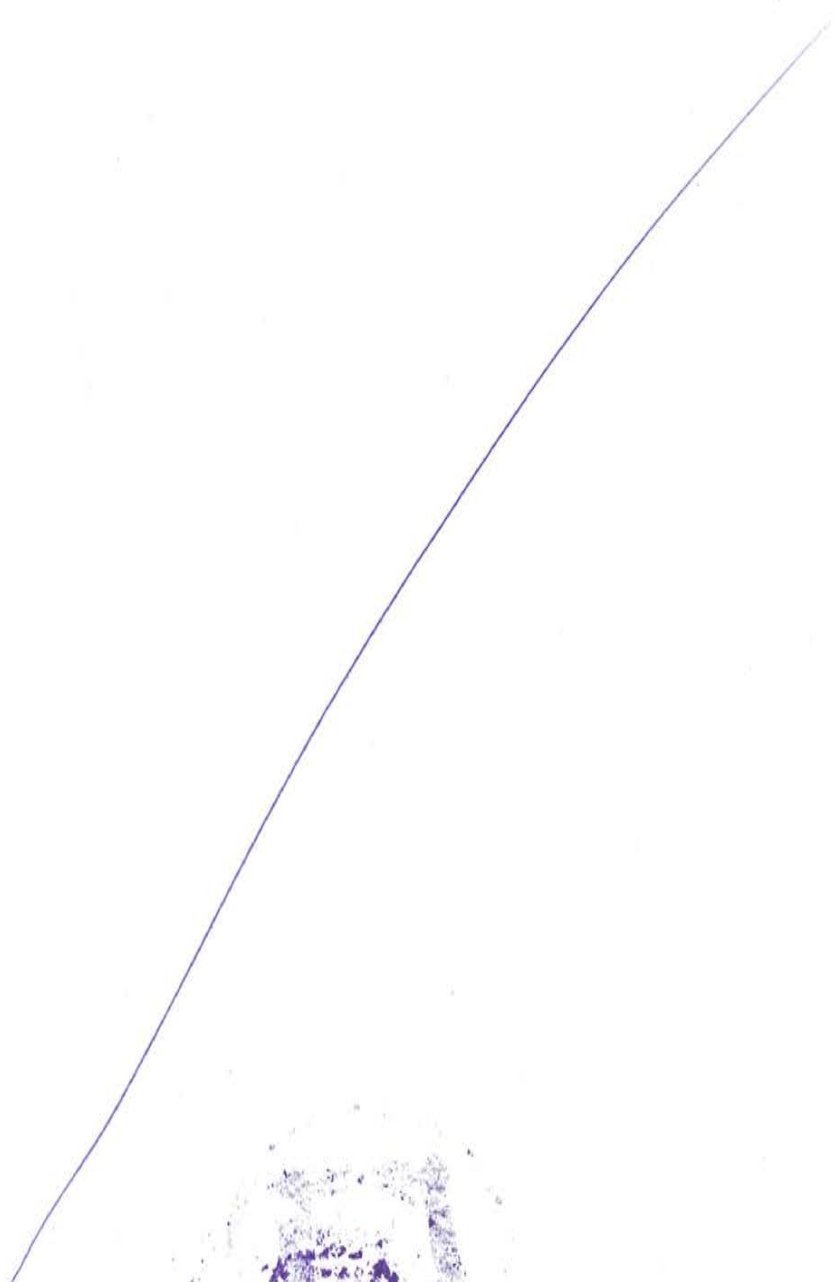
	Related parties	Receivables(*)			Payables		
		Trade receivables	Other receivables	Total	Trade payables	Other payables	Total
Parent company and associates of the Group	Korea Development Bank	₩ -	₩ 20,820	₩ 20,820	₩ -	₩ 348,281	₩ 348,281
Associates	Pocheon IPP Co., Ltd.	-	404	404	-	48,810	48,810
	Skyland Co., Ltd.	132,326	16,144	148,470	-	1,497	1,497
	Econhill Development Asset Management Co., Ltd.	7	1	8	-	-	-
	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd	6,704	-	6,704	-	5,272	5,272
	SACC Co., Ltd.	-	2,127	2,127	-	-	-
	Ansan Laketown PFV Co., Ltd.	28,133	887	29,020	-	4,136	4,136
	Gyeongsan knowledge industry development Co., Ltd	16,432	33	16,465	-	1	1
	Seoul National University Medical Hub Co., Ltd.	-	-	-	-	1,430	1,430
	Dongtan 2 Daewoo KORCREF Newstay Development REIT Co., Ltd.,	-	-	-	-	156	156
	V-CITY 21 JOINT STOCK COMPANY	-	43	43	-	-	-
	BEIJING LUFTHANSA CENTER CO., LTD.	2	-	2	-	-	-
	GULF ENG.CONST. & CONTRACT	589	4,874	5,463	-	-	-
Affiliate by the Monopoly Regulation And Fair Trade Act	Chonmasan Tunnel Co., Ltd.	3,607	1,463	5,070	-	-	-
	Bugok Environment Co., Ltd.	-	564	564	-	-	-
	Total	₩ 187,800	₩ 47,360	₩ 235,160	₩ -	₩ 409,583	₩ 409,583



51307

8511

5095



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(in thousands of US dollars (Note 4))

	Related parties	Receivables(*)			Payables		
		Trade receivables	Other receivables	Total	Trade payables	Other payables	Total
Parent company and associates of the Group	Korea Development Bank	\$ -	\$ 17,228	\$ 17,228	\$ -	\$ 288,193	\$ 288,193
Associates	Pocheon IPP Co., Ltd.	-	334	334	-	40,389	40,389
	Skyland Co., Ltd.	109,496	13,359	122,855	-	1,239	1,239
	Econhill Development Asset Management Co., Ltd.	6	1	7	-	-	-
	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd	5,547	-	5,547	-	4,362	4,362
	SACC Co., Ltd.	-	1,760	1,760	-	-	-
	Ansan Laketown PFV Co., Ltd.	23,279	734	24,013	-	3,422	3,422
	Gyeongsan knowledge industry development Co., Ltd	13,597	27	13,624	-	1	1
	Seoul National University Medical Hub Co., Ltd.	-	-	-	-	1,183	1,183
	Dongtan 2 Daewoo KORCREF Newstay Development REIT Co., Ltd.,	-	-	-	-	129	129
	V-CITY 21 JOINT STOCK COMPANY	-	36	36	-	-	-
	BEIJING LUFTHANSA CENTER CO., LTD.	2	-	2	-	-	-
	GULF ENG CONST. & CONTRACT	487	4,033	4,520	-	-	-
Affiliate by the Monopoly Regulation And Fair Trade Act	Chonmasan Tunnel Co., Ltd.	2,985	1,210	4,195	-	-	-
	Bugok Environment Co., Ltd.	-	467	467	-	-	-
	Total	\$ 155,399	\$ 39,189	\$ 194,588	\$ -	\$ 338,918	\$ 338,918

(*) The Group established an allowance for bad debts amounting to ₩12,873 million, equivalent to US \$10,652, for the receivables of related parties as of December 31, 2015.

(4) Details of the payment guarantees on the borrowings of related parties as of December 31, 2016 and 2015, are as follows:

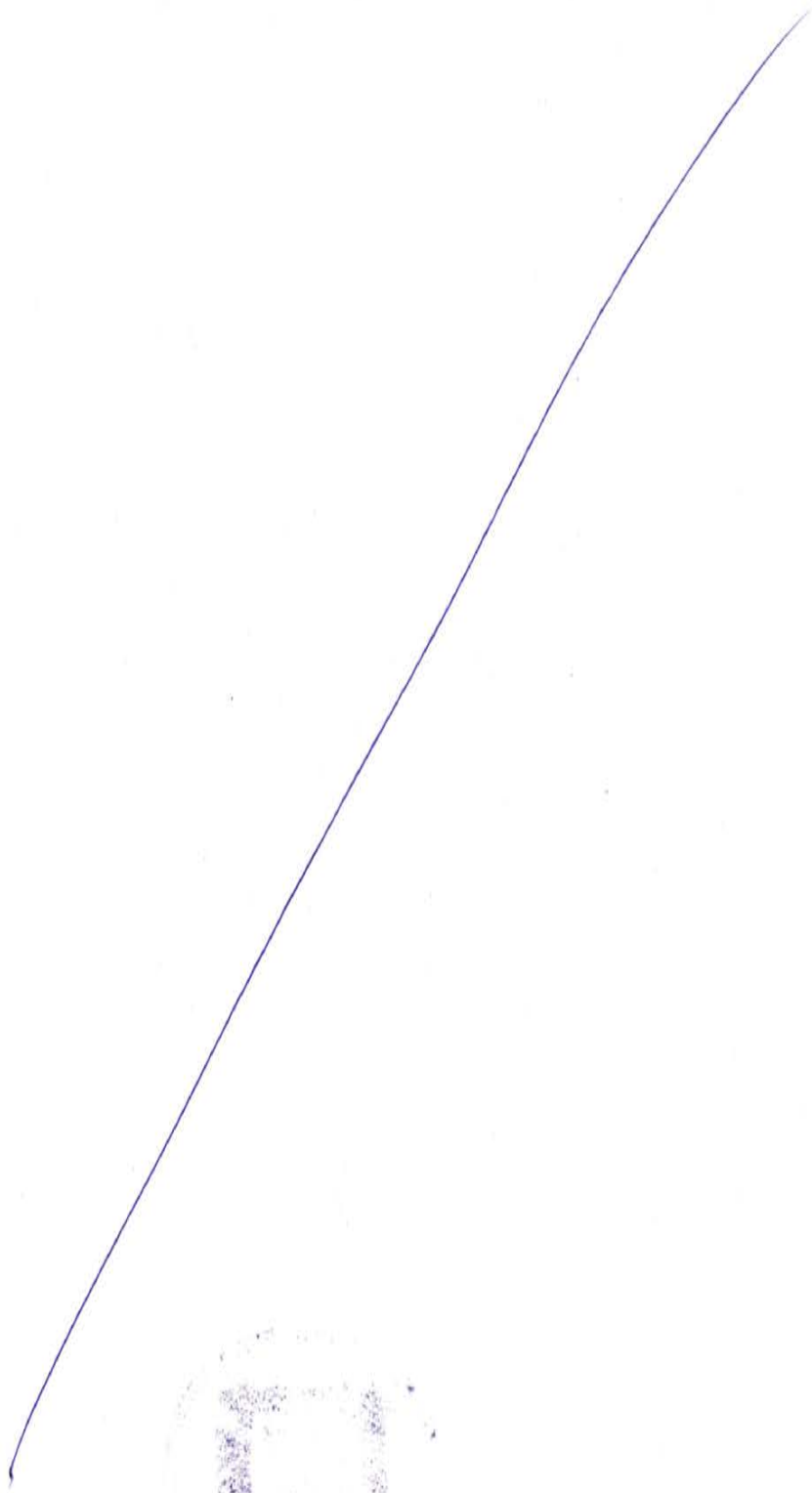
(in millions of Korean won)

	Related party	2016	2015	Provided by	Period	Remark
Associates	Skyland Co., Ltd.	₩ 75,000	₩ 225,193	Hyundai Capital and others	2015.08.20–2018.10.20	Acceptances for debt
	The Uni-Star Co., Ltd	210,000	350,000	Sewoon ib 1st Co.,Ltd. and others	2016.07.18–2019.07.18	Acceptances for debt and others
	Kyungnam Masan Robotland Co., Ltd	5,568	-	Davi Hana Robotland Private property investment trust	2016.04.19–2035.10.19	Supplementary funds
Affiliate by the Monopoly Regulation And Fair Trade Act	Chonmasan Tunnel Co., Ltd	-	-	NH nonghyup and others	2008.03.25–2044.06.25	Supplementary funds
		8,500	8,500			
	Total	₩ 299,068	₩ 583,693			



1753

5097



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5098

1178

(in thousands of US dollars (Note 4))

	Related party	2016	2015	Provided by	Period	Remark
Associates	Skyland Co., Ltd.	\$ 62,060	\$ 186,341	Hyundai Capital and others	2015.08.20–2018.10.20	Acceptances for debt
	The Uni-Star Co., Ltd	173,769	289,615	Sewoon ib 1st Co.,Ltd. and others	2016.07.18–2019.07.18	Acceptances for debt and others
	Kyungnam Masan Robotland Co., Ltd	4,607	-	Davi Hana Robotland Private property investment trust	2016.04.19–2035.10.19	Supplementary funds
Affiliate by the Monopoly Regulaion And Fair Trade Act	Chonmasan Tunnel Co., Ltd			NH nonghyup and others	2008.03.25–2044.06.25	Supplementary funds
		7,034	7,034			
	Total	\$ 247,470	\$ 482,990			

(5) Details of collaterals on related parties as of December 31, 2016, are as follows:

(in millions of Korean won)

	Related party	Book value	Total limits	Financial Institutions
Associates	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd	₩ 1	₩ 483,000	Industrial Bank of Korea
	Gyeongsan knowledge industry development Co., Ltd	1,450	119,207	Friend 2nd Co., Ltd
	Hanam Marbling City Development Co. Ltd	2,200	102,960	Korea Development Bank and others
	KDS Hydro Pte.Ltd	24,643	26,345	The Law Debenture Trust Corporation p.l.c
	Pocheon IPP Co., Ltd	81,800	834,920	Korea Development Bank and others
	Kyungnam Masan Robotland Co., Ltd	918		Nonghyup Bank
	Kyungnam Masan Robotland assets management Co., Ltd	55	95,000	
Affiliate by the Monopoly Regulaion And Fair Trade Act	Chonmasan Tunnel Co., Ltd			Korea Development Bank
		9,180	78,611	
	Total	₩ 120,247	₩ 1,740,043	

(in thousands of US dollars (Note 4))

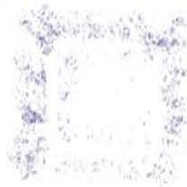
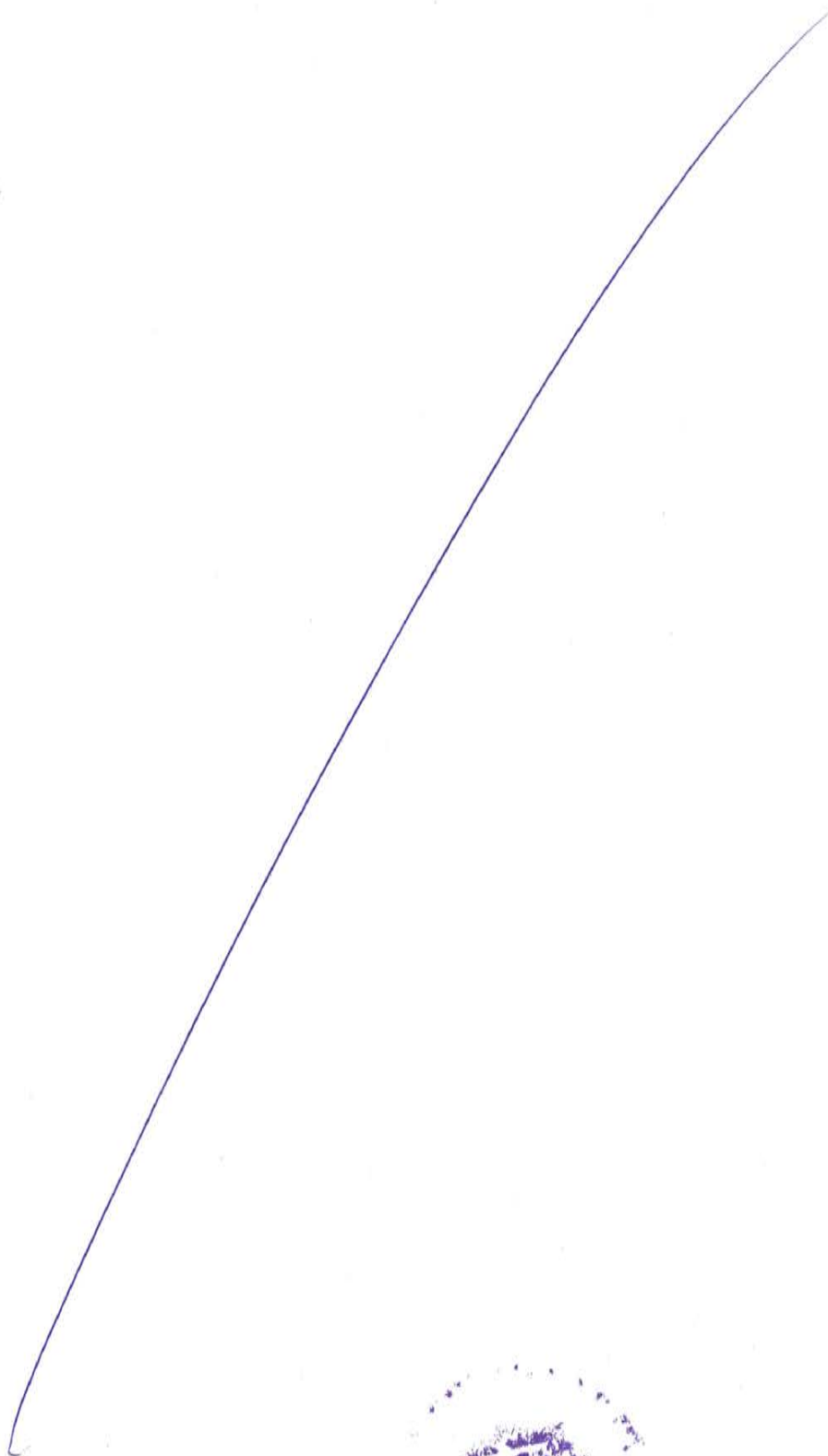
	Related party	Book value	Total limits	Financial Institutions
Associates	Myeong-dong City and Residential Environment Improvement Plans Co., Ltd	\$ 1	\$ 399,669	Industrial Bank of Korea
	Gyeongsan knowledge industry development Co., Ltd	1,200	98,640	Friend 2nd Co., Ltd
	Hanam Marbling City Development Co. Ltd	1,820	85,197	Korea Development Bank and others
	KDS Hydro Pte.Ltd	20,391	21,800	The Law Debenture Trust Corporation p.l.c
	Pocheon IPP Co., Ltd	67,687	690,873	Korea Development Bank and others
	Kyungnam Masan Robotland Co., Ltd	760		Nonghyup Bank
	Kyungnam Masan Robotland assets management Co., Ltd	46	78,610	
Affiliate by the Monopoly Regulaion And Fair Trade Act	Chonmasan Tunnel Co., Ltd			Korea Development Bank
		7,996	65,048	
	Total	\$ 99,801	\$ 1,439,837	



1017
2207

5099

0511



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1179

(6) Fund transactions with related parties for the years ended December 31, 2016 and 2015, are as follows:

① 2016

(in millions of Korean won)

	Related party	Transaction	Beginning	Increase	Decrease	Ending
Parent Company and associates of the Group	Korea Development Bank	Debt	₩ 578,160	₩ 238,820	₩ 108,600	₩ 708,380
Associates	Skyland Co., Ltd.	Loans	15,000	-	15,000	-
	SACC Co., Ltd.	Loans	1,039	-	-	1,039
	V-CITY 21 JOINT STOCK COMPANY	Loans	35	1	-	36
Affiliate by the Monopoly Regulation And Fair Trade Act	Bugok Environment Co., Ltd	Loans	564	-	147	417
	Total		<u>₩ 594,798</u>	<u>₩ 238,821</u>	<u>₩ 123,747</u>	<u>₩ 709,872</u>

(in thousands of US dollars (Note 4))

	Related party	Transaction	Beginning	Increase	Decrease	Ending
Parent Company and associates of the Group	Korea Development Bank	Debt	\$ 478,411	\$ 197,617	\$ 89,863	\$ 586,165
Associates	Skyland Co., Ltd.	Loans	12,412	-	12,412	-
	SACC Co., Ltd.	Loans	860	-	-	860
	V-CITY 21 JOINT STOCK COMPANY	Loans	29	1	-	30
Affiliate by the Monopoly Regulation And Fair Trade Act	Bugok Environment Co., Ltd	Loans	467	-	122	345
	Total		<u>\$ 492,179</u>	<u>\$ 197,618</u>	<u>\$ 102,397</u>	<u>\$ 587,400</u>

② 2015

(in millions of Korean won)

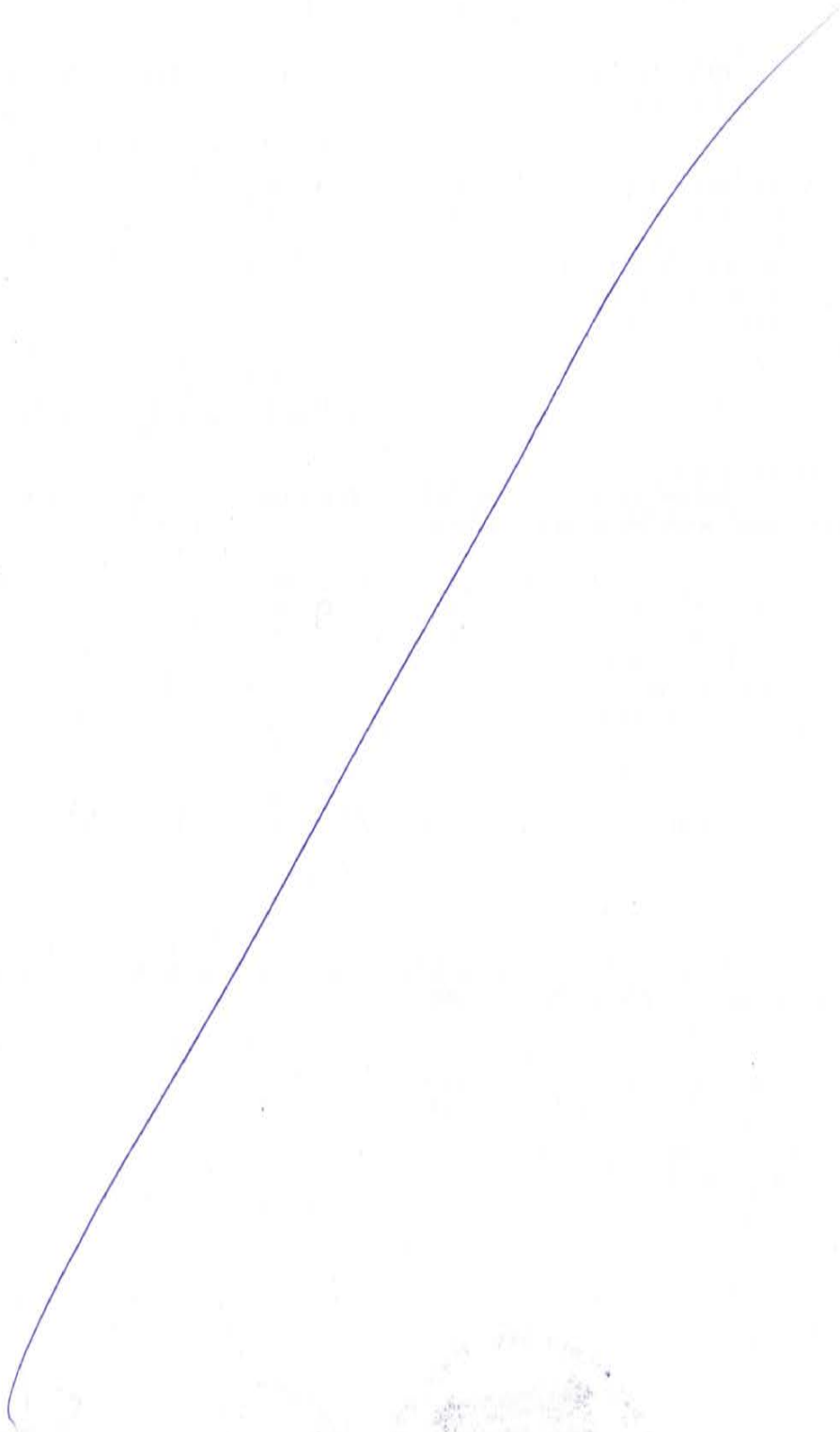
	Related party	Transaction	Beginning	Increase	Decrease	Ending
Parent Company and associates of the Group	Korea Development Bank	Debt	₩ 500,697	₩ 333,051	₩ 255,588	₩ 578,160
Associates	Skyland Co., Ltd.	Loans	35,748	-	20,748	15,000
	SACC Co., Ltd.	Loans	1,039	-	-	1,039
	V-CITY 21 JOINT STOCK COMPANY	Loans	32	3	-	35
Affiliate by the Monopoly Regulation And Fair Trade Act	Bugok Environment Co., Ltd	Loans	699	-	135	564
	Total		<u>₩ 538,215</u>	<u>₩ 333,054</u>	<u>₩ 276,471</u>	<u>₩ 594,798</u>



0017

0511

5101



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES 5102
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1180

(in thousands of US dollars (Note 4))

	Related party	Transaction	Beginning	Increase	Decrease	Ending
Parent Company and associates of the Group	Korea Development Bank	Debt	\$ 414,313	\$ 275,590	\$ 211,492	\$ 478,411
Associates	Skyland Co., Ltd.	Loans	29,580	-	17,168	12,412
	SACC Co., Ltd.	Loans	860	-	-	860
	V-CITY 21 JOINT STOCK COMPANY	Loans	26	2	-	29
Affiliate by the Monopoly Regulaion And Fair Trade Act	Bugok Environment Co., Ltd	Loans				
			578	-	112	466
		Total	\$ 445,357	\$ 275,592	\$ 228,772	\$ 492,177

(7) As of December 31, 2016, the Group has provided a guarantee for construction performance to a related party, Daewoo Nigeria Ltd.

(8) Key management refers to the registered directors and non-registered directors who have the authority and responsibilities for planning, operation and control of the business of the Group. Compensation that was paid or will be paid to key management in return for employee services consists of:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
Short-term salaries	₩ 5,382	₩ 5,664	\$ 4,453	\$ 4,687
Pension costs	987	1,103	817	913
Total	₩ 6,369	₩ 6,767	\$ 5,270	\$ 5,600

36. CASH GENERATED FROM OPERATIONS:

(1) Reconciliation between operating profit and net cash inflow (outflow) from operating activities for the years ended December 31, 2016 and 2015, is as follows:

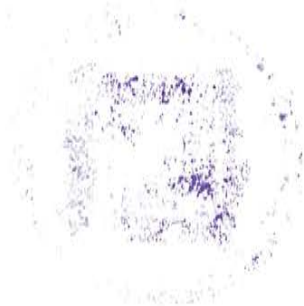
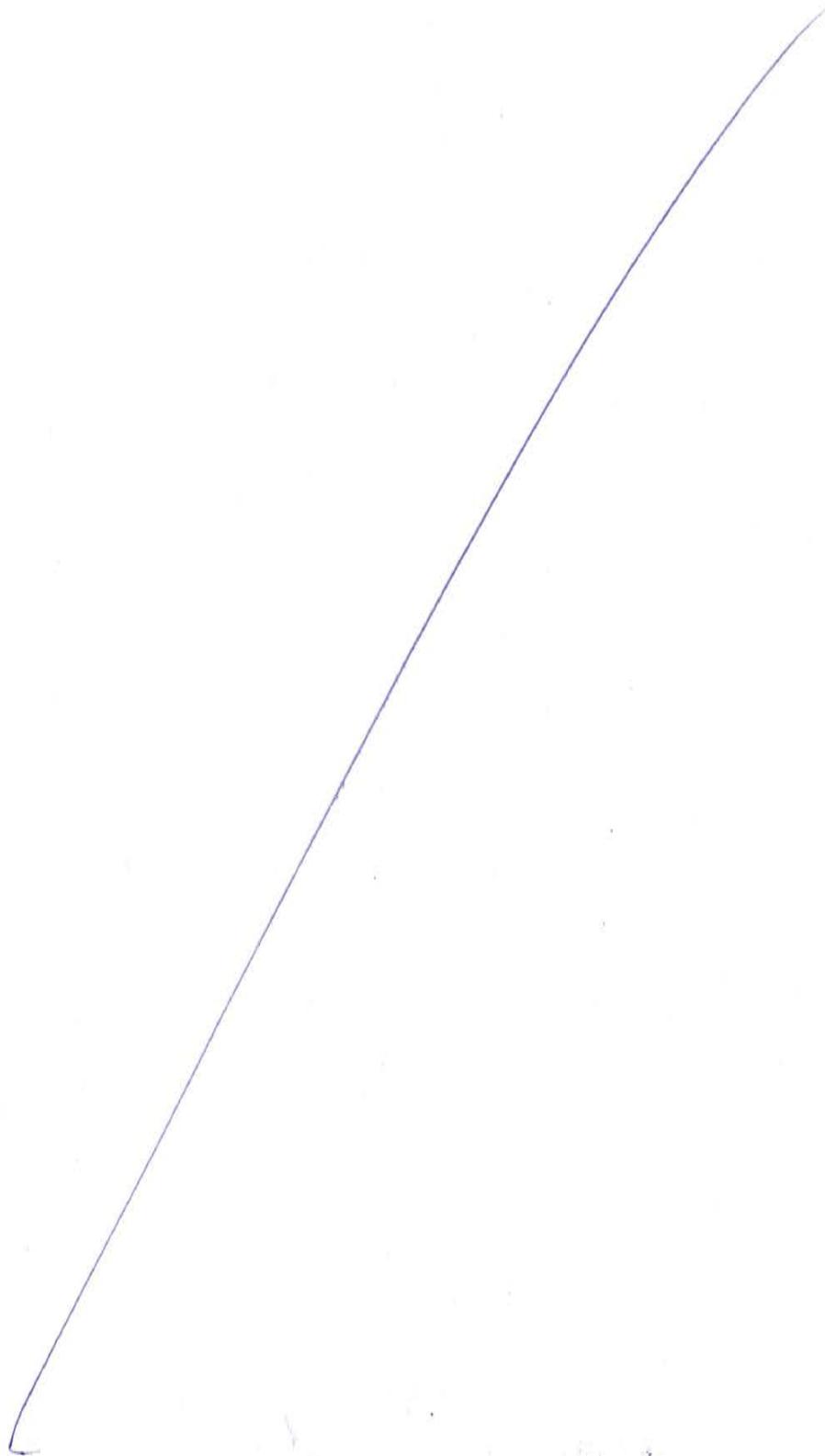
(in millions of Korean won and thousands of US dollars (Note 4))

	2016		2015	
Profit (loss) for the year	₩	(754,927)	₩	104,648
Adjustments				
Bad debts expense		112,108		12,561
Reversal of allowance for doubtful accounts		(9,169)		(21,364)
Depreciation		87,850		61,716
Amortization		8,704		9,962
Other bad debt expense		149,613		69,295
Loss on disposal of investments in securities		107		106
Loss on disposal of assets held for sale		1,365		747
Loss on disposal of property, plant and equipment		886		801
Loss on disposal of intangible assets		1		-
Impairment losses on intangible assets		9,507		-
Impairment losses on investments in securities		63,353		320
Impairment losses on investment property		344		-
Impairment losses on assets held for sale		23,988		16,622
Impairment losses on investments in associates		570		-
Share of profit or loss on investments in associates		5,906		19,119
Loss on foreign currency translation		43,418		36,220
Loss on valuation of derivatives		143,418		45,687
Loss on transactions of derivatives		14,878		24,363
Transfer to reserve for contingent liabilities		196,127		112,661
Transfer to reserve for construction warranty		76,231		35,552
Welfare expenses		2,987		-
Pension costs		52,073		62,360
Interest expenses		93,134		97,248



2010
0811

5103



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5104

1181

	2016	2015
Income tax expenses	(256,210)	14,822
Reversal of overseas operations translation debit	121,923	17,617
Reversal of allowance for other doubtful accounts	(36,754)	(58,348)
Gain on disposal of investments in securities	(213)	(23,469)
Gain on disposal of investments in associates	(29)	-
Gain on disposal of assets held for sale	(8,778)	(7,532)
Gain on disposal of property, plant and equipment	(3,334)	(3,266)
Gain on disposal of intangible assets	-	-
Gain on disposal of investment property	(403)	(2,004)
Dividend income	(652)	(4,336)
Gain on foreign currency translation	(28,035)	(28,033)
Gain on valuation of derivatives	(178,045)	(87,989)
Gain on transactions of derivatives	(28,269)	(69,051)
Return of reserve for other contingent liabilities	(30,673)	(47,498)
Return of reserve for construction warranty	(1,780)	(1,476)
Interest income	(24,930)	(21,460)
Reversal of impairment losses on assets held for sale	(3,498)	-
Reversal of gain on foreign currency translation	(3,020)	(19,985)
	₩ 594,699	₩ 241,968

Changes in operating assets and liabilities

Trade receivables	₩ (420,301)	₩ 351,846
Other receivables	3,523	(28,723)
Advance payments	(136,688)	(200,885)
Prepaid expenses	51,790	35,877
Due from customers for contract work	379,619	139,292
Inventories	512,846	145,094
Long-term other receivables	(55,659)	(84,574)
Long-term prepaid expenses	207	977
Financial guarantee contract liabilities	-	(48)
Trade payables	69,021	(21,498)
Other payables	(19,012)	225,527
Advances received	50,316	30,806
Due to customers for contract work	608,350	84,629
Withholdings	5,631	(16,624)
Income received in advance	6	14
Guarantee deposits received	28,310	(2,885)
Defined benefit liabilities	(37,960)	(32,269)
Plan assets	(1,593)	(61,883)
Long-term other payables	-	(250)
Long-term advances received	(209,845)	(69,252)
Long-term provisions	(64,922)	(87,047)
Long-term guarantee deposits received	(117,404)	(36,059)
Overseas operations translation	(49,449)	9,643
	₩ 596,786	₩ 381,708
Cash generated from operations	₩ 436,558	₩ 728,324

(in millions of Korean won and thousands of US dollars (Note 4))

	2016	2015
Profit (loss) for the year	\$ (624,681)	\$ 86,593
Adjustments		
Bad debts expense	92,766	10,394
Reversal of allowance for doubtful accounts	(7,587)	(17,678)
Depreciation	72,693	51,068
Amortization	7,202	8,243
Other bad debt expense	123,801	57,340
Loss on disposal of investments in securities	89	88
Loss on disposal of assets held for sale	1,129	618
Loss on disposal of property, plant and equipment	733	663
Loss on disposal of intangible assets	1	-
Impairment losses on intangible assets	7,867	-

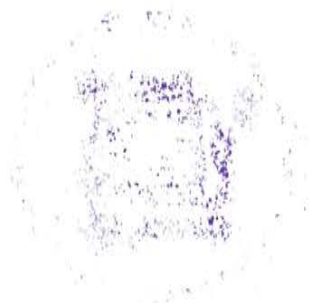
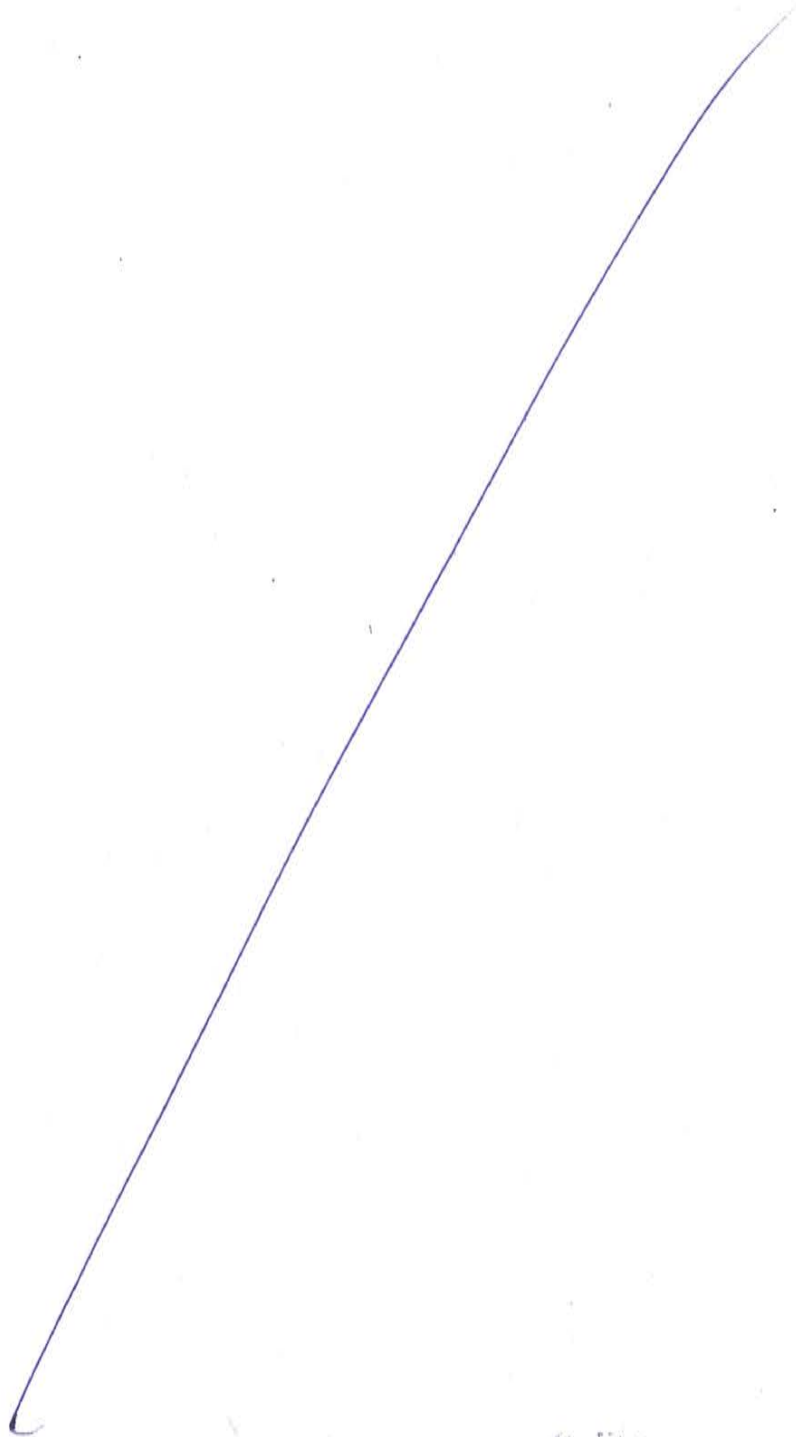


Handwritten signature in blue ink over a circular stamp that reads 'DAEWOO-TPL JV'.



1811

5105



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

5106

1182

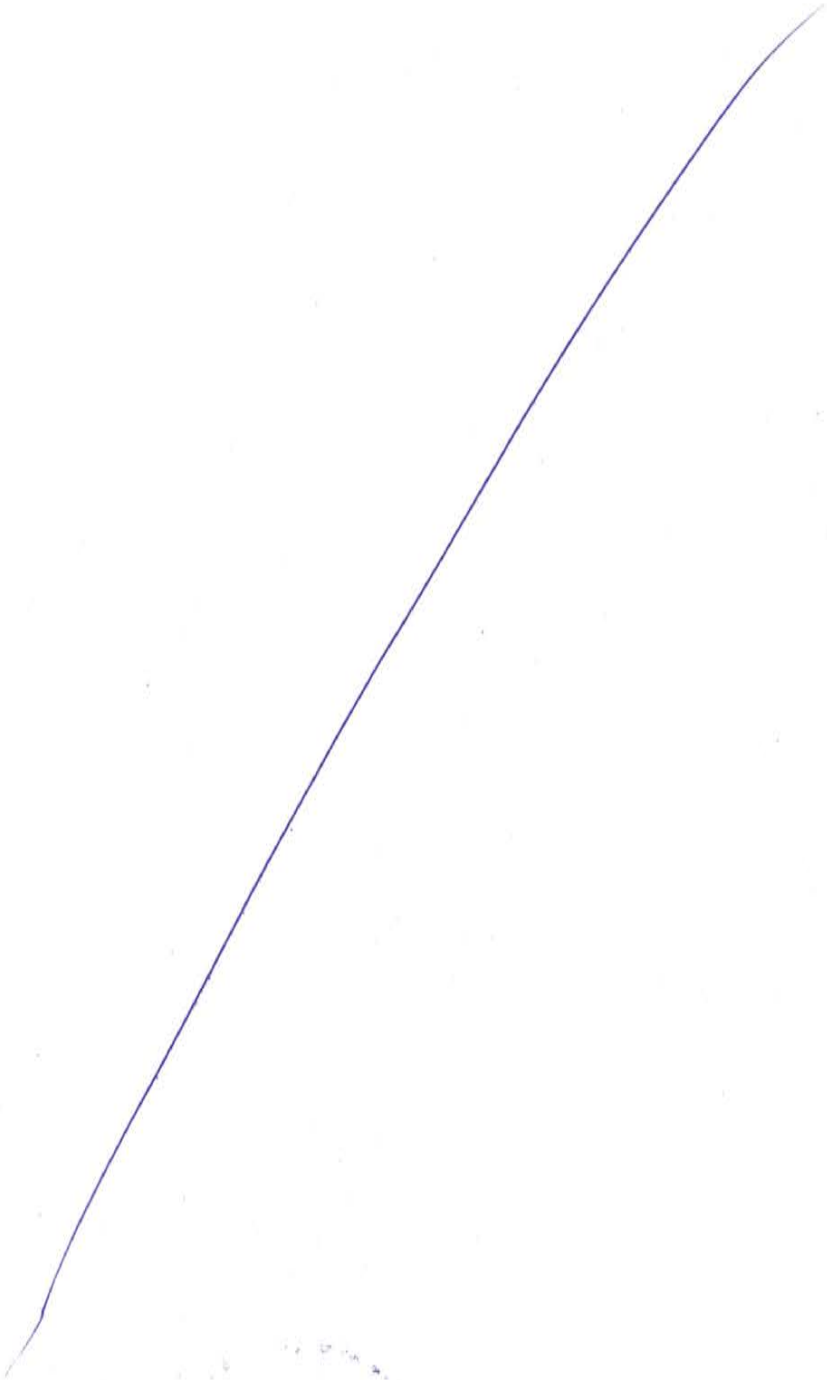
	2016	2015
Impairment losses on investments in securities	52,423	265
Impairment losses on investment property	285	-
Impairment losses on assets held for sale	19,849	13,754
Impairment losses on investments in associates	472	-
Share of profit or loss on investments in associates	4,887	15,820
Loss on foreign currency translation	35,927	29,971
Loss on valuation of derivatives	118,674	37,805
Loss on transactions of derivatives	12,311	20,160
Transfer to reserve for contingent liabilities	162,290	93,224
Transfer to reserve for construction warranty	63,079	29,418
Welfare expenses	2,472	-
Pension costs	43,089	51,601
Interest expenses	77,066	80,470
Income tax expenses	(212,007)	12,265
Reversal of overseas operations translation debit	100,888	14,578
Reversal of allowance for other doubtful accounts	(30,413)	(48,281)
Gain on disposal of investments in securities	(176)	(19,420)
Gain on disposal of investments in associates	(24)	-
Gain on disposal of assets held for sale	(7,264)	(6,233)
Gain on disposal of property, plant and equipment	(2,759)	(2,703)
Gain on disposal of intangible assets	-	-
Gain on disposal of investment property	(333)	(1,658)
Dividend income	(540)	(3,588)
Gain on foreign currency translation	(23,198)	(23,197)
Gain on valuation of derivatives	(147,327)	(72,808)
Gain on transactions of derivatives	(23,392)	(57,138)
Return of reserve for other contingent liabilities	(25,381)	(39,303)
Return of reserve for construction warranty	(1,473)	(1,221)
Interest income	(20,629)	(17,758)
Reversal of impairment losses on assets held for sale	(2,894)	-
Reversal of gain on foreign currency translation	(2,499)	(16,537)
	492,097	200,222
Changes in operating assets and liabilities		
Trade receivables	(347,787)	291,143
Other receivables	2,915	(23,767)
Advance payments	(113,106)	(166,227)
Prepaid expenses	42,855	29,687
Due from customers for contract work	314,124	115,260
Inventories	424,366	120,061
Long-term other receivables	(46,056)	(69,983)
Long-term prepaid expenses	171	808
Financial guarantee contract liabilities	-	(40)
Trade payables	57,113	(17,789)
Other payables	(15,732)	186,617
Advances received	41,635	25,491
Due to customers for contract work	503,393	70,028
Withholdings	4,659	(13,756)
Income received in advance	5	12
Guarantee deposits received	23,426	(2,387)
Defined benefit liabilities	(31,411)	(26,702)
Plan assets	(1,318)	(51,206)
Long-term other payables	-	(207)
Long-term advances received	(173,641)	(57,304)
Long-term provisions	(53,721)	(72,029)
Long-term guarantee deposits received	(97,149)	(29,837)
Overseas operations translation	(40,917)	7,980
	493,824	315,853
Cash generated from operations	\$ 361,240	\$ 602,668



3045

5107

1185



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

(2) The principal non-cash transactions for the years ended December 31, 2016 and 2015, are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

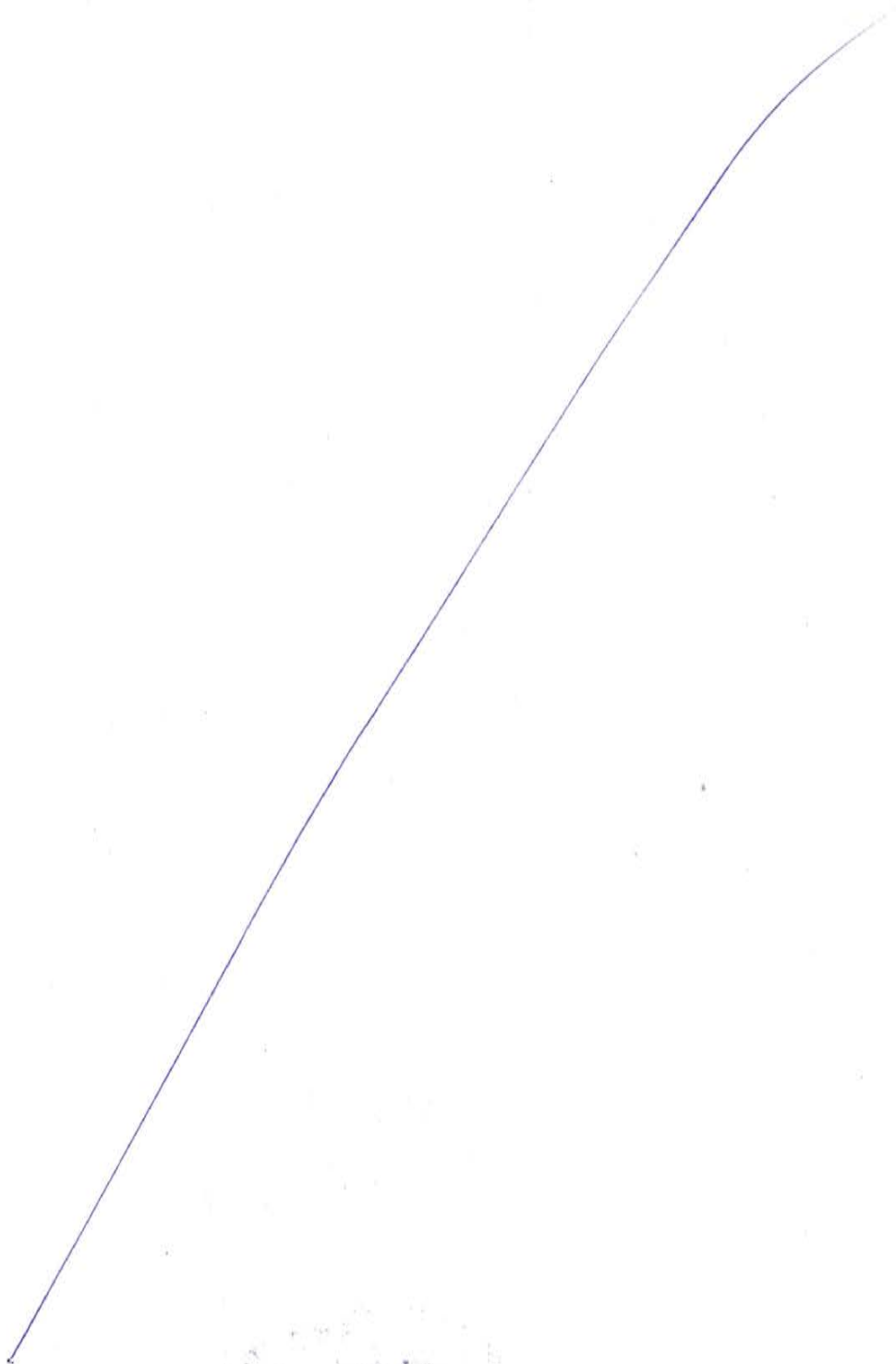
	2016		2015	
	₩	₩	\$	\$
Reclassification of current maturities of debentures	350,000	450,000	289,615	372,362
Reclassification of current maturities of advances from construction	224,700	-	185,933	-
Reclassification of current maturities of borrowings	842,238	516,228	696,928	427,164
Reclassification from advance payments to rental real estate	115,501	-	95,574	-
Reclassification from contingent liabilities to doubtful accounts	116,890	253,698	96,723	209,928
Reclassification from non-trade receivables and others to assets held for sale	120,074	-	99,358	-
Reclassification from advance payments to inventories	117,867	215,684	97,532	178,472
Reclassification from construction and others from advance payments to receivables	265,964	30,251	220,078	25,032
Reclassification from guarantee deposit and others of long-term loans	18,271	14,198	15,119	11,748
Recognition of gain and loss on valuation of available-for-sale equity securities	7,345	17,033	6,078	14,094
Offsetting between investments in securities and borrowings	-	24,655	-	20,401
Reclassification from investment property to property, plant and equipment and others	-	835	-	691



1183

5109

1183



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1184

37. FINANCIAL RISK MANAGEMENT:

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

37.1 Financial Risk Factors

(1) Market Risk

1) Foreign exchange risk

Due to its multinational operations, the Group is exposed to foreign exchange risk arising from various currency exposures. The purpose of foreign exchange risk management is to maximize the Group's value by minimizing the uncertainty and volatility of foreign exchange gains and losses from foreign exchange rate fluctuations.

The Group's principal monetary assets and liabilities denominated in currencies other than its functional currency as of December 31, 2016 and 2015, are as follows:

December 31, 2016

	Assets		Liabilities	
	Foreign currency (thousands)	Korean won equivalent (millions)	Foreign currency (thousands)	Korean won equivalent (millions)
USD	583,414	705,055	624,803	755,075
EUR	69,264	87,798	11,007	13,953
SGD	1,691	1,412	24,052	20,076
LYD	-	-	3,756	3,150
JPY	772,133	8,006	55,787	578
KWD	-	-	30,858	121,848

December 31, 2015

	Assets		Liabilities	
	Foreign currency (thousands)	Korean won equivalent (millions)	Foreign currency (thousands)	Korean won equivalent (millions)
USD	372,126	436,131	452,161	529,934
EUR	36,070	46,188	21,955	28,114
SGD	325	270	17,319	14,341
LYD	2,175	1,830	3,756	1,581
JPY	245,345	2,385	4,593	45

As of December 31, 2016 and 2015, if the Group's functional currency had weakened / strengthened by 10% against the US dollar with all other variables held constant, profit before income tax would have been affected as follows:

(in millions of Korean won)

	2016		2015	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	₩ (5,000)	₩ 5,000	₩ (9,378)	₩ 9,378
EUR	7,385	(7,385)	1,808	(1,808)
JPY	743	(743)	234	(234)

(in thousands of US dollars (Note 4))

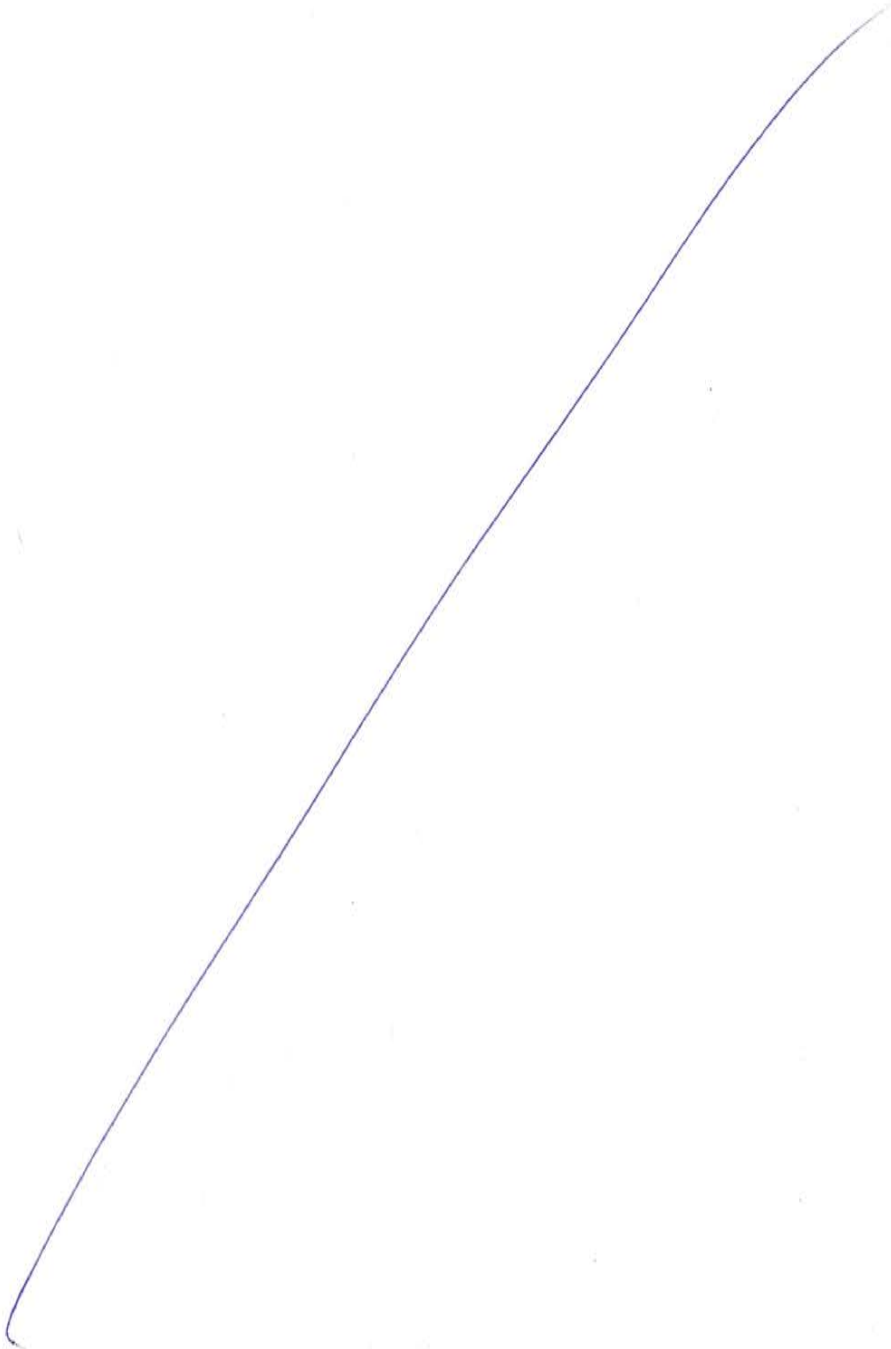
	2016		2015	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	\$ (4,137)	\$ 4,137	\$ (7,760)	\$ 7,760
EUR	6,111	(6,111)	1,496	(1,496)
JPY	615	(615)	193	(194)



0112

5111

4011



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

2) Interest rate risk

The Group is exposed to interest rate risk related with variable price of available-for-sale financial assets or cash flow of interest income and interest expenses arising from financial deposits and borrowings with variable interest rates through changes in market interest rate in the future.

As of December 31, 2016 and 2015, if interest rates fluctuate by 10bp with all other variables held constant, interest expenses would have been affected as follows:

(in millions of Korean won)

	2016		2015	
	10bp Increase	10bp Decrease	10bp Increase	10bp Decrease
Interest expenses	₩ 983	₩ (983)	₩ 885	₩ (885)

(in thousands of US dollars (Note 4))

	2016		2015	
	10bp Increase	10bp Decrease	10bp Increase	10bp Decrease
Interest expenses	\$ 813	\$ (813)	\$ 732	\$ (732)

(2) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group maintains business relationships with financial institutions with more than a certain level of credibility to manage credit risk exposure.

Book value of financial instruments represents the maximum degrees of credit exposures. The maximum degrees of credit exposures as of December 31, 2016 and 2015, are as follows:

(in millions of Korean won)

	2016		2015	
Current assets				
Cash equivalents	₩	813,968	₩	536,207
Financial instruments assets		263,415		189,115
Trade receivables		1,191,125		1,049,129
Due from customers for contract work		1,340,273		1,720,085
Other receivables		452,267		604,706
Non-current assets				
Financial instruments assets	₩	21,368	₩	40,264
Investments in securities(*)		4,352		12,195
Long-term receivables		1,126,785		1,017,028

(in thousands of US dollars (Note 4))

	2016		2015	
Current assets				
Cash equivalents	\$	673,536	\$	443,696
Financial instruments assets		217,969		156,487
Trade receivables		985,623		868,125
Due from customers for contract work		1,109,038		1,423,322
Other receivables		374,238		500,377
Non-current assets				
Financial instruments assets	\$	17,681	\$	33,317
Investments in securities(*)		3,601		10,091
Long-term receivables		932,383		841,562

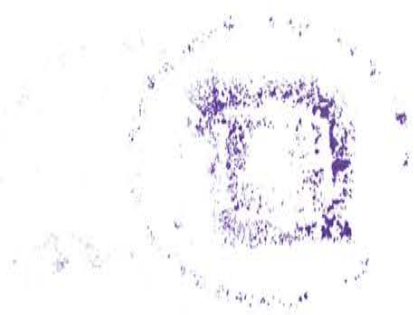
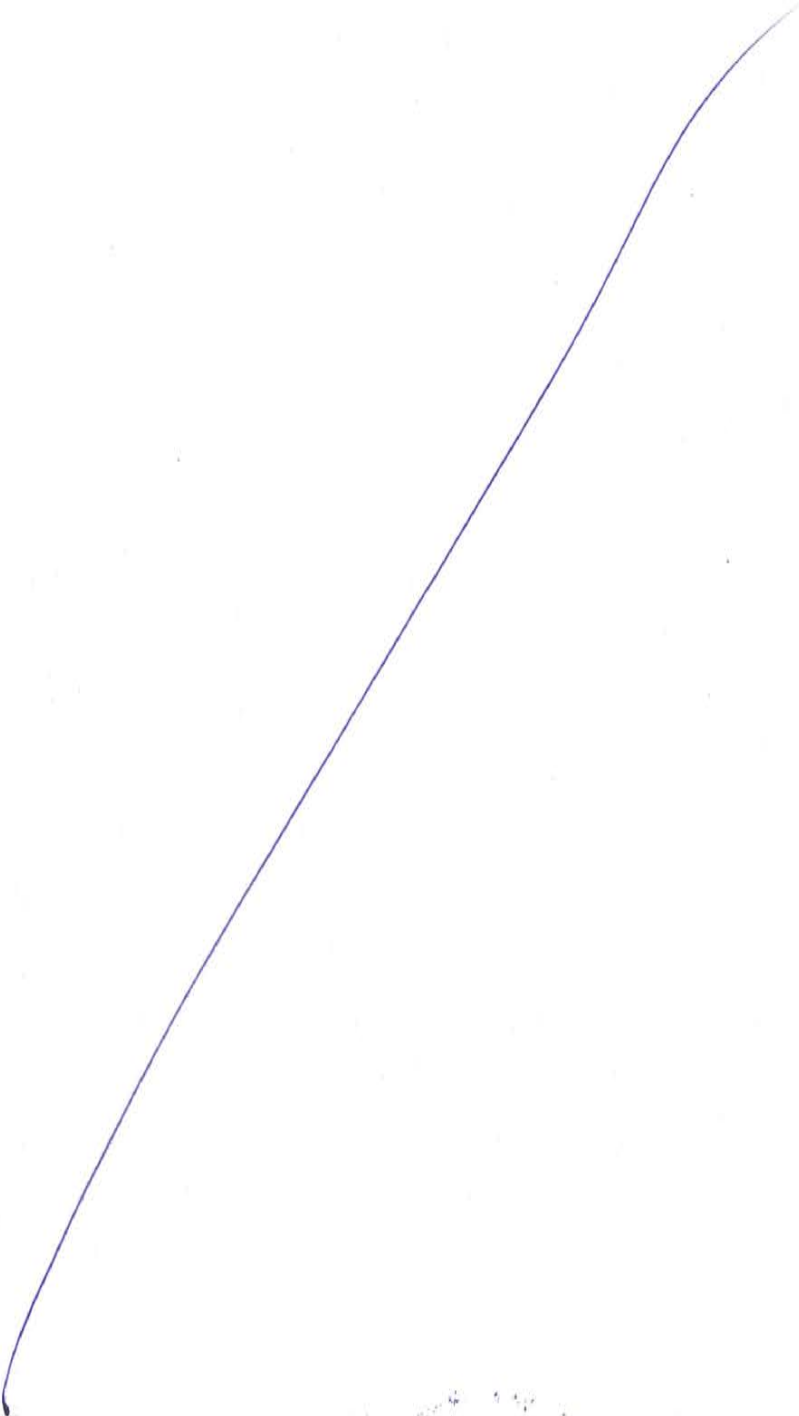
(*) Among these investments in securities, only debt securities are subject to credit risk management.



5113

5113

1182



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

In providing financial guarantees, the Group recognized financial guarantee liabilities amounting to ₩ 30,668 million (equivalent to US \$ 25,377 thousand) and ₩ 28,071 million (equivalent to US \$23,228 thousand) as of December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015, the related maximum credit exposures amount to ₩ 1,812,809 million (equivalent to US \$ 1,500,049 thousand) and ₩ 2,757,155 million (equivalent to US \$2,281,469 thousand), respectively.

Also, the Group provides reciprocal guarantees on contract performance, housing sales and maintenance for domestic construction companies, and its maximum exposure to credit risk is the contractual amount of the Group.

(3) Liquidity Risk

The Group is exposed to liquidity risk and may be unable to meet its short-term payment obligations on time due to deterioration of its business performance or inability to access financing. The Group forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively.

The tables below analyze the Group's non-derivatives financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date

① December 31, 2016

(in millions of Korean won)

	Book value	Cash flow	Residual contractual maturity			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings (*)	₩ 2,749,856	₩ 2,770,781	₩ 2,178,749	₩ 585,960	₩ 225	₩ 5,847
Trade payables	528,699	528,699	528,699	-	-	-
Other payables	1,306,464	1,306,464	1,306,464	-	-	-
Total	₩ 4,585,019	₩ 4,605,944	₩ 4,013,912	₩ 585,960	₩ 225	₩ 5,847

(in thousands of US dollars (Note 4))

	Book value	Cash flow	Residual contractual maturity			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings (*)	\$ 2,275,429	\$ 2,292,744	\$ 1,802,854	\$ 484,866	\$ 186	\$ 4,838
Trade payables	437,484	437,484	437,484	-	-	-
Other payables	1,081,062	1,081,062	1,081,062	-	-	-
Total	\$ 3,793,975	\$ 3,811,290	\$ 3,321,400	\$ 484,866	\$ 186	\$ 4,838

(*) Borrowings include the amount of coupon.

② December 31, 2015

(in millions of Korean won)

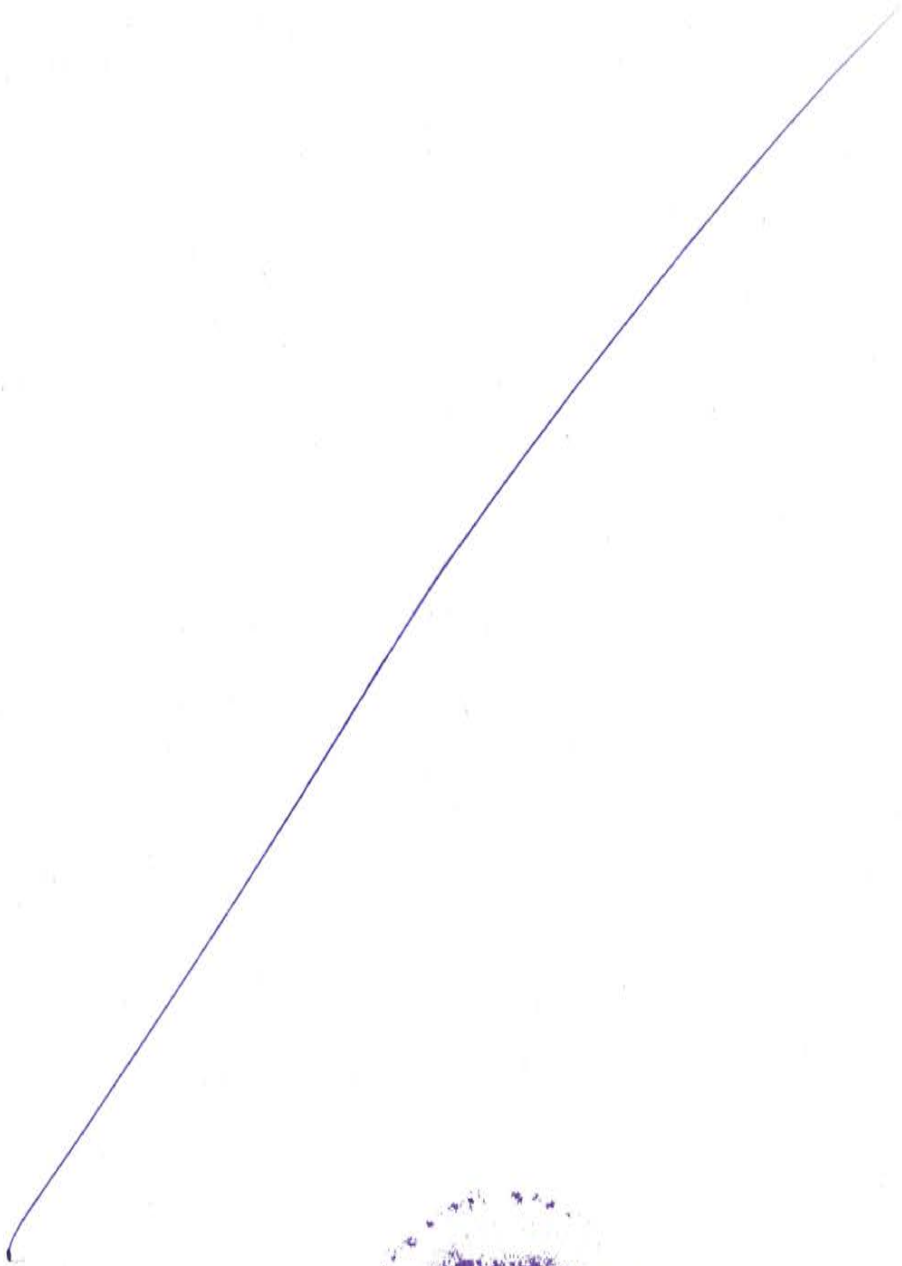
	Book value	Cash flow	Residual contractual maturity			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings (*)	₩ 2,533,972	₩ 2,568,429	₩ 1,619,372	₩ 760,720	₩ 182,265	₩ 6,072
Trade payables	459,419	459,419	459,419	-	-	-
Other payables	1,353,532	1,353,532	1,353,532	-	-	-
Total	₩ 4,346,923	₩ 4,381,380	₩ 3,432,323	₩ 760,720	₩ 182,265	₩ 6,072



1102

5115

1188



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1187

(in thousands of US dollars (Note 4))

	Book value	Cash flow	Residual contractual maturity			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings (*)	\$ 2,096,791	\$ 2,125,303	\$ 1,339,985	\$ 629,475	\$ 150,819	\$ 5,024
Trade payables	380,156	380,156	380,156	-	-	-
Other payables	1,120,010	1,120,010	1,120,010	-	-	-
Total	\$ 3,596,957	\$ 3,625,469	\$ 2,840,151	\$ 629,475	\$ 150,819	\$ 5,024

Also, the Group provides reciprocal guarantees on contract performance, housing sales and maintenance for domestic construction companies (Note 24).

37.2 Capital risk management

The Group's capital objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio and debt-to-equity ratio. Gearing ratio and debt-to-equity ratio are as follows:

(in millions of Korean won and thousands of US dollars (Note 4))

	2016	2015
Total borrowings (a)	₩ 2,749,856	₩ 2,533,972
Less: cash and cash equivalents (b)	816,784	539,046
Net debts (c=a-b)	1,933,072	1,994,926
Total liabilities (d)	7,900,336	7,270,402
Total equity (e)	2,069,910	2,793,304
Total capital (f=c+e)	4,002,982	4,788,230
Gearing ratio (c/f)	48.30%	41.70%
Debt-to-equity ratio (d/e)	381.7%	260.3%

	2016	2015
Total borrowings (a)	\$ 2,275,429	\$ 2,096,791
Less: cash and cash equivalents (b)	675,866	446,046
Net debts (c=a-b)	1,599,563	1,650,745
Total liabilities (d)	6,537,307	6,016,055
Total equity (e)	1,712,793	2,311,381
Total capital (f=c+e)	3,312,356	3,962,126
Gearing ratio (c/f)	48.30%	41.70%
Debt-to-equity ratio (d/e)	381.7%	260.3%

38. EVENTS AFTER THE REPORTING PERIOD:

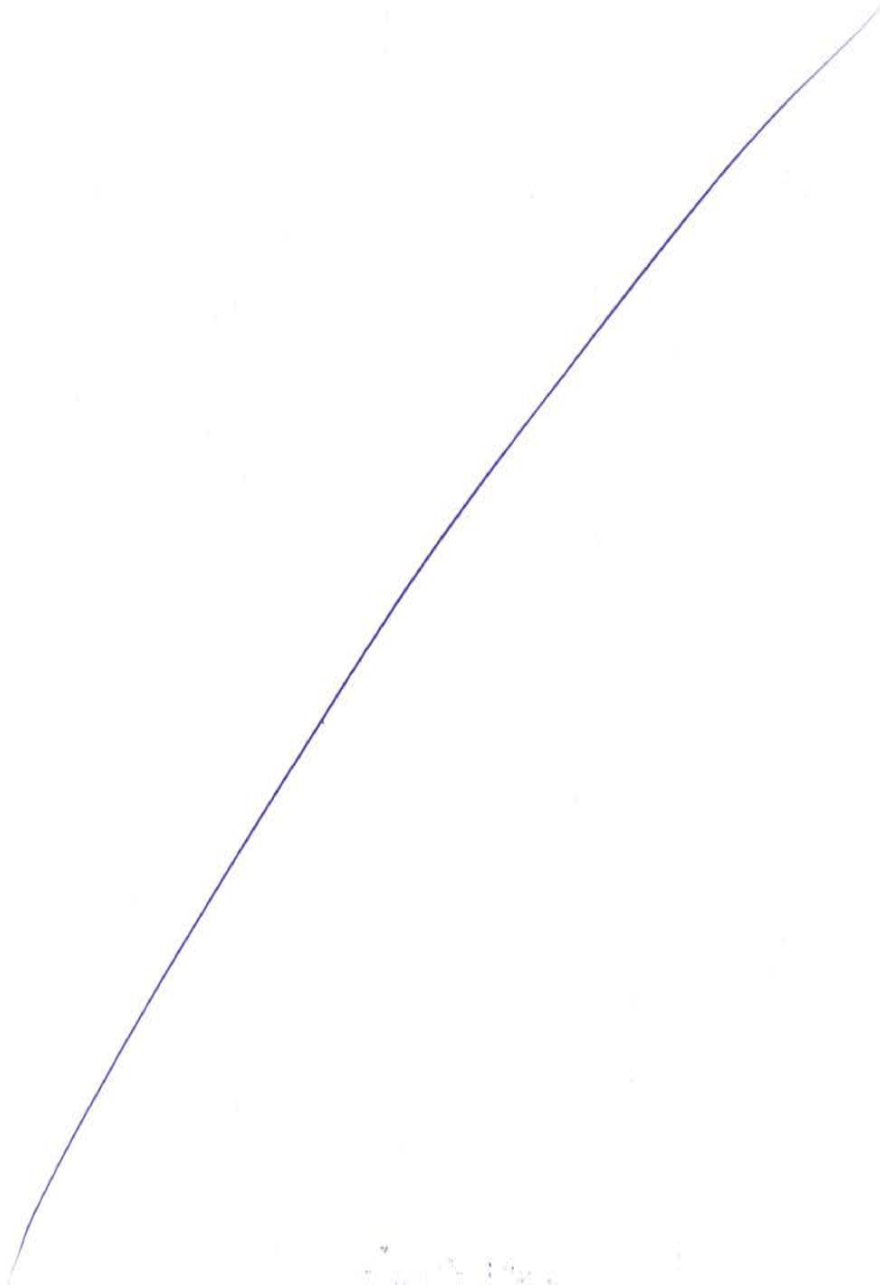
- (1) Korea Gas Corporation filed suit for damages of ₩ 200,000 million (equivalent to US \$165,494 thousand) against the Group and 13 others on February 16, 2017. Client in the Algeria fertilizer plant has claimed USD 700 million in damages to the International Chamber of Commerce against the Group (26% stake) and the consortium partner MHI (74% stake), and the Group and MHI received this letter on March 13, 2017.
- (2) The Group determined a debt guarantee of ₩ 120,000 million (equivalent to US \$99,297 thousand) for the loan of sale-in-lot instalment payment in connection with Yeoksam central prugio city project on February 20, 2017, and the Group has decided to conclude a contract for the completion of ₩ 50,000 million (equivalent to US \$41,374 thousand) in connection with Sadang area 3 reconstruction and maintenance project on February 6, 2017.



3117 13

5117

1011



DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

39. RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS:

The Group has restated its financial statements (including the reclassification of due from customers for contract work) based on errors in the application of derivative hedging accounting and errors in estimating the total estimated costs.

In addition, the Group has applied hedge accounting for derivative instruments since the fiscal year beginning before 2015, but the application of hedge accounting has been canceled in the fiscal year 2016 because it does not meet the requirements for documentation of hedge accounting. The effect of the cancellation of the hedge accounting is not reflected in the consolidated financial statements. If retrospective application of the hedge accounting cancellation is made before the beginning of the previous period, the total retained earnings and related asset liabilities may differ.

The nature of the errors in the consolidated financial statements and the major amendment amounts for each item in the financial statements due to the revision of the financial statements are as follows.

(1) The nature of the prior-period error

(in millions of Korean won and thousands of US dollars (Note 4))

	<u>Effect on profit before tax</u>	<u>Effect on profit before tax</u>	<u>Remarks</u>
Derivatives hedge accounting	\$ (33,996)	₩ (41,084)	(*1)
Saudi Arabia Jazan project	(11,719)	(14,162)	(*2)
Others	4,905	5,927	(*3)
Total	\$ (40,810)	₩ (49,319)	

(*1) Derivatives hedge accounting

At the inception of the hedge, the Group has formally designated and documented hedge relationships, risk management objectives and hedge strategies at the inception of the hedge and applied fair value hedge accounting. However, the Group did not meet the requirements for documenting the hedge strategy, etc., and accordingly, the hedge accounting application was canceled and the related asset and liability and related profit or loss was adjusted.

As a result, operating income and expenses decreased by ₩127,434 million (equivalent to USD 105,448 thousand) and non-operating income and expenses increased by ₩86,350 million (equivalent to USD 71,452 thousand), respectively.

(*2) Saudi Arabia Jazan project

The Jazan project in Saudi Arabia is an EPC (Engineering, Procurement, Construction) project in which a Japanese company, JGC Corporation (main contractor), received orders for construction of a petrochemical plant from Aramco (project owner) in Saudi Arabia. While the Group is apparently a subcontractor of JGC Corporation, actually the Group has a Joint Venture relationship with JGC that shares profit and loss by 50:50. The initial construction contract amounted to USD 1,040 million (50% ownership of the Group), and construction began in December 2012. However, the construction was delayed by more than 21 months due to the reasons attributable to the project owner such as changes in the construction site and design. In August 2015, JGC Corporation filed a claim amounting to USD 508 million (50% stake in the Group) in order to compensate for the expected damages caused by the delayed construction. In order to re-estimate the estimated total contract costs caused by the extension of the construction period, the Group estimated the cost of construction (C) part, which is one of the total cost of EPC in October 2015. The Group submitted the estimation results (USD 304 million) to JGC Corporation, and requested JGC Corporation to estimate the estimated total contract costs including EP (Engineering, Procurement). JGC Corporation went through its internal process for cost estimation and the updated estimated total contract costs as of March 31, 2016 were received by the Group in April 2016. The Group did not receive total estimate cost required to prepare the financial statements for the fiscal year 2015 related to the Jazan Project from the JGC Corporation. With the judgment that the outcome of the construction contract could not be estimated reliably as of December 31, 2015, the contract revenue relevant to the project was recognised only to the extent of contract costs incurred that have high probability of recovery.

(*3) Others

It is the effect of reflecting the event after the reporting period when estimating the total contract cost of domestic and overseas field.



2112

... 5119

1188



2
2
2
2

DAEWOO ENGINEERING & CONSTRUCTION CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
As of December 31, 2016 and 2015

1189

(2) The amounts of adjustments for each accounts in the financial statements due to adjustments made are as follows:

1) Statement of financial position

(in millions of Korean won thousands of US dollars (Note 4))

	Before		After		Difference	
	Adjustment	Adjustment	Adjustment	Adjustment	Difference	Difference
Short-term financial instrument assets	₩ 226,372	₩ 189,115	₩ (37,257)	\$ 187,317	\$ 156,487	\$ (30,830)
Due from customers for contract work	1,773,438	1,720,085	(53,353)	1,467,470	1,423,322	(44,148)
Advance payments	472,007	455,351	(16,656)	390,573	376,790	(13,783)
Inventories	1,285,202	1,293,005	7,803	1,063,469	1,069,926	6,457
Investments in securities	307,281	321,858	14,577	254,266	266,329	12,063
Long-term financial instrument assets	63,133	40,264	(22,869)	52,241	33,317	(18,924)
Deferred tax assets	675,585	694,987	19,402	559,028	575,082	16,054
Total assets	<u>₩ 10,152,059</u>	<u>₩ 10,063,706</u>	<u>₩ (88,353)</u>	<u>\$ 8,400,545</u>	<u>\$ 8,327,436</u>	<u>\$ (73,109)</u>
Short-term financial instrument liabilities	₩ 1,648,417	₩ 1,634,601	₩ (13,816)	\$ 1,364,019	\$ 1,352,587	\$ (11,432)
Due to customers for contract work	766,557	768,474	1,917	634,305	635,891	1,586
Other payables	1,346,590	1,353,532	6,942	1,114,266	1,120,010	5,744
Income tax payable	27,632	35,108	7,476	22,865	29,051	6,186
Long-term financial instrument liabilities	1,016,810	987,567	(29,243)	841,382	817,184	(24,198)
Provisions	355,200	330,948	(24,252)	293,918	273,850	(20,068)
Total liabilities	<u>₩ 7,321,378</u>	<u>₩ 7,270,402</u>	<u>₩ (50,976)</u>	<u>\$ 6,058,236</u>	<u>\$ 6,016,055</u>	<u>\$ (42,181)</u>
Accumulated other comprehensive income	₩ (150,979)	₩ (150,967)	₩ 12	\$ (124,931)	\$ (124,921)	\$ 10
Retained earnings	395,416	358,027	(37,389)	327,196	296,257	(30,939)
Total equity	<u>₩ 2,830,681</u>	<u>₩ 2,793,304</u>	<u>₩ (37,377)</u>	<u>\$ 2,342,309</u>	<u>\$ 2,311,381</u>	<u>\$ (30,928)</u>

2) Statement of income

(in millions of Korean won and thousands of US dollars, except per share amounts (Note 4))

	Before		After		Difference	
	Adjustment	Adjustment	Adjustment	Adjustment	Difference	Difference
Sales	₩ 9,935,734	₩ 9,889,965	₩ (45,769)	\$ 8,221,542	\$ 8,183,670	\$ (37,872)
Cost of sales	9,207,717	9,331,162	123,445	7,619,129	7,721,276	102,147
Selling and administrative expenses	384,584	389,868	5,284	318,233	322,605	4,372
Operating Income	343,433	168,935	(174,498)	284,181	139,789	(144,392)
Other income	411,819	453,314	41,495	340,769	375,105	34,336
Other expenses	491,556	407,872	(83,684)	406,749	337,503	(69,246)
Income tax expense	26,752	14,822	(11,930)	22,137	12,265	(9,872)
Profit for the period	142,037	104,648	(37,389)	117,532	86,593	(30,939)
Basic earnings per share	349	258	(91)	0.289	0.213	(0.076)
Diluted earnings per share	348	257	(91)	0.288	0.213	(0.075)



031

1188

5121

