At Doosan Heavy Industries & Construction, the past five decades have brought tremendous challenges and opportunities. From our early years as a trading company and light manufacturer, to our steady, disciplined rise as emerging global leader in power and water, we have consistently worked to bring more value to the world. As we mark our 50th anniversary in 2012, we rededicate ourselves to that mission as we continue to collaborate and innovate to deliver the clean power and water the world needs to grow and thrive in the decades to come.

CELEBRATING 50 YEARS OF EXCELLENCE

HISTORY HIGHLIGHTS

1960s~1970s

Early beginnings

Korea’s first machinery industrial complex is established in Changwon to support the nation’s emerging heavy manufacturing sector.

1980s~1990s

Solid foundations

A new name and opening of the world’s largest integrated manufacturing plant lay a solid foundation for growth.

2000s~

Global expansion

Balancing stability and expansion, we fortify our solid foundation and accelerate our global march for growth.

1960s~1970s

1962 - Founded six Hyundai International, a trading company
1973 - Korean government announces heavy manufacturing sector promotion plan
1977 - Construction of Changwon plant started
1979 - Successful track record in the heavy manufacturing sector

1980s~1990s

1980 - Renamed Korea Heavy Industries & Construction or “Hynjung”
1982 - Construction of Changwon plant started
1985 - 15,000 ton capacity steel mill constructed in Korea
1990 - Wonsan Chernobyl desalination plant under construction for the first time

2000s~

2003 - Listed on Korean Stock Exchange
2007 - Listed on the Global Stress Test
2010 - Awarded “Power Plant of the Year” by Power Engineering Magazine

Doosan Babcock Water Solutions

2007 - Acquired Czech-based turbine maker Skoda Power
2008 - Named World’s Most Admired Company by Korea Management Association
2012 - Won Shawer RO desalination project in Korea

Doosan Heavy Industries & Construction

2007 - Signed CSR agreement with city of Changwon
2008 - Named World’s Most Admired Company by Korea Management Association
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Korea Heavy Industries & Construction

2007 - Won Shuaibah project in Saudi Arabia, the world’s largest desalination project to date
2008 - Surpassed orders of KRW 13 trillion for the first time
Subsidiary Doosan Chennai Works won thermal Power milestones

500 MWe thermal Power milestones

- **1984**
  - **Completed First Turnkey Thermal Plant Project**
    We completed Samchonpo Units 1–2, handling all project aspects from major equipment manufacturing to construction and installation for the two 550 MWe unit facility, Korea’s largest coal-fired thermal plant at the time.

- **1994**
  - **Completed First Standard 500 MWe Plant Project**
    We were the prime contractor and completed the first overseas gas turbine power project in Thailand, completing our first overseas gas turbine order.

- **2000**
  - **Completed First Overseas Gas Turbine Order**
    We delivered two 40 MWe gas turbines for the Laem Chabang combined-cycle power project in Thailand, maintaining a top-tier market share in this field each year since.

- **2004**
  - **Won 2,000 MWe Sipat Stage-I Project in India**
    We won this turnkey USD 370 million project, the world’s largest thermal power plant at the time with four units totaling 2,000 MWe.

- **2008**
  - **Established Doosan Engineering & Services**
    We established this US-based firm in a strategic alliance with EPC and O&M specialist Burns and Roe to provide world-class engineering services for Doosan power projects worldwide.

- **2009**
  - **Won Eraring Boiler Upgrade Project in Australia**
    We won this USD 50 million project to upgrade four boilers. Together with an earlier USD 70 million turbine upgrade order we received in 2007, this project will increase output by 130MWe from 650 MWe to 750 MWe for all four units and extend plant life by 25 years.

- **2009**
  - **Acquired Skoda Power**
    We acquired this Czech-based turbine manufacturer for EUR 456 million, completing our acquisition of core technology in all three primary power generation equipment fields—boilers, turbines, and generators.

- **2010**
  - **Signed Vietnam Localization Partnership**
    We signed a framework agreement with the government of Vietnam to serve as the sole technical partner for a national project to localize equipment production for 600 MWe coal-fired thermal plants.

- **2010**
  - **Won 2,000 MWe Rabigh 2 Project in Saudi Arabia**
    We won this USD 3.5 billion EPC order for four 700 MWe all-fired thermal power units totaling 2,800 MWe, our first overseas oil-fired thermal plant order and the largest overseas power plant project won at the time for a Korean firm.

- **2011**
  - **Acquired AAE Chennai Works**
    We acquired this India-based boilermaker for EUR 315 million, giving us a manufacturing presence in the world’s largest emerging market for coal-fired thermal power plants.

- **2011**
  - **Acquired AAE Lenties**
    Subsidiary Doosan Power Systems acquired a 94.5% interest in the Germany-based boiler and air pollution control specialist for EUR 87 million, giving us access to eco-friendly technologies for circulating fluidized-bed boilers, flue gas cleaning systems, and water-desalination plants.

- **2012**
  - **Won 4,000 MWe Bulk Boiler Order in India**
    Subsidiary Doosan Chennai Works won a USD 900 million order from NTPC for three 800 MWe boilers for the Kudgi project. We expect to win a USD 600 million order for two more units for the Lara project before year-end.

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**Thermal Power Milestones**

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  Subsidiary Doosan Chennai Works won a USD 900 million order from NTPC for three 800 MWe boilers for the Kudgi project. We expect to win a USD 600 million order for two more units for the Lara project before year-end.
We delivered the steam generators for the 1,000 MWe Yonggwang Unit 1 in Korea.

We won this order for two 700 MWe steam generators for Qinshan Phase III in China, our first overseas nuclear equipment order.

We won the major equipment order for Shin-Kori 3~4, Korea’s first 1,400 MWe nuclear units to adopt the third-generation APR1400® design.

We completed development of a man-machine interface system (MMIS)—the “brain” of nuclear power plants—and a reactor cooling pump (RCP). These solutions will see their first use in the upcoming Shin-Ulchin 1~2 project in Korea.

We won this USD 350 million order from Westinghouse for major equipment for two 1,150 MWe AP1000™ nuclear units for the Sanmen and Haiyang projects.

We acquired the North American reverse osmosis water treatment business of American Engineering Services and established Doosan Hydro Technology. The company was named “Desalination Company of the Year” in 2008 by Global Water Intelligence.

We set up R&D centers in Dubai, UAE and Tampa, Florida, USA to accelerate development of next-generation high-capacity desalination technologies.

We won the 0.15 MIGD Farasan MSF project in Saudi Arabia, our first desalination project.

We won this USD 850 million IWP EPC project featuring ten 16 MIGD MSF evaporator units, the world’s largest desalination project at the time.
Our desalination plants received the “World-Class Product of Korea” designation from the Korean government in 2001 for achieving a global top-5 market share. In the years since, we have won this recognition in a total of 11 product categories, including marine engine crankshafts (2003), heat-recovery steam generators, mold and tool steel, and cold press work rolls (2004), hydro-turbine runner and ship stern and rudder castings (2007), low-pressure turbine rotor shafts (2010), and nuclear reactors, oil-fired boilers, and turbine-generator rotor shafts (2011).

Following our listing on the Korean Stock Exchange in 2000, we completed our privatization in 2001 and took on our current name as a core member of the Doosan Group, accelerating our emergence as a global leader in power and water.

We won this USD 176 billion EPC project featuring eight 20 MGd MSF evaporator units and a 67.5 MGd RO plant, the largest capacity units to date for both technologies. The hybrid project will be the world’s largest to date when completed in 2014.

We won this USD 124 million EPC project featuring the industry’s largest multi-effect distillation unit to date, nearly twice the size of largest unit currently in operation.

We won this USD 46 million order for 42 rubber-tired gantry cranes from PSA International. We have shipped over 210 cranes to this customer to date.

We donated a USD 1 million seawater reverse osmosis desalination plant to An Binh Island, resolving a chronic water shortage issue for the island of about 500 approximately 40 km off the coast of Vietnam.

We opened the Future Business Technology Development Center in Daedeok Science Town in Daejeon to focus on emerging energy technologies such as wind power, fuel cells, and integrated gasification combined-cycle generation.

We opened this USD 300 million manufacturing plant composed of five factories and dedicated port facilities on a 110-hectare site in Vietnam’s Dung Quat Economic Zone. Staffed by nearly 1,700 employees, the plant’s productivity reached parity with our Changwon plant in 2011.

We won this USD 453 million project to build a 300 MW coal syngas-fired integrated gasification combined-cycle power plant, Korea’s first demonstration plant to utilize this cleaner combustion technology to reduce emissions and simply carbon capture.

We were ranked No. 1 in machinery and construction and No. 2 overall out of 634 firms on the annual Value Creators list based on a total shareholder return of 58.5% during the 2004-2008 period.

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We donated 100-ton/day RO desalination plant. We donated a USD 1 million seawater reverse osmosis desalination plant to An Binh Island, resolving a chronic water shortage issue for the island of about 500 approximately 40 km off the coast of Vietnam.
At Doosan Heavy Industries & Construction, we are exploring the future of power and water. Backed by nearly five decades of experience as a partner for growth and progress around the globe, we are now hard at work developing the world-class power and water technologies that will add sustainable new dimensions to life.
Today, we are looking ahead to the future. The insights we gain each day are guiding us as we strategically invest in the advanced technologies that will enable us to generate power and water more cleanly and efficiently than ever before.
New Ideas

We believe that ideas are the fuel that drives innovation. Our ideas come from some of the brightest minds in power and water across our global network as we collaborate around the clock to turn those ideas into reality.
New Solutions

What we ultimately deliver is solutions. These solutions are the culmination of technical innovation and teamwork across multiple disciplines, subsidiaries, and continents to deliver more power and water for the world.
And those dimensions are why we are an emerging global leader in power and water.

This is how our focus on power and water is adding new dimensions to life for millions around the globe.
At Doosan, our values have made us a global player in power and water over the past five decades. Today, we’re elevating every aspect of our operations and organization to the next level as we set our sights on becoming a global leader.
At Doosan, we are not just good at building equipment for power and water plants. We are good at engineering and building those plants from the ground up. Over the decades, we have grown from being a world-class equipment manufacturer to a world-class EPC contractor, a unique, synergistic combination that sets us apart from the competition.
CREATING SYNERGY

At Doosan, we have strategically built a global network of manufacturing, engineering, and marketing subsidiaries over the past decade. Anchored by strategic acquisitions, this global network is now creating synergy that is opening new market opportunities for us worldwide, enabling us to develop and deliver power and water solutions optimized for each local market.

GLOBAL SUBSIDIARIES

MANUFACTURING BASES
- Doosan Babcock
- Skoda Power
- Doosan Infracore
- Doosan Heavy Industry
- Doosan Engineering & Services

TECHNOLOGY BASES
- Doosan Babcock
- Skoda Power
- Doosan Lentjes
- Doosan Hydro Technology
- Doosan Engineering & Services
At Doosan, we are prepared for dramatic growth in some of tomorrow’s most promising renewable energy fields. Our strong foundation in the fundamental technologies for wind turbines, integrated gasification combined-cycle plants, and carbon capture and storage solutions is now opening new market opportunities for us around the globe.
At Doosan, we believe in corporate growth through personal growth. Under the motto of “Personal and corporate growth through work-life balance”, we are now taking this “2G” philosophy to the next level through our Smart Office initiative as we aim to create a virtuous circle of growth through capability development, inefficiency elimination, and workforce management and system improvement.
Amid financial and political turbulence around the globe, we continued to deliver solid results backed by substantial multi-year order backlogs in most of our businesses. Although orders declined 28% in 2011 after a record-setting 2010 performance that was fueled by orders delayed from 2009, overall growth was solid for the year, with revenues rising 7.1% and operating income rising 10.5%, indicating that our focus on profitable growth is delivering results.

**FINANCIAL HIGHLIGHTS**

<table>
<thead>
<tr>
<th></th>
<th>2011 (in KRW billions)</th>
<th>2010 (in KRW billions)</th>
<th>2011 (in USD millions)</th>
<th>2010 (in USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>13,589</td>
<td>11,725</td>
<td>16,977</td>
<td>15,158</td>
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<tr>
<td><strong>TOTAL SHAREHOLDERS’ EQUITY</strong></td>
<td>4,797</td>
<td>4,139</td>
<td>5,176</td>
<td>4,621</td>
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<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nuclear Power Plants</td>
<td>1,257</td>
<td>1,135</td>
<td>1,226</td>
<td>1,061</td>
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<tr>
<td>EPC</td>
<td>2,919</td>
<td>2,634</td>
<td>2,723</td>
<td>2,355</td>
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<tr>
<td>Power</td>
<td>2,464</td>
<td>2,224</td>
<td>2,233</td>
<td>1,932</td>
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<tr>
<td>Water</td>
<td>784</td>
<td>771</td>
<td>449</td>
<td>388</td>
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<td>Castings &amp; Forgings</td>
<td>796</td>
<td>726</td>
<td>733</td>
<td>686</td>
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<tr>
<td>Other Subsidiaries</td>
<td>500</td>
<td>183</td>
<td>505</td>
<td>437</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>8,495</td>
<td>7,667</td>
<td>7,929</td>
<td>6,859</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>570</td>
<td>514</td>
<td>516</td>
<td>446</td>
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<tr>
<td><strong>NET INCOME</strong></td>
<td>263</td>
<td>237</td>
<td>1,363</td>
<td>1,179</td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE IN KRW AND USD</strong></td>
<td>8,382</td>
<td>7,565</td>
<td>977</td>
<td>845</td>
</tr>
<tr>
<td><strong>DIVIDENDS PER SHARE IN KRW AND USD</strong></td>
<td>750</td>
<td>677</td>
<td>750</td>
<td>649</td>
</tr>
</tbody>
</table>

- Revenues, operating income, net income, earnings per share, and dividends per share are converted into US dollars at the average exchange rate of USD 1 = KRW 1,108.02 in 2011 and KRW 1,156.05 in 2010.
- Total assets and total shareholders' equity are converted into US dollars at the December 31 closing exchange rate of USD 1 = KRW 1,159.00 in 2011 and KRW 1,120.00 in 2010.

**FINANCIAL HIGHLIGHTS**

- Doosan Engineering & Construction was included in the scope of consolidation in 2010 and excluded in 2011.

**Growth Rate**

- **REVENUES**: +7.1%
- **ORDERS**: -27.9%
- **OPERATING INCOME**: +10.5%
On behalf of the entire Doosan Heavy Industries & Construction family, I am pleased to report that we surpassed KRW 10 trillion in orders for a second straight year despite a challenging global business environment.

Our focus for 2012 will be on achieving organic growth as we diversify our business portfolio in order to secure new growth engines and ensure that our existing businesses remain competitive in their respective sectors.

We continued to enjoy solid results in key regional markets in 2011. Order highlights for the year included a boiler bulk order worth KRW 1.5 trillion in India, a strategic market for us and the world’s largest emerging market for coal-fired thermal power plants. In the water sector, we successfully entered the multi-effect distillation desalination market by winning two major orders in Saudi Arabia, the world’s largest seawater desalination market. We also signed the major equipment contract for units 3 and 4 of the Braka APR1400® nuclear plant project in the UAE.

We made a number of strategic internal changes of note during the year. The reorganization of our EPC and Power Business Groups in May 2011 has positioned us to enhance our competitiveness in the EPC power plant field and expand our power equipment business, laying the foundation for greater synergy and profitable growth. We also completed a major overhaul of our human resources system to benefit our technical workforce and take our competitiveness to the next level.
Our global business capabilities took a major step forward in 2011. Productivity at our Doosan Vina manufacturing plant in Vietnam achieved par with our Changwon plant in Korea. We acquired boilermaker Doosan Chennai Works in India and boiler and air pollution technology specialist Doosan Lentjes in Germany. We made significant headway in the renewable energy field as our WinDS3000™ 3 MW offshore wind turbine system won international certification. We also won the Taean IGCC project, Korea’s first commercial coal syngas-fired integrated-gasification combined-cycle plant.

As we look ahead over the horizon, global power and water markets are projected to steadily grow over the long term. As global markets emerge from the current economic slowdown, we aim to achieve organic growth by diversifying our business portfolio to secure new growth engines as well as maintaining the competitiveness of our existing businesses in their respective sectors. Toward this end, we have identified four key tasks that we will focus on in 2012.

First, we will continue to push forward with key corporate-wide long-term initiatives to generate new growth momentum by steadily diversifying our business portfolio.

Second, we will continue to secure global top-tier competitiveness in products and technologies in power, water, and other core businesses.

Third, we will strive to maximize synergy with our overseas subsidiaries by optimizing our global operations.

Fourth, we will continue to expand our Smart Office initiative and systematic personnel training programs as we pursue our “2G Strategy”—our conviction that our businesses can only grow through the growth of our people.

The year 2012 is a very meaningful year to us because it also marks our 50th anniversary. Over the past five decades, we have overcome countless challenges to achieve the remarkable success we enjoy today. And we believe that even greater success lies ahead.

Thank you again for your continued interest and support. We invite you to join us as we continue our quest to become a global leader in power and water.

Geewon Park
Chairman & Chief Executive Officer
Doosan Heavy Industries & Construction
At Doosan, our world-class people, industry-leading technology, and unique manufacturing capabilities enable us to deliver innovative, best-in-class solutions in each of our businesses. The synergy we are creating today ensures that our reputation as one of the world’s leading power and water solution providers will continue to grow tomorrow.

**KEYSUN HAN**
President & CEO

“We aim to surpass revenues of KRW 10 trillion for the first time in 2012 as we raise our competitiveness to a global top-tier level to drive organic growth. We will focus on profitability and sharpen our project management capabilities. We will promote work-life balance. We will invest in quality control and a technology. We will also emphasize the Doosan Way, the unique way of doing business that has sustained Doosan for over a century.”

**HUNTAIK KIM**
Executive Vice President
EPC Business Group

“In 2012, we will be relying on our extensive experience and innovation know-how as we strive to maximize the synergy between our core engineering and construction capabilities and take the next step toward becoming a premier global EPC partner. We will also be expanding our engineering capabilities to achieve our long-term goal of being able to concurrently handle 10 projects at any given time.”

**HABANG KIM**
Executive Vice President
Nuclear Power Plant Business Group

“We expect the nuclear power industry to face continued delays for new project tenders in 2012 in the wake of Japan’s Fukushima accident. We will be teaming up Home Electric Power and Korea Hydro & Nuclear Power to market the 854 MWe APR1400 nuclear plant globally. We will also be bolstering our plant service capabilities as we optimize our manufacturing system to sharpen our competitiveness.”

**SEOKWON YUN**
Executive Vice President
Water Business Group

“Backed by a portfolio that features all three major desalination technologies, we will expand our operations and maintenance business in 2012 as we pursue opportunities in the build-operate-transfer and water treatment fields. We will also focus on reducing overall project lifetime cost and boosting our presence in the Middle East. Combined, these efforts will help reduce revenue fluctuations and create a more profitable, diversified business portfolio.”

**MYEONGHO JANG**
Senior Vice President
CFO

“We completed the transition to Korean International Financial Reporting Standards in 2011 as part of our commitment to upgrading our financial management system to meet the standards and requirements of the global business environment. Given the continued and increasing volatility in global markets, our top priority in 2012 will be to continue enhancing our financial stability as we actively support business growth around the globe.”

**SEUNGJOO CHOE**
Executive Vice President
CIO

“In 2011, we significantly upgraded our R&D system to ensure that we are well-prepared to address the fast-changing environment and our workforces are safe and accident-free. Labor relations is another crucial area that we focus on, building on a mutually beneficial win-win relationship that is the foundation of our competitiveness. We are also expanding engagement with leading global partners. As we pursue our mission of creating value in power and water technologies.”

**DONGSOO SUH**
Executive Vice President
Power Business Group

“We aim to move to a step closer to being a global top-4 power partner in 2012 by sharpening our competitiveness and growing our businesses. We will focus on securing top-tier technology, expanding our product line-up, growing our service business, ramping up our new IGCC business, sharpening the cost competitiveness of our wind turbine business, optimizing our global manufacturing operations, and upgrading our quality control system and organization.”

**SEOKKOO KIM**
Executive Vice President
Casting & Forging Business Group

“With orders slowing in key fields such as shipbuilding and nuclear plant equipment, we are now in the process of upgrading and diversifying our operations as we take the next step toward becoming a global leader in casting and forging. In 2012, we will be focusing on improving cost competitiveness and workplace safety, identifying new products and businesses that will spur growth, and securing leadership through top-tier technical competitiveness.”

**MYUNGWOO KIM**
Executive Vice President
Management Division

“We continue to actively invest in our EHS system to ensure that we are well-prepared to address the fast-changing environment and our workforces are safe and accident-free. Labor relations is another crucial area that we focus on, building on a mutually beneficial win-win relationship that is the foundation of our competitiveness. We are also expanding engagement with local communities at home and abroad as we strive to be a good neighbor as well as a good employer.”

**KEYSUN HAN**
President & CEO

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Nuclear Power Plant Business Group

**SEOKWON YUN**
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Water Business Group

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Executive Vice President
Power Business Group

**KEYSUN HAN**
President & CEO

**HABANG KIM**
Executive Vice President
Nuclear Power Plant Business Group

**SEOKWON YUN**
Executive Vice President
Water Business Group

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We made two major overseas acquisitions in 2011. In January, we acquired boilermaker AE&E Chennai Works in India to establish a local manufacturing base that will enable us to compete in India’s booming market for coal-fired thermal plants. In November, we acquired boiler and air pollution control specialist AE&E Lentjes in Germany, strengthening our technology portfolio in the fields of circulating fluidized-bed boiler combustion and flue gas treatment.

After setting a new record of KRW 13.8 trillion in 2010, orders reached KRW 10.1 trillion in 2011, surpassing the KRW 10 trillion mark for a second straight year. Major wins for the year included two desalination plant orders from Saudi Arabia, a nuclear power plant order from the UAE, and multiple power equipment orders from India and Korea.

In May, we merged the former Power Plant and Construction Business Groups and then reorganized those operations into the new EPC and Power Business Groups. The new organization positions us for more profitable growth in the global power plant market, enabling both business groups to operate together for synergy as well as alone to maximize business opportunities.

We continued to elevate our global profile through the sponsorship of a number of international sporting events in 2011. We were a patron of the famed British Open golf tournament for a second straight year. We also were the title sponsor of the first Asian Dream Cup football clinic and charity match organized by Korean football star Ji-sung Park’s JS Foundation in Ho Chi Minh City, Vietnam.

Our Wind3000™ wind turbine became Korea’s first 3 MW offshore system to win international type certification in 2011. The certification marks the successful conclusion of a three-year development project and paves the way for overseas sales. We also won the Taiwan KCGC project, Korea’s first commercial coal syngas-fired integrated gasification combined cycle plant project.
At Doosan, our global network of sales, engineering, and manufacturing subsidiaries is building the future of power and water. Our presence in key markets worldwide enables us to deliver world-class turnkey power and water solutions to customers virtually anywhere on the planet.

**DOOSAN ENGINEERING & SERVICES**
Doosan Engineering & Services provides engineering services for Doosan power projects around the globe. Established in September 2008, this US-based firm is a strategic alliance with Burns & Roe, a world-class EPC and O&M specialist in power and energy projects.

**DOOSAN LENTIES**
Doosan Lenti provides process and plant engineering, boiler and environmental technologies, and components for thermal power and energy-from-waste biomass plants. A Doosan company since 2001, this Germany-based firm is now part of Doosan Power Systems.

**DOOSAN HYDRO TECHNOLOGY**
Doosan Hydro Technology is a total water solution provider with unrivaled expertise in reverse osmosis and membrane technologies. A Doosan company since 2005, this US-based firm was named “Desalination Company of the Year” in 2008 by Global Water Intelligence.

**DOOSAN VINA**
Doosan Vina manufactures a full range of power and water equipment. Opened in 2008, this Vietnam-based firm is the country’s largest heavy manufacturing plant to date and a key asset in our strategy to extend our global business.

**DOOSAN VINA HAIPHONG**
Doosan Vina Haiphong specializes in oversized and overweight steel structures, boilers, pressure vessels, storage tanks, steel fabrication work, and piping work. Established in 1995, this joint venture Vietnam-based firm is a local pioneer in obtaining ISO 9001 certification and ASME stamps.

**DOOSAN CHENNAI WORKS**
Doosan Chennai Works is a fast-growing manufacturer of boilers for coal-fired power plants. A Doosan company since 2001, this India-based firm is currently undertaking a major capacity expansion project to scale manufacturing up to meet growing local demand.

**DOOSAN POWER SYSTEMS INDIA**
Doosan Power Systems India spearheads our operations in this emerging market. Established in 2011 through the merger of three subsidiaries, this Chennai-based firm has the engineering, manufacturing, and marketing capabilities to deliver power plant solutions specifically designed for the local market.

**ŠKODA POWER**
Škoda Power designs and manufactures modern turbine and generator solutions for the energy and industrial sectors. A Doosan company since 2008, this Czech-based firm also offers end-to-end solutions from design to full lifecycle care.

**DOOSAN IMGB**
Doosan IMGB produces a full range of castings and forgings for the power generation, industrial machinery, mold and tool making, and other industries. A Doosan company since 2006, this Romania-based firm gives us a strategic presence in the European market.

**DOOSAN BABCOCK**
Doosan Babcock designs and delivers advanced steam generation solutions to the global power industry. A Doosan company since 2006, this UK-based firm is also a leading energy services business, serving the power, oil and gas, and petrochemical industries.

**DOOSAN POWER SYSTEMS**
Doosan Power Systems provides cleaner, greener power technology, products, and services to customers worldwide. Established in 2010, this UK-based firm integrates three of the most respected names in power—Doosan Babcock, Doosan Lenti, and Škoda Power.

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At Doosan, we are building a reputation as a global leader in power and water by delivering world-class solutions. Our unique ability to engineer, manufacture, construct, operate, and service the plants and equipment we sell adds up to a compelling value proposition.
2011 REVIEW / Although global financial and political turmoil impacted certain segments of the independent power project market, the primary challenge in the global EPC power market was the intensification of competition as Korean, Chinese, and Japanese construction firms aggressively entered the market. We responded by pursuing a selective tender strategy focused on profitability and strengthening our internal capabilities, a strategy made possible by a solid 2010 order performance that boosted our backlog to historic levels. While orders declined to KRW 1,786 billion in 2011, revenues grew over 7% to reach a new high of KRW 2,919 billion for the year.

The strategic reorganization we undertook in May 2011 was part of our strategy to strengthen our internal capabilities. Formed through the merger of our former Power Plant and Construction Business Groups, our new EPC Business Group is now reinforcing our competitiveness and core capabilities, paving the way for profitable growth going forward.

2012 OUTLOOK / We expect 2012 to be a challenging year for global EPC contractors as existing competitors pursue more aggressive strategies and new players enter the market. In this difficult environment, we will seek to leverage our extensive project management experience and innovation know-how to generate new synergies between our core engineering and construction capabilities as we take the next step toward becoming a premier global EPC partner.

At Doosan, we are one of the world’s fastest-growing engineering, procurement, and construction (EPC) contractors. Over the decades, our advanced plant engineering capabilities have enabled us to manage power plant projects of all types around the globe. Today, we are aiming to be a premier global EPC partner, delivering innovative power solutions and services that will keep the world growing.
Consisting of three 670 MWe combined-cycle power units, the Jebel Ali M project is the largest power plant ordered to date in the UAE.

PROJECT PORTFOLIO

• Sipat TPP, India: 660 MWe x 3
• Glow CFB, Thailand: 115 MWe x 1
• Amman East Ccpp, Jordan: 370 MWe x 1
• Taweelah A10, UAE: 355 MWe
• Banka Phase 2 IRRP, Oman: 650 MWe + 26.4 MIGD
• Jebel Ali M Ccpp, UAE: 670 MWe x 3
• Musirra TPP, India: 880 MWe x 5
• Ghesou-Deh TPP, Thailand: 625 MWe x 2
• Darawat Ccpp, Pakistan: 175 MWe x 1
• Cebu CFB, Philippines: 150 MWe x 2
• Cirebon TPP, Indonesia: 750 MWe x 1
• Qatalum Ccpp, Qatar: 625 MWe x 2
• Qurayyah Add-on, Saudi Arabia: 1,238 MWe
• Raipur TPP, India: 685 MWe x 2
• Rabigh-3 TPP, Saudi Arabia: 700 MWe x 4
• Mong Duong-II, Vietnam: 600 MWe x 2
We once again had a strong year in 2011 as orders rose over 20% to KRW 5,226 billion. Key overseas project wins included the NTPC bulk order (800 MW x 5) in India, Yanbu II TPP (267 MW x 3) in Saudi Arabia, Mong Duong II TPP (540 MW x 2) in Vietnam, and a performance upgrade project for the Sabarmati TPP (121 MW x 2) in India as our overseas power plant service business continued to gain momentum. We also won a steady stream of orders in Korea, including Taean IGCC (300 MW x 1)—our first integrated-gas combined-cycle project—Pocheon CCPP (780 MW x 2), Yangju CHP (550 MW x 1), and Tamna offshore wind farm (3 MW x 10) projects. Revenues also posted solid growth of over 10% to KRW 2,464 billion as we made progress on our booming equipment order backlog and delivered equipment for Yeosu TPP Unit 2 (340 MW x 1) in Korea, Angamos TPP (240 MW x 2) in Chile, and Cebu TPP (103 MW x 2) in the Philippines.

In recent years, we have significantly enhanced our competitiveness by expanding our engineering, technical, and manufacturing capabilities through overseas expansion and strategic acquisitions. Doosan Vina in Vietnam has become a key overseas manufacturing base since ramping up operations in 2009. Our ongoing R&D and collaboration with subsidiaries worldwide has also been instrumental in our successful development of core technologies in the boiler, turbine, and generator fields.

Global demand for combined-cycle and thermal power plants is projected to steadily grow in 2012. National power development policies are expected to continue to focus on renewable energy fields such as wind power and integrated-gasification combined-cycle (IGCC) power generation as well as increasing efficiency and scale.

We are now in the process of expanding the facilities and production capacity of Doosan Chennai Works in India to improve our competitiveness in the world’s largest emerging market for coal-fired thermal power plants. By winning additional bulk order and service projects in India, we aim to reinforce our existing equipment business as well as gain a competitive edge in the service field going forward. Our acquisition of AE&E Lentjes of Germany through subsidiary Doosan Power Systems gives us core technologies in the fields of circulating fluidized bed boilers and flue gas cleaning that will expand our opportunities in these more profitable segments of the thermal plant market.

At Doosan, we are a world-class supplier of thermal power generation equipment with more than 119 GW of generating capacity delivered to utilities around the world over the past three decades. Today, we are expanding beyond fossil-fuel generation as we aim to lead the way in the low-carbon green energy technologies that will power the future.
TURBINE MANUFACTURING CAPACITY

5,500 MWe

BOILER MANUFACTURING CAPACITY

8,500 MWe

BOILERS / We are a world-class supplier of the industry’s cleanest, most efficient solutions for conventional thermal power generation.

In 2011, we booked the Yandu (167 MWe x 3) TPP in Saudi Arabia, marking our fifth year at the top of the Middle East oil-fired thermal plant market. This performance helped our oil-fired boilers earn the prestigious “World-Class Product of Korea” designation from Korea’s Ministry of Knowledge Economy during the year in recognition of our top-five market share. We also completed boiler deliveries for the Angamos TPP (240 MWe x 2) in Chile, Colub CFB TPP (103 MWe x 2) in the Philippines, and Yeosu CFB TPP Unit 2 (340 MWe x 1) in Korea, strengthening our reputation as a global industry player with core technologies in every boiler category.

HRSGS / Our high-efficiency D-Top™ modular heat-recovery steam generators are used in combined-cycle and cogeneration plants around the globe. Since entering this business in the latter part of the 1990s, we have delivered more than 422 units for 138 projects in 36 countries.

TURBINES & GENERATORS / We are a globally competitive supplier of high-performance turbine gensets with more than two decades of experience in delivering solutions that set the standard for reliability, efficiency, and maintainability.

In 2011, we booked genset orders for the Pechon TPP (150 MWe x 2) and Yangdu CHP (550 MWe x 1) in Korea and Mongtoung 2 TPP (640 MWe x 21) in Vietnam. We also successfully completed testing of the genset for the Gheco-One TPP (700 MWe x 1) in Thailand, our first genset engineered and manufactured entirely with in-house technology, paving the way for us to expand sales worldwide.

MATERIAL HANDLING EQUIPMENT / We are Korea’s leading maker of material handling equipment for the global container and bulk handling industries, delivering turnkey solutions that are widely recognized for their performance and quality to major ports and plants worldwide. Since 1979, we have supplied cranes to major ports in the United States, Singapore, and around the world. We have also delivered continuous ship unloaders to Korean thermal power and steel plants.

WIND TURBINES / We tapped our more than three decades of experience and expertise in the power generation equipment business in 2006 to launch development of a 3 MW onshore/offshore wind turbines. We completed development of the high wind class WinDS3000™ turbine in 2010 and earned international type certification in March 2011, paving the way for our entry into the global wind power market.

The first onshore/offshore wind turbine from a Korean maker, the WinDS3000™ is designed for optimal reliability and durability in challenging offshore environments as well as top-tier-class operational efficiency and maintainability. After booking our first multi-unit order for the Shinar project (3 MW x 3) in Korea in 2010, we booked orders for the Yeongheung (3 MW x 1) and Tama (3 MW x 10) projects in 2011. We also installed Korea’s first offshore turbine in 2011 and began performance testing in early 2012, passing the way for full-scale construction work to get underway on the 30 MW Tanna offshore wind farm later in 2012. We are currently in the process of expanding the WinDS3000™ lineup of 3 MW onshore/offshore turbine models and establishing local sales and service centers in key international markets as we take aim at becoming a major global supplier in the wind industry by 2015.
MATERIAL HANDLING SOLUTIONS
- Container handling cranes
- Bulk material handling systems
- Electric overhead traveling cranes
- General cargo handling equipment
- Equipment parts and service

PROJECT PORTFOLIO
- Kuwait Port, Kuwait: STSGC x 6, RTGC x 6
- Military Ocean Terminal Survey Port, USA: STGC x 2
- Port of Samarinda, Indonesia: STGC x 2, RTGC x 5
- Balboa Port, Panama: STGC x 4
- Port of Busan, Korea: STGC x 5, RTGC x 49
- Posco, Korea: 3000-ton/hr CSU x 6
- Posco, Korea: 450-ton teeming ladle cranes x 2
- Various NPP, Korea: Pace cranes x 8
- Various TPP, Korea: Coal handling systems
- Jaxport, USA: 1300-ton/hr CSU and conveyor system
- Jaxport, USA: STGC x 4
- Port of Jakarta, Indonesia: STGC x 4
- Port of Tanjung Priok, Malaysia: RTGC x 36
- Jeongang Port, Singapore: STGC x 5
- PSA International, Singapore: STGC x 6, RTGC x 203
- Jawaharlal Nehru Port, India: STGC x 7, RTGC x 30
- Port of Colombo, Sri Lanka: RTGC x 150

WIND POWER SOLUTIONS
- Onshore/offshore wind turbines

PROJECT PORTFOLIO
- Shinan, Korea: 3 MW x 3
- Yeongheung, Korea: 3 MW x 1
- Tansa, Korea: 3 MW x 10
2011 REVIEW / Following the Fukushima nuclear plant accident in Japan in 2011, Japan, Germany, and a few other countries either canceled new plant projects or put them on hold pending review, leading to a decline in nuclear plant and equipment orders during the year. While order growth was down just over 14% to KRW 1,946 billion, we surpassed our 2011 target as we booked orders for the major equipment for Braka 3~4 (1,400 MWe x 2) in the United Arab Emirates. Revenues grew a modest 2.5% to KRW 1,257 billion as we delivered the reactor and steam generators for Shin-Kori 4 (1,400 MWe) and a replacement steam generator for Ulchin 2 (950 MWe) in Korea as well as reactors for Sanmen 1 (1,150 MWe) and Haiyang 1 (1,150 MWe) in China.

2012 OUTLOOK / While the Fukushima accident has clearly dampened enthusiasm, nuclear power remains a realistic and practical solution to reducing the greenhouse gas emissions that are playing a role in climate change. Although we expect orders for new plants to be delayed in the short term while nations review and strengthen nuclear safety, we expect countries that have committed themselves to adopting nuclear power will maintain their policy direction, resulting in new plant construction over the long term.

In 2012, Shin-Kori 5~6, Korea’s third project to adopt the advanced Generation III APR1400® design will be initiated, of which we expect to win orders in near future. We expect revenues to hold steady at around KRW 1,200 billion as we deliver steam generators for Sanmen 1 and Haiyang 1 in China, reactors for Vogtle 1 and V.C. Summer 1 in the United States, and a replacement steam generator for Ulchin 1 in Korea.

In addition to reactor, steam generator, and other major equipment orders, we also manufacture fuel-handling systems, casks for storing and transporting spent fuel, and other auxiliary equipment. Backed by our own advanced alloy-making and large-scale casting technology and facilities, our integrated production system is capable of handling every manufacturing process from materials to finished products under one roof. We plan to increase our manufacturing capacity from 3.5 reactors in 2011 to 5 reactors in 2012 as we prepare for future growth opportunities around the globe.

At Doosan, we have a proven three-decade track record as the prime major equipment contractor for Korea’s nuclear power program, one of the safest and most efficient in the world. Today, we are well positioned to play a key role in the industry’s global renaissance as the transition to a low-carbon economy gains momentum around the world.

Orders were down to KRW 1,946 billion in 2011 as we booked the major equipment order for Braka 3~4 in the UAE. Revenues rose slightly to KRW 1,257 billion as global deliveries for projects in China and the US stayed on schedule. Our backlog also continued to remain strong at a record KRW 5,472 billion.
Shin-Kori NPP 3~4 Project

A new generation of nuclear plants is now being built in Korea, and one that will be equipped with APR1400™ reactors, a Generation III design that boasts 40% higher output than the current mainstay CPR1000 reactor as well as a 60-year design life for major equipment. Developed over a 10-year period between 1992 and 2002, the APR1400™ design also dramatically enhances operational efficiency and safety, particularly in the area of earthquake engineering. We will supply the entire nuclear steam supply system (NSSS) for this project.

NUCLEAR POWER PLANT SOLUTIONS

- PWR nuclear steam supply systems
- CANDU nuclear steam supply systems
- Fuel storage equipment
- Man-machine interface systems
- Balance of plant
- Replacement, repair and refurbishment services
- Supplementary machinery

PROJECT PORTFOLIO

PWR SYSTEMS
- Ulchin, Korea: 1,000 MWe x 4
- Shin-Ulchin, Korea: 1,400 MWe x 2
- Yonggwang, Korea: 1,000 MWe x 5
- Shin-Kori, Korea: 1,000 MWe x 2
- Shin-Kori, Korea: 1,400 MWe x 2
- Shin-Wolsong, Korea: 1,000 MWe x 2
- Sanmen, China: 1,350 MWe x 1
- Hanyang, China: 1,950 MWe x 1
- Honglei, China: 1,150 MWe x 2
- V.C. Summer, USA: 1,150 MWe x 2
- Levy County, USA: 1,150 MWe x 2
- Byron, USA: 1,400 MWe x 4

CANDU SYSTEMS
- Wolsong, Korea: 700 MWe x 3
- Goban/Phase II, China: 1,000 MWe x 2

MAJOR EQUIPMENT
- Sequoyah 1~3, USA: 1,200 MWe/SGs x 6
- Watts Bar 1, USA: 1,200 MWe/SGs x 4
- ANG 2, USA: 900 MWe/RRH x 1
- Waterford 1, USA: 1,150 MWe/RRHs x 1
- Indian Point 2, USA: 1,000 MWe/RRHs, CEDMs x 2
- Palo Verde 1~3, USA: 1,000 MWe/RRHs, CEDMs x 3
- Goban/Phase II, USA: 1,000 MWe/RRH x 1

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- PWR nuclear steam supply systems
- CANDU nuclear steam supply systems
- Fuel storage equipment
- Man-machine interface systems
- Balance of plant
- Replacement, repair and refurbishment services
- Supplementary machinery

PROJECT PORTFOLIO

PWR SYSTEMS
- Ulchin, Korea: 1,000 MWe x 4
- Shin-Ulchin, Korea: 1,400 MWe x 2
- Yonggwang, Korea: 1,000 MWe x 5
- Shin-Kori, Korea: 1,000 MWe x 2
- Shin-Kori, Korea: 1,400 MWe x 2
- Shin-Wolsong, Korea: 1,000 MWe x 2
- Sanmen, China: 1,350 MWe x 1
- Hanyang, China: 1,950 MWe x 1
- Honglei, China: 1,150 MWe x 2
- V.C. Summer, USA: 1,150 MWe x 2
- Levy County, USA: 1,150 MWe x 2
- Byron, USA: 1,400 MWe x 4

CANDU SYSTEMS
- Wolsong, Korea: 700 MWe x 3
- Goban/Phase II, China: 1,000 MWe x 2

MAJOR EQUIPMENT
- Sequoyah 1~3, USA: 1,200 MWe/SGs x 6
- Watts Bar 1, USA: 1,200 MWe/SGs x 4
- ANG 2, USA: 900 MWe/RRH x 1
- Waterford 1, USA: 1,150 MWe/RRHs x 1
- Indian Point 2, USA: 1,000 MWe/RRHs, CEDMs x 2
- Palo Verde 1~3, USA: 1,000 MWe/RRHs, CEDMs x 3
- Goban/Phase II, USA: 1,000 MWe/RRH x 1
WATER BUSINESS GROUP

Consolidated orders declined to KRW 239 billion in 2011 as global financial challenges led to delays in major project tenders. Consolidated revenues continued to climb, reaching KRW 854 billion as work continued on the Ras Al Khair project (326 MIGD) in Saudi Arabia, the Middle East's largest desalination plant project to date.

At Doosan, we are the world leader in seawater desalination solutions. Our proven portfolio of MSF, MED, and RO technologies enables us to deliver dependable, cost-effective turnkey solutions with the shortest lead times in the industry. We continue to progressively expand into the broader water and wastewater treatment markets as we pursue our vision of becoming a global leader in water.

2011 REVIEW / Despite a global slowdown in 2011 brought on by the Eurozone financial crisis, we continued to maintain our leadership of the thermal desalination industry by winning the industry’s largest capacity single-unit multi-effect distillation (MED) project to date as well as booking an order from a new client, Marafiq. Together with US-based subsidiary Doosan Hydro Technology, we booked consolidated orders of KRW 239 billion and consolidated revenues of KRW 854 billion.

Given the challenging industry environment, we achieved remarkable results in the Middle East market during 2011, winning two major MED projects in Saudi Arabia. In February, we won the Yambaru Phase II MED project (15 MIGD) featuring the largest single-unit MED distiller to date with nearly twice the capacity of the current largest MED unit on the market, followed in September by the Marafiq Yanbu MED project (12 MIGD).

Looking forward, we believe that we are less than two years away from closing the scale gap between MED and MSF unit capacities, the primary obstacle that has kept more-efficient MED technology from dominating the industry. As we continue to expand and develop the advanced technologies that have made us a global desalination leader, we will also continue to strategically pursue growth opportunities in the water treatment and O&M businesses around the globe.
Shuweihat S2 IWPP

The largest seawater desalination plant commissioned in 2011, Shuweihat S2 in the UAE is also the most energy-efficient MSF installation to date. Launched in December 2008, the project became fully operational in October 2011. Located 250 km southwest of the capital city of Abu Dhabi, the plant is now supplying the water needs of approximately 1.5 million people.

DESALINATION SOLUTIONS
- Multi-stage flash (MSF)
- Multi-effect distillation (MED)
- Reverse osmosis (RO)
- Hybrid systems

WATER TREATMENT SOLUTIONS
- Advanced water treatment
  - Advanced water treatment solutions based on membrane separation
  - Municipal wastewater treatment and reclamation
    - Advanced treatment and membrane solutions, including seawater filtration
    - Biological nutrient removal (BNR) process
    - Membrane bio-reactor (MBR) process
- Industrial water and wastewater treatment
  - Pre-treatment and wastewater treatment systems for RO desalination plants
  - Water and wastewater treatment systems for power plants
  - Waste-water treatment solutions for the oil and gas industry
  - Zero liquid discharge (ZLD) systems

PROJECT PORTFOLIO
- Marafiq Yanbu MED, Saudi Arabia: 12 MIGD, MED
- Yanbu Phase 1 Expansion MED, Saudi Arabia: 15 MIGD, MED
- Ras Al Khair Phase 1, Saudi Arabia: 228 MIGD, MSF+RO (Hybrid)
- Jubail Phase 3 RO, Saudi Arabia: 53.8 MIGD, RO
- Qurayyah Ain-Al-CCCP MSF Unit, Saudi Arabia: 1.32 MIGD, MSF (Captive)
- Shuweihat 12 MED, UAE: 101 MIