

De Lage Landen Co., Ltd.

Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Stockholders
De Lage Landen Co., Ltd :

We have audited the accompanying statements of financial position of De Lage Landen Co., Ltd. (the "Company") as of December 31, 2009 and 2008 and the related statements of operation, disposition of accumulated deficit, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of De Lage Landen Co., Ltd. as of December 31, 2009 and 2008 and the results of its operations, disposition of its accumulated deficit, the changes in its equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

Without qualifying our opinion, we draw attention to the following:

As discussed in note 2(a) to the financial statements, accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations, changes in equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting principles and auditing standards and their application in practice.

KPMG Samjong Accounting Corp.
Seoul, Korea
February 19, 2010

This report is effective as of February 19, 2010, 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 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.

De Lage Landen Co., LTD
Statements of Financial Position

As of December 31, 2009 and 2008

(In thousands of Won, except share data)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Assets			
Cash and cash equivalents	3,11 ₩	28,839,040	22,637,739
Loans, net of provision for doubtful accounts of ₩ 293,195 in 2009 and ₩ 279,217 in 2008		9,961,204	7,572,584
Factoring receivables, net of provision for doubtful accounts of ₩ 77,001 in 2009 and ₩ 32,944 in 2008		6,641,260	2,457,444
Loans, net	5,6,8	<u>16,602,464</u>	<u>10,030,028</u>
Finance lease receivables, net of provision for doubtful accounts of ₩ 2,587,523 in 2009 and ₩ 2,748,393 in 2008		170,414,543	157,231,413
Prepaid lease assets, net of provision for doubtful accounts of ₩ 4,930 in 2008		-	367,759
Lease assets, net	4,6,8,11,12,13	<u>170,414,543</u>	<u>157,599,172</u>
Property and equipment, net of accumulated depreciation of ₩ 137,761 in 2009 and ₩ 88,285 in 2008	7,8	112,286	139,327
Accrued income		2,923	2,142
Accounts receivable		4,016	100
Prepaid expenses		317,009	274,377
Other deposits		188,639	118,002
Derivative assets	19	6,514,512	13,587,931
Deferred income tax assets	15	442,751	-
Other assets, net		<u>7,469,850</u>	<u>13,982,552</u>
Total assets	₩	<u><u>223,438,183</u></u>	<u><u>204,388,818</u></u>

See accompanying notes to financial statements.

De Lage Landen Co., LTD
 Statements of Financial Position

As of December 31, 2009 and 2008

(In thousands of Won, except share data)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Liabilities and Stockholder's equity			
Liabilities			
Borrowings denominated in foreign currency	9,11,17 ₩	148,461,907	159,532,256
Accrued expenses	11,17	697,200	1,540,282
Advances received		325,002	148,734
Accounts payable	11,17	2,711,211	475,626
Income tax payable	15	65,319	-
Retirement and severance benefits	10	279,839	153,142
Lease guarantee deposits	11	5,506,471	4,007,824
Derivative liabilities	19	9,145,476	6,008,805
Other liabilities		<u>18,730,518</u>	<u>12,334,413</u>
Total liabilities		<u>167,192,425</u>	<u>171,866,669</u>
Stockholder's equity			
Common stock of ₩ 5,000 par value	14	24,407,870	22,707,870
Authorized - 40,000,000 shares			
Issued and outstanding – 4,881,574 shares in 2009 and 4,541,574 shares in 2008			
Capital surplus	14	32,957,611	17,669,641
Accumulated Deficits		<u>(1,119,723)</u>	<u>(7,855,362)</u>
Total stockholder's equity		<u>56,245,758</u>	<u>32,522,149</u>
Total liabilities and stockholder's equity	₩	<u>223,438,183</u>	<u>204,388,818</u>

See accompanying notes to financial statements.

De Lage Landen Co., LTD
Statements of Operation

For the years ended December 31, 2009 and 2008

(In thousands of Won, except earnings per share)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Interest income on loans	₩	629,559	358,174
Interest income on finance lease receivables		11,340,865	4,550,082
Interest income on factoring receivables		386,971	94,080
Interest income on due from banks		540,019	205,765
Gain on foreign currency transaction		1,793,941	634,905
Gain on foreign currency translation	11	11,740,030	11,308,968
Income from lease termination		7,338	16,930
Other lease income		6,217	213,575
Reversal of provision for doubtful accounts	12	63,838	-
Gain on valuation of derivatives	19	-	13,587,931
Gain on derivatives transaction		953,665	1,702,824
		-	-
Operating revenue		<u>27,462,443</u>	<u>32,673,234</u>
Interest expenses	17	2,854,286	2,565,495
Provision for doubtful accounts	12	-	2,112,010
Loss on foreign currency transaction		1,652,997	3,048,267
Loss on foreign currency translation	11	1,977,141	22,503,765
General and administrative expenses	17,18,21	4,072,945	2,437,361
Loss on valuation of derivatives	19	8,122,287	6,008,805
Loss on derivatives transaction		2,151,788	242,845
Loss from disposition of leased asset		273,166	-
Operating expenses		<u>21,104,610</u>	<u>38,918,548</u>
Operating income(loss)		<u>6,357,833</u>	<u>(6,245,314)</u>
Miscellaneous income		373	150
Non-operating income		<u>373</u>	<u>150</u>
Loss on disposition of property and equipment		-	2,970
Non-operating expenses		<u>-</u>	<u>2,970</u>
Income(loss) before income taxes		<u>6,358,206</u>	<u>(6,248,134)</u>
Income taxes	15	(377,433)	-
Net income (loss)	₩	<u>6,735,639</u>	<u>(6,248,134)</u>
Earnings per share			
Basic earnings per share	16 ₩	<u>1,479</u>	<u>(1,505)</u>

See accompanying notes to financial statements.

De Lage Landen Co., LTD
 Statements of Disposition of Accumulated Deficit

For the years ended December 31, 2009 and 2008

Date of Disposition for 2009: March 31, 2010

Date of Disposition for 2008: March 31, 2009

(In thousands of Won)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Undisposed accumulated deficit			
Balance at beginning of year	₩	7,855,362	1,607,228
Net income(loss)		<u>6,735,639</u>	<u>(6,248,134)</u>
Balance at end of year before disposition		1,119,723	7,855,362
Disposition of accumulated deficit		-	-
Undisposed accumulated deficit to be carried over to subsequent year	₩	<u>1,119,723</u>	<u>7,855,362</u>

See accompanying notes to financial statements.

De Lage Landen Co., LTD
 Statements of Changes in Equity

For the years ended December 31, 2009 and 2008

<i>(In thousands of Won)</i>	<i>Note</i>	Common stock	Capital surplus	Capital adjustment	Retained earnings	Total stockholders' equity
Balance at January 1, 2008	₩	20,707,870	-	(297,345)	(1,607,228)	18,803,297
Issuance of common stock	14	2,000,000	17,669,641	297,345	-	19,966,986
Net loss		-	-	-	(6,248,134)	(6,248,134)
Balance at December 31, 2008	₩	<u>22,707,870</u>	<u>17,669,641</u>	<u>-</u>	<u>(7,855,362)</u>	<u>32,522,149</u>
Balance at January 1, 2009	₩	22,707,870	17,669,641	-	(7,855,362)	32,522,149
Issuance of common stock	14	1,700,000	15,287,970	-	-	16,987,970
Net income		-	-	-	6,735,639	6,735,639
Balance at December 31, 2009	₩	<u>24,407,870</u>	<u>32,957,611</u>	<u>-</u>	<u>(1,119,723)</u>	<u>56,245,758</u>

See accompanying notes to financial statements.

De Lage Landen Co., LTD
Statements of Cash Flows

For the years ended December 31, 2009 and 2008

(In thousands of Won)

	<i>Note</i>	2009	2008
Cash flows from operating activities			
Net income(loss)	₩	6,735,639	(6,248,134)
Adjustments for:			
Depreciation	7	49,477	45,864
Severance benefits	10	250,007	110,928
Loss on disposition of property and equipment		-	2,970
Provision for doubtful accounts		(63,838)	2,112,010
Loss(Gain) on foreign currency translation	11	(9,824,495)	11,308,993
Loss(Gain) on valuation of derivatives	19	8,122,287	(7,579,127)
Loss from disposition of leased asset		273,166	
Interests income on loans		(43,927)	-
		<u>(1,237,323)</u>	<u>6,001,638</u>
Changes in assets and liabilities:			
Increase in loans		(2,402,598)	(5,789,688)
Increase in factoring receivables		(4,227,874)	(2,490,388)
Increase in finance lease receivables		(14,855,799)	(135,348,565)
Increase in prepaid lease assets		-	(372,689)
Increase in accrued income		(782)	(2,142)
Decrease (increase) in accounts receivable		(3,916)	4,863
Increase in prepaid expenses		(42,632)	(268,078)
Decrease in prepaid income taxes		-	50,508
Increase in deferred income tax assets	15	(442,751)	-
Increase in accounts payable		2,235,725	129,127
Increase in income tax payable	15	65,319	-
Increase (decrease) in accrued expenses		(841,913)	1,359,133
Increase in advances received		176,268	129,064
Payment of severance benefits	10	(123,310)	(46,229)
		<u>(20,464,263)</u>	<u>(142,645,085)</u>
Net cash used in operating activities		<u>(14,965,947)</u>	<u>(142,891,581)</u>
Cash flows from investing activities			
Decrease in derivatives		2,087,804	-
Increase in other deposits		(70,637)	(28,810)
Increase in leasehold improvement		(7,700)	-
Acquisition of equipment	7	(14,736)	(48,842)
Disposition of equipment		-	(1,320)
Net cash provided(used in) by investing activities		<u>1,994,731</u>	<u>(78,972)</u>
Cash flows from financing activities			
Increase in borrowings		617,408	140,551,591
Increase in lease guarantee deposits		1,567,139	2,634,403
Issuance of common stocks	14	16,987,970	19,966,986
Net cash provided by financing activities		<u>19,172,517</u>	<u>163,152,980</u>
Net increase in cash and cash equivalents		6,201,301	20,182,427
Cash and cash equivalents at beginning of year		22,637,739	2,455,312
Cash and cash equivalents at end of year	₩	<u>28,839,040</u>	<u>22,637,739</u>

See accompanying notes to financial statements.

De Lage Landen Co., LTD

Notes to Financial Statements

December 31, 2009 and 2008

1. Organization and Description of Business

De Lage Landen Co., Ltd. (the “Company”) was incorporated and registered in Seoul city to engage in money lending business on September 23, 2004. Initial paid-in capital was ₩ 50 million. As of December 31, 2009, the Company’s common stock amounted to ₩24,408 million through the several stock issuances after incorporation.

In April 2006, the Company changed its business to facility leasing and Installment financing and was registered at Financial Supervisory Service as a credit specialized financial business. In November 2006, it was registered at Ministry of Strategy and Finance as a foreign currency transaction institution.

The shareholder of the Company as of December 31, 2009 is De Lage Landen International B.V. which owns 100% of the Company’s share. De Lage Landen International B.V. is 100% subsidiary of Rabobank Nederland.

2. Basis of Presenting Financial Statements and Summary of Significant Accounting Policies

(a) Basis of Presenting Financial Statements

The Company maintains its accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended solely for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements.

The Company prepares the financial statements in accordance with generally accepted accounting principles in the Republic of Korea. The Company applied the same accounting policies that were adopted in the previous year’s financial statements.

(b) Cash Equivalents

The Company considers short-term deposits with maturities of three months or less on acquisition date to be cash equivalents.

(c) Revenue Recognition

Interest income on loans

The Company recognizes interest income on loans on accrual basis. However, for loans past due with principal or interest payments as of the settlement date, accrued interests are not recognized, and interest income is recognized on cash basis.

Interest Income on finance lease receivables

For finance leases, the Company recognizes unearned interests, which is the difference between the finance lease receivables and the total minimum lease payments, as interest income on finance lease receivables, under effective interest method over the lease term.

De Lage Landen Co., LTD
Notes to Financial Statements

December 31, 2009 and 2008

2. Basis of Presenting Financial Statements and Summary of Significant Accounting Policies, Continued

(d) Leases

Classification of leases

The Company accounts for lease transactions as finance leases when substantially all the risks and rewards incidental to ownership are deemed to have been transferred from the lessor to the lessee and at least one of the following criteria are met:

- The lease transfers ownership of the leased assets to the lessee by the end of the lease term.
- The lease contains a bargain purchase option by the lessee and it is reasonably certain that the option will be exercised.
- The lease term is a considerable part of useful life of leased asset even though the title to the leased asset is not transferred.
- The present value of minimum lease payments discounted by the interest rate implicit in the lease amounts to a considerable part of the fair market value of leased asset at the initiation of the lease.
- The leased assets are of such a specialized purpose that the only the lessee can use them without major modification.

Leases initiated as of the end of current and prior year are classified as finance leases.

Finance leases

The Company recognizes finance lease receivables at the amount of net investment in lease, and the difference with carrying value of the leased assets as of the initiation of the lease is recognized as gain or loss on disposition of leased asset in the profit or loss. Also, interest income is recognized by applying effective interest method on uncollected net investment in finance leases.

Net investment in lease is the sum of minimum lease payments receivable by the Company and unguaranteed residual value (gross investment in lease) discounted by interest rate implicit in the lease.

Minimum lease payments are the payments over the lease term that lessee is or can be required to make to the Company, which includes following:

- Lease payments stated to be paid by the lessee to the lessor in the lease contracts.
- Determined transfer price, in case the lessor transfers title of the leased asset to the lessee upon the termination of lease.
- Any residual value guaranteed by a party who is not the lessee, a related party to the lessee, or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.
- Exercise price of a bargain purchase option and minimum lease payments to be paid over the lease term until the expected exercise date of the bargain purchase option, in case the lessee has a bargain purchase option that is reasonably certain that the option will be exercised.

Operating leases

Operating lease asset is recognized at the acquisition cost as of the initiation date of lease, and the acquisition cost includes interest expenses on borrowings in acquisition of leased assets and other similar financial costs until the initiation date of lease.

2. Basis of Presenting Financial Statements and Summary of Significant Accounting Policies, Continued

(d) Leases, continued

De Lage Landen Co., LTD
Notes to Financial Statements

December 31, 2009 and 2008

Depreciation method applied to depreciable operating lease asset is consistent with that of similar assets owned by the Company. Also, minimum lease payments excluding guaranteed residual value are generally recognized as income from operating lease on a straight-line basis over the lease term.

Initial direct costs

In case of operating lease, any direct costs incurred in negotiating and arranging an operating lease and additional fees such as legal fees are separately recognized as an asset as initial direct costs. Initial direct costs are amortized over leased term against income.

In case of finance lease, initial direct costs are included in the initial finance lease receivables and amortized under effective interest method over the lease term, and deducted from income from finance leases.

Capitalization of financial costs

Interest expenses and other similar financial costs incurred from the borrowings used in acquisition of leased assets by the initiation of the lease are included in the acquisition costs of the assets.

Contingent rents

A portion of the lease payments that is not fixed in amount but is based on the future amount of a factor other than with the passage of time is recognized in the profit or loss of the year in which the lease payments are incurred.

Prepaid lease asset

In relation to acquisition of leased assets, costs incurred from the date of lease contract to the initiation date are recognized as prepaid lease assets, and are reclassified as operating lease or finance lease accounts according to the above classification criteria.

(e) Provision for Doubtful Accounts

The Company accounts for provision for doubtful accounts by the bigger of the below:

Amount under the Company's provisioning policy

i) Provision by individual assessment

Receivables of which loss events have incurred individually, difference between carrying value of the impaired receivables and the lesser of present value of minimum lease payments by payment schedule of contingent rents and disposal value of leased assets is recognized as provision for doubtful accounts.

ii) Provision by collective assessment

For unimpaired loans which loss events have not incurred individually, ratio of provision by individual assessment for the year to the average amount of year-end normal receivable balances for the recent three years is applied in provisioning.

De Lage Landen Co., LTD
Notes to Financial Statements

December 31, 2009 and 2008

2. Basis of Presenting Financial Statements and Summary of Significant Accounting Policies, Continued

(e) Provision for Doubtful Accounts, continued

Amount under the forward looking criteria in the Credit Specialized Financial Business Supervisory Regulation

i) By customers based on their business operation status

The Company classifies customers as of the reporting date as normal, precautionary, and bad based on delinquency, business operation status, past experience of bad debts and industrial customs.

ii) By receivables collectible, doubtful and uncollectible

Among the receivables from the precautionary customers, the Company classifies receivables as collectible, when it is reasonably certain that the receivables will be collected considering value of pledged assets and financial capability of guarantors, and the rest are classified as doubtful receivables. Also, among the receivables from the bad customers, the Company classifies receivables as doubtful, when it is reasonably certain that the receivables will be collected considering value of pledged assets and financial capability of guarantors, and the rest are classified as uncollectible receivables.

Loss rates by degree of uncollectibility of receivables and basis for loss rates

Based on collectibility, the Company reserves 0.5% or more of provision on collectible receivables, and classify the remaining receivables by those requiring attention in collection, those requiring a considerable period of time to collection, and those which are doubtful in collection and apply 1%, 20%, and 75% respectively for provisioning. For receivables which are estimated to be uncollectible, 100% of provisioning ratio is applied.

(f) Property and Equipment

Property, plant and equipment are stated at cost. Assets acquired through investment in kind or in donation are recorded at their fair value upon acquisition. For assets acquired in exchange for a non-monetary asset, the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident.

Significant additions or improvements extending the useful life of assets are capitalized. Normal maintenance and repairs are charged to expense as incurred.

Depreciation is computed by the declining-balance method using the straight-line method over the estimated useful lives of the assets as follows:

	Useful lives(years)
Leasehold Improvement	5
Office Equipment	4
Vehicles	4

De Lage Landen Co., LTD
Notes to Financial Statements

December 31, 2009 and 2008

2. Basis of Presenting Financial Statements and Summary of Significant Accounting Policies, Continued

(g) Impairment of assets

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the expected estimated undiscounted future net cash flows from the use of the asset and its eventual disposal are less than its carrying amount.

(h) Retirement and Severance Benefits

Employees who have been with the Company for more than one year are entitled to lump-sum payments based on salary rates and length of service at the time they leave the Company. The Company's estimated liability under the plan, which would be payable if all employees left at the end of the reporting period, is accrued in the accompanying statements of financial position.

(i) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the foreign exchange rate on the end of the reporting period, with the resulting gains or losses recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Korean Won at the foreign exchange rate on the date of the transaction.

(j) Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognized when all of the following are met: (1) an entity has a present obligation as a result of a past event, (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (3) a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, a provision is recorded at the present value of the expenditures expected to be required to settle the obligation.

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

(k) Income Taxes

Income tax on the income or loss for the year comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

2. Basis of Presenting Financial Statements and Summary of Significant Accounting Policies, Continued

(k) Income Taxes, continued

De Lage Landen Co., LTD
Notes to Financial Statements

December 31, 2009 and 2008

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred taxes due to a change in the tax rate except for those related to items initially recognized outside profit or loss (either in other comprehensive income or directly in equity) are recognized as income in the current year.

(l) Prior period adjustments

Prior period adjustments resulting from other than fundamental errors are charged or credited to net income for the current period. Fundamental errors are defined as errors with such a significant effect on the financial statements for one or more prior periods that those financial statements can no longer be considered to have been reliable at the date of their issue. Prior period adjustments resulting from fundamental errors are charged or credited to the beginning balance of retained earnings, and the financial statements of the prior year are restated.

(m) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the Republic of Korea requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from those estimates.

(n) Derivative accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Attributable transaction costs are recognized in profit or loss when incurred

(o) Stock Issuance Costs

The Company accounts for the stock issuance costs by subtracting them from paid-in capital in excess of par value.

De Lage Landen Co., LTD
Notes to Financial Statements

December 31, 2009 and 2008

3. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>	<u>2009</u>	<u>2008</u>
Ordinary deposit	₩ 411	88
MMDA	28,392,770	22,332,328
Foreign currency deposits	445,859	305,323
Total	<u>₩ 28,839,040</u>	<u>22,637,739</u>

4. Lease Assets

(a) Lease assets as of December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>	<u>2009</u>	<u>2008</u>
Finance lease receivables	₩ 173,002,066	159,979,806
Less: provision for doubtful accounts	(2,587,523)	(2,748,393)
Sub-total	<u>170,414,543</u>	<u>157,231,413</u>
Prepaid lease assets	-	372,689
Less: provision for doubtful accounts	-	(4,930)
Sub-total	-	<u>367,759</u>
Total	<u>₩ 170,414,543</u>	<u>157,599,172</u>

(b) Present values of gross investments and minimum lease payments of finance lease as of December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>	<u>2009</u>	
Period	<u>Minimum lease payments</u>	<u>Unguaranteed residual value</u>
	₩	
2010.1.1 – 2010.12.31	69,686,336	-
2011.1.1 – 2011.12.31	59,893,924	-
2012.1.1 – 2012.12.31	38,834,624	-
2013.1.1 – 2013.12.31	18,382,521	-
2014.1.1 – 2014.12.31	6,952,204	-
After 2015.1.1	337,448	-
Total	<u>194,087,057</u>	-
Unearned income	(21,084,991)	-
Net investment	<u>₩ 173,002,066</u>	-

De Lage Landen Co., LTD
Notes to Financial Statements

December 31, 2009 and 2008

4. Lease Assets, continued

<i>(In thousands of Won)</i>		2008	
		Minimum lease payments	Unguaranteed residual value
Period			
2009.1.1 - 2009.12.31	₩	53,728,729	-
2010.1.1 - 2010.12.31		51,729,904	-
2011.1.1 - 2011.12.31		42,759,906	-
2012.1.1 - 2012.12.31		21,830,114	-
2013.1.1 - 2013.12.31		10,161,532	-
After 2014.1.1		1,955,376	-
Total		<u>182,165,561</u>	-
Unearned income		(22,185,755)	-
Net investment	₩	<u>159,979,806</u>	-

(c) As of December 31, 2009 and 2008, provision for minimum lease payments receivables are ₩2,587,523 thousands and ₩2,748,393 thousands, respectively.

5. Loans

Loans as of December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>		2009	2008
Loans	₩	10,254,399	7,851,801
Less: provision for doubtful accounts		(293,195)	(279,217)
Sub-total		<u>9,961,204</u>	<u>7,572,584</u>
Factoring receivables		6,718,261	2,490,388
Less: provision for doubtful accounts		(77,001)	(32,944)
Sub-total		<u>6,641,260</u>	<u>2,457,444</u>
Total	₩	<u>16,602,464</u>	<u>10,030,028</u>

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6. Provision for Doubtful Accounts

(a) Details of receivables for provisioning and by forward looking criteria as of December 31, 2009 and 2008 are as follows:

(In thousands of Won)

		2009							
		Accounts receivable	Normal	Pre-caution-ary	Sub-standard	Doubtful	Estimated loss	Excluded	Provision for doubtful accounts
Loans	₩	10,254,399	10,076,698	-	155,120	22,581	-	-	293,195
Factoring receivables		6,718,261	6,718,261	-	-	-	-	-	77,001
Finance lease receivables		173,002,066	171,828,950	-	690,513	281,304	201,299	-	2,587,523
Total	₩	189,974,726	188,623,909	-	845,633	303,885	201,299	-	2,957,719

(In thousands of Won)

		2008							
		Accounts receivable	Normal	Pre-caution-ary	Sub-standard	Doubtful	Estimated loss	Excluded	Provision for doubtful accounts
Loans	₩	7,851,801	7,674,100	-	155,120	22,581	-	-	279,217
Factoring receivables		2,490,388	2,490,388	-	-	-	-	-	32,944
Finance lease receivables		159,979,806	158,706,690	-	648,586	327,510	197,019	-	2,748,393
Prepaid lease assets		372,689	372,689	-	-	-	-	-	4,930
Total	₩	170,694,684	169,243,867	-	803,706	350,091	197,019	-	3,065,484

(b) Ratios of provision for doubtful accounts to receivables for the recent four years are as follows:

	2009	2008	2007	2006
Ratio	1.56%	1.80%	4.40%	1.95%

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7. Property and Equipment

Changes in property and equipment for the year ended December 31, 2009 and 2008 are as follows:

(In thousands of Won)

		2009				
		<u>Beginning book value</u>	<u>Acquisition</u>	<u>Disposition</u>	<u>Depreciation expense</u>	<u>Ending book value</u>
Leasehold	₩					
Improvement		67,283	7,700	-	23,358	51,625
Office Equipment		69,981	14,736	-	24,056	60,661
Vehicles		2,063	-	-	2,063	-
Total	₩	<u>139,327</u>	<u>22,436</u>	<u>-</u>	<u>49,477</u>	<u>112,286</u>

(In thousands of Won)

		2008				
		<u>Beginning book value</u>	<u>Acquisition</u>	<u>Disposition</u>	<u>Depreciation expense</u>	<u>Ending book value</u>
Leasehold	₩					
Improvement		90,127	-	-	22,844	67,283
Office Equipment		39,619	48,842	1,650	16,830	69,981
Vehicles		8,253	-	-	6,190	2,063
Total	₩	<u>137,999</u>	<u>48,842</u>	<u>1,650</u>	<u>45,864</u>	<u>139,327</u>

8. Insured Assets

Details of insured lease assets and property and equipment as of December 31, 2009 and 2008 are as follows:

		2009		
		<u>Assets</u>	<u>Insurance coverage</u>	<u>Insurance Company</u>
Commercial General Liability	Finance lease receivables		Per case: 1,778,400 Total: 3,556,800	Hyundai Marine & Fire Insurance Co., Ltd.
Fire insurance	Leasehold improvement and Office equipment		Office equipment: 59,955 Interior: 85,800	Samsung Fire & Marine Insurance Co., Ltd.
Automobile insurance	Vehicles		Substitute: 100,000	ERGO Daum Direct Auto Insurance Co.,Ltd.
General construction mechanical equipment insurance	Loans		6,613,056	Hyundai Marine & Fire Insurance Co., Ltd.
General third party liability insurance	Finance lease receivables		76,902,935	AIA Korea Branch

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8. Insured Assets, continued

(In thousands of Won)	2008		
	Assets	Insurance coverage	Insurance Company
Commercial General Liability	Finance lease receivables	Per case: 1,402,340 Total: 2,804,680	Hyundai Marine & Fire Insurance Co., Ltd.
Fire insurance	Leasehold improvement and Office equipment	Office equipment: 49,549 Interior: 85,800	Samsung Fire & Marine Insurance Co., Ltd.
Automobile insurance	Vehicles	Substitute: 100,000	ERGO Daum Direct Auto Insurance Co., Ltd.
General construction mechanical equipment insurance	General loans	1,282,319	Hyundai Marine & Fire Insurance Co., Ltd.
General third party liability insurance	Finance lease receivables	53,625,214	AIA Korea Branch

9. Borrowings

(a) Details of borrowings dominated in foreign currency as of December 31, 2009 and 2008 are as follows:

(In thousands of Won, in thousands of USD)						
	Lender	Use	Interest rate (%)	Maturity date		
					2009	2008
Short-term	De Lage Landen Ireland Company	Operating funds	LIBOR +0.1~1.85	2010-12-15	₩ 48,279,118 (USD 41,349)	40,212,052 (USD 31,978)
Long-term	De Lage Landen Ireland Company	Operating funds	LIBOR +0.1~1.85	2014-09-15	100,182,789 (USD 85,802)	119,320,204 (USD 94,887)
Total					₩ 148,461,907 (USD 127,151)	136,133,660 (USD 126,865)

(b) Repayment schedule of long-term borrowings as of December 31, 2009 is as follows:

(In thousands of Won)		Long-term borrowings denominated in foreign currency
2011	₩	46,044,964
2012		31,037,082
2013		19,766,661
After 2014		3,334,082
Total	₩	100,182,789

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10. Retirement and Severance Benefits

Changes in accrued severance benefits for the years ended December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>		<u>2009</u>	<u>2008</u>
Beginning balance	₩	153,142	88,443
Payment		(123,310)	(46,229)
Provision		250,007	110,928
Ending balance	₩	<u>279,839</u>	<u>153,142</u>

11. Assets and Liabilities Denominated in Foreign Currencies

Details of assets and liabilities denominated in foreign currencies as of December 31, 2009 and 2008 are as follows:

		<u>2009</u>			<i>(In thousands of Won; in US\$, in Euro)</i> <u>2008</u>			
		<u>Foreign currency</u>	<u>Exchange Rate</u>	<u>Korean won equivalent</u>	<u>Foreign currency</u>	<u>Exchange Rate</u>	<u>Korean won equivalent</u>	
Cash and cash equivalents	USD	381,859	1167.60	445,859	USD	242,802	1257.50	305,324
Finance lease receivables	USD	24,102,141	1167.60	28,141,660	USD	25,555,412	1257.50	32,135,930
Total assets	USD	<u>24,484,000</u>	<u>1167.60</u>	<u>28,587,519</u>	USD	<u>25,798,214</u>	<u>1257.50</u>	<u>32,441,254</u>
Borrowings	USD	127,151,342	1167.60	148,461,907	USD	126,864,617	1257.50	159,532,256
Lease guarantee deposits	USD	695,000	1167.60	811,482				
Accounts payables	EUR	4,772	1674.28	7,989	EUR	455	1776.22	808
Accounts payables	USD	7,555	1167.60	8,821	USD	20,613	1257.50	25,921
Accrued expense	EUR	11,739	1674.28	19,654	EUR	82,872	1776.22	147,199
Accrued expense	USD	234,105	1167.60	273,341	USD	878,506	1257.50	1,104,721
Total liabilities	USD	<u>127,393,002</u>	<u>1167.60</u>	<u>149,555,551</u>	USD	<u>127,763,736</u>	<u>1257.50</u>	<u>160,662,898</u>
	EUR	<u>16,511</u>	<u>1674.28</u>	<u>27,643</u>	EUR	<u>83,327</u>	<u>1776.22</u>	<u>148,007</u>

Gain amount to ₩11,740,030 thousand and loss amount to ₩ 1,977,141 thousand in relation to above foreign currency translation are recognized in operating income and expenses.

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12. Reorganized Receivables and Liabilities

- (a) Changes in provision for doubtful accounts for reorganized receivables during the current and prior periods are as follows:

<i>(In thousands of Won)</i>		<u>2009</u>	<u>2008</u>
Beginning balance	₩	628,967	600,000
Bad debts expense		8,785	28,967
Amount written off directly against receivables		-	-
Interest income by time passage		43,927	-
Other changes		-	-
Ending balance	₩	<u>593,825</u>	<u>628,967</u>

- (b) Changwon District Court gave a verdict to reorganize the finance lease receivables of ₩1,265,836 thousand from Sun Medical Foundation, in the prior period. Accordingly, the Company collected finance lease receivables of ₩130,000 thousand by offsetting with the lease guarantee deposits received from Sun Medical Foundation. Of the remaining finance lease receivables of ₩1,135,836 thousand, ₩197,019 thousand was written off, and the ultimate maturity date of the remaining finance lease receivables of ₩938,817 thousand was extended from December 25, 2011 to December 31, 2017.

13. Litigation

Details of litigation outstanding in relation to the Company as of December 31, 2009 are as follows:

					<i>(In thousands of Won)</i>	
<u>Court</u>	<u>Plaintiff</u>	<u>Defendant</u>	<u>Case</u>			
				<u>Amount of lawsuit</u>		
Busan Court	High	De Lage Landen Co., Ltd.	Sun Medical Foundation	Appeal for the approval on the restoration plan	₩	1,135,836

Changwon District Court gave a verdict to reorganize the finance lease receivables from Sun Medical Foundation and the Company reorganized the finance lease receivables, in the prior period. The Company has lodged an appeal against the verdict in the prior year, thus, the case is in Busan High Court as of December 31, 2009.

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December 31, 2009 and 2008

14. Capital Stock

As of December 31, 2009, the Company is authorized to issue 40,000,000 shares of common stocks. Issued and outstanding common shares are 4,881,574 shares, and par value per share is ₩ 5,000.

Changes in capital stocks for the current and prior periods are as follows:

	2009			2008		
	Number of shares	Common stock	Capital surplus	Number of shares	Common stock	
Beginning balance	4,541,574 ₩	22,707,870	17,669,641	4,541,574 ₩	20,707,870	
Stock issuance	340,000	1,700,000	15,287,970	340,000	2,000,000	
Ending balance	4,881,574 ₩	24,407,870	32,957,611	4,881,574 ₩	22,707,870	

15. Income Taxes

(a) The Company was subject to income taxes on taxable income at the following normal tax rates.

Taxable income		Tax rate				
Prior to 2008	Thereafter	Prior to 2008	2008	2009	~2011	Thereafter
Up to ₩100 million	Up to ₩200 million	14.3%	12.1%	12.1%	11%	11%
Over ₩ 100 million	Over ₩200 million	27.5%	27.5%	24.2%	24.2%	22%

In December 2008, the Korean government passed the legislation to reduce the corporate income tax rate (including resident tax) and increased the tax base from ₩100 million to ₩200 million beginning in 2008.

(b) Income tax expenses for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Current income taxes	₩ 65,318	-
Changes in deferred income taxes from the temporary differences	(442,751)	-
Changes in deferred income taxes from the net operating losses carried forward	-	-
Income tax expense reflected in the continued business gains or losses	₩ (377,433)	-

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15. Income Taxes, Continued

(c) Relations between income tax expenses and income or loss from continuing operation before income tax for the current and prior period are as follows:

<i>(In thousands of Won)</i>		<u>2009</u>	<u>2008</u>
Net income (loss) before income tax expenses	₩	6,358,206	(6,248,134)
Income tax by the applicable tax rate		1,514,486	-
Adjustments			-
Non-deductible expenses		6,374	
Unrecognized deferred taxes		(877,942)	-
Deductible undisposed deficits carried forwards		(849,977)	-
Effects of changes in enacted tax rate		(170,374)	-
Income tax expenses	₩	<u>(377,433)</u>	<u>-</u>
Effective tax rate		(5.94%)	-

(d) Changes in the deferred tax assets (liabilities) and temporary differences during the current period are as follows:

<i>(In thousands of Won)</i>		<u>2009</u>							
		<u>Temporary differences to be added (deducted)</u>				<u>Deferred income tax assets (liabilities)</u>			
		<u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u>	<u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u>
Immediate amortization	₩	9,162	-	4,918	4,244	2,016	202	1,190	1,028
Excess depreciation expenses		385	-	-	385	85	8	-	93
Accrued severance benefits		122,229	170,934	78,625	214,538	26,890	37,605	17,297	47,198
Unconfirmed expense		243,196	283,916	243,196	283,916	53,503	68,708	53,503	68,708
Foreign currency translation loss		22,503,765	1,977,141	6,294,239	18,186,667	4,950,828	727,001	1,384,732	4,293,097
Loss on valuation of derivatives		6,008,805	9,145,476	6,008,805	9,145,476	1,321,937	2,133,635	1,321,937	2,133,635
Foreign currency translation gain		(11,308,967)	(11,740,030)	(3,294,743)	(19,754,254)	(2,487,973)	(2,872,161)	(724,843)	(4,635,291)
Gain on valuation of derivatives		(13,587,931)	(6,514,512)	(13,587,931)	(6,514,512)	(2,989,345)	(1,527,377)	(2,989,345)	(1,527,377)
Loss on disposal of Lease asset		-	273,166	-	273,166	-	61,660	-	61,660
Subtotal		<u>3,990,644</u>	<u>(6,403,909)</u>	<u>(4,252,891)</u>	<u>1,839,626</u>	<u>877,941</u>	<u>(1,370,719)</u>	<u>(935,529)</u>	<u>442,751</u>
Accumulated deficits carried forward		3,863,618	-	3,863,618	-	849,977	85,000	934,977	-
Total	₩	<u><u>7,854,262</u></u>	<u><u>(6,403,909)</u></u>	<u><u>(389,273)</u></u>	<u><u>1,839,626</u></u>	<u><u>1,727,918</u></u>	<u><u>(1,285,719)</u></u>	<u><u>(552)</u></u>	<u><u>442,751</u></u>

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15. Income Taxes, Continued

(In thousands of Won)	2008							
	Temporary differences to be added (Deducted)				Deferred income tax assets (liabilities)			
	Beginning	Increase	Decrease	Ending	Beginning	Increase	Decrease	Ending
Immediate amortization	₩ 16,696	-	7,534	9,162	4,592	-	2,576	2,016
Depreciation expense	89	385	89	385	24	80	19	85
Accrued severance benefits	57,488	80,015	15,274	122,229	15,809	17,603	6,522	26,890
Allowance for bad debts	230,117	-	230,117	-	63,282	-	63,282	-
Unconfirmed expense	168,066	243,196	168,066	243,196	46,218	53,503	46,218	53,503
Foreign currency translation loss	-	22,503,765	-	22,503,765	-	4,950,828	-	4,950,828
Loss on valuation of derivatives	-	6,008,805	-	6,008,805	-	1,321,937	-	1,321,937
Foreign currency translation gain	-	(11,308,967)	-	(11,308,967)	-	(2,487,973)	-	(2,487,973)
Gain on valuation of derivatives	-	(13,587,931)	-	(13,587,931)	-	(2,989,345)	-	(2,989,345)
Subtotal	<u>472,456</u>	<u>3,939,268</u>	<u>421,080</u>	<u>3,990,644</u>	<u>129,925</u>	<u>866,633</u>	<u>118,617</u>	<u>877,941</u>
Accumulated deficits carried forward	<u>1,133,824</u>	<u>2,729,794</u>	<u>-</u>	<u>3,863,618</u>	<u>311,802</u>	<u>538,175</u>	<u>-</u>	<u>849,977</u>
Subtotal	<u>1,606,280</u>	<u>6,669,062</u>	<u>421,080</u>	<u>7,854,262</u>	<u>441,727</u>	<u>1,404,808</u>	<u>118,617</u>	<u>1,727,918</u>
Unrealizable deferred tax asset unrecognized					<u>441,727</u>	<u>1,404,808</u>	<u>118,617</u>	<u>1,727,918</u>
Total	<u>₩ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (e) Deferred tax assets and liabilities are recognized using tax rates to be applied for the year in which temporary differences are expected to be realized.
- (f) Deferred tax assets have been recognized as the Company has determined it is probable that future profits will be available against which the Company can utilize the related benefit.
- (g) Deferred tax assets for taxable deficits carried forward amount to ₩3,863,618 thousand had not been recognized, and total taxable deficit amount to ₩3,863,618 (Tax effect of ₩934,977) has been resolved during the period.

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16. Earnings (Loss) Per Share

Basic earnings (loss) per share for the years ended December 31, 2009 and 2008 is calculated as follows:

Basic earnings(loss) per share

(In thousands of Won, except share information)

		<u>2009</u>	<u>2008</u>
I . Net earnings(loss) for the common shares	₩	6,735,639	(6,248,134)
II . Weighted-average number of common shares outstanding		4,553,684	4,150,341
III . Basic earnings(loss) per share (I ÷ II)	₩	<u>1.479</u>	<u>(1.505)</u>

The Company's diluted earnings (losses) per share is the same as the basic earnings (losses) per share, due to no potential common stocks.

17. Transactions and Balances with Related Companies

(a) Details of parent and subsidiary relationships as of December 31, 2009 are as follows:

<u>Parent</u>	<u>Control relationship</u>
Rabobank Nederland	Ultimate controlling party
De Lage Landen International B.V.	Immediate parent

(b) Significant transactions which occurred in the normal course of business with related companies for the years ended December 31, 2009 and 2008 were as follows:

<u>Relationship</u>	<u>Related party</u>	<u>Transaction</u>	<i>(In thousands of Won)</i>	
			<u>2009</u>	<u>2008</u>
Parent	De Lage Landen International B.V.	G & A expenses	₩ 762,509	171,866
Other	De Lage Landen Ireland Company	Interest expense	2,854,286	2,538,712
	De Lage Landen Financial Services, Inc.	G & A expenses	38,713	15,304
	De Lage Landen Pte. Limited	G & A expenses	3,729	-

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17. Transactions and Balances with Related Companies, Continued

(c) Account balances with related companies as of December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>		2009		
		Liabilities		
Relationship	Related party	Borrowings in foreign currency	Accrued expenses	Accounts payables
Parent	De Lage Landen International B.V.	₩ -	19,654	7,989
Other	De Lage Landen Ireland Company	148,461,907	273,341	-
	De Lage Landen Financial Services, Inc.	-	-	8,821
	Total	₩ 148,461,907	292,995	16,810

<i>(In thousands of Won)</i>		2008		
		Liabilities		
Relationship	Related party	Borrowings in foreign currency	Accrued expenses	Accounts payables
Parent	De Lage Landen International B.V.	₩ -	171,866	808
Other	De Lage Landen Ireland Company	159,532,256	1,064,750	-
	De Lage Landen Financial Services, Inc.	-	15,304	-
	Total	₩ 159,532,256	1,251,920	808

(d) Guarantees provided by related companies as of December 31, 2009 and 2008 were as follows:

<i>(In USD)</i>	Guarantee provider	2009		2008	
		Type of borrowings	Guaranteed amount	Type of borrowings	Guaranteed amount
	Rabobank Singapore branch	Borrowings	\$ 44,500,000	Borrowings	\$ 44,500,000
		Swap transaction	(*)70,000,000	Swap transaction	(*)70,000,000
				L/C	25,000,000

(*) As of December 31, 2009 and 2008, an unsettled amount agreed in relation to Currency interest rate swap transaction are ₩121,758,500 thousands and ₩115,664,540 thousands, respectively.

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18. Value Added Information

Details of accounts included in the computation of value added for the years ended December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>		2009	2008
Salaries and wages	₩	1,863,814	1,265,647
Severance benefits		250,007	110,928
Employee benefits		403,331	175,335
Rental expenses		162,217	155,183
Depreciation expenses		49,477	45,864
Taxes and dues		7,780	1,674

19. Derivatives

(a) Details of derivatives held for trading purposes or for risk hedging purposes as of December 31, 2009 and 2008 are as follows:

Accounting	Purpose	Type	<i>(In thousands of Won)</i>		
			2009	2008	
Trading	Risk hedge	Currency interest rate swap	Unsettled amount agreed ₩	121,758,500	115,664,540
Trading	Risk hedge	Interest rate swap	Principal amount	21,713,199	-

(b) Details of gains or losses on valuation of derivatives for the current and prior periods are as follows:

Purpose	Type	<i>(In thousands of Won)</i>		
		Gains or losses on valuation		
		2009	2008	
Trading	Currency interest rate swap	₩	(8,032,979)	7,579,127
Trading	Interest rate swap		(89,308)	-
Total		₩	(8,122,287)	7,579,127

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20. Non-cash transactions

Transactions without cash inflows and outflows for the years ended December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>	<u>2009</u>	<u>2008</u>
Reclassification of prepaid lease assets to finance lease receivables ₩	372,689	313,099
Offset of lease guarantee deposits with finance lease receivables	18,000	130,000
Offset of Paid-in capital in excess of par value with Paid-in capital in short of par value	-	297,345

21. General and Administrative Expenses

Details of general and administrative expenses for the years ended December 31, 2009 and 2008 are as follows:

<i>(In thousands of Won)</i>	<u>2009</u>	<u>2008</u>
Salary and wages ₩	1,863,813	1,265,647
Severance benefits	250,007	110,928
Employee benefits	403,331	175,335
Rental expenses	162,217	155,183
Insurance expenses	18,679	7,030
Travel expenses	48,065	45,105
Vehicle maintenance expenses	78,190	50,893
Entertainment expenses	33,352	22,498
Depreciation expenses	49,477	45,864
Supplies expenses	18,720	22,396
Telecommunication expenses	38,690	24,925
Subscription expenses	575	1,015
Meeting expenses	10,356	1,146
Fees and charges	1,047,664	489,699
Taxes and Dues	7,780	1,674
Repair and maintenance expenses	42,029	16,323
Advertising expenses	-	1,700
Total ₩	<u>4,072,945</u>	<u>2,437,361</u>

22. Date of Authorization for Issue

The 2009 financial statements were authorized for issue on February 17, 2010, at the Board of Directors Meeting.

Internal Accounting Control System Review Report

English Translation of a Report Originally Issued in Korean

To the President of
De Lage Landen Co., Ltd.:

We have reviewed the accompanying Report on the Operations of Internal Accounting Control System ("IACS") of De Lage Landen Co., Ltd.(the "Company") as of December 31, 2009. The Company's management is responsible for designing and maintaining an effective IACS and for its assessment of the effectiveness of the IACS. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of the IACS, the Company's management stated: "Based on the assessment of the operations of the IACS as of December 31, 2009, no material weaknesses are identified as of December 31, 2009, in all material respects, in accordance with the IACS Standards established by the IACS Operations Committee."

We conducted our review in accordance with IACS Review Standards, issued by the Korean Institute of Certified Public Accountants. Those Standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether Report on the Operations of Internal Accounting Control System is free of material misstatement. A review consists principally of obtaining an understanding of the Company's IACS, inquiries of the Company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances. We have not performed an audit and, accordingly, we do not express an audit opinion. However, as the Company is a privately-held large enterprise (or a publicly-held small or medium-sized enterprise), the design, operations and assessment of its IACS are limited compared with those of publicly-held large enterprises, under Chapter 5, "Application for Small and Medium-sized Enterprises" of IACS Standards. As such, we performed our review in accordance with Chapter 14, 'Review Standards for Small and Medium-sized Enterprises'.

A company's IACS is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, however, IACS may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that the Report on the Operations of Internal Accounting Control System as of December 31, 2009 is not prepared, in all material respects, in accordance with Chapter 5, "Application for Small and Medium-sized Enterprises of the IACS Review Standards issued by the IACS Operation Committee.

This report applies to the Company's IACS in existence as of December 31, 2009. We did not review the Company's IACS subsequent to December 31, 2009. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

[Signature]

KPMG Samjong Accounting Corp.

Seoul, Korea

February 19, 2010

Notice to Readers

This report is annexed in relation to the audit of the financial statements as of December 31, 2009 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.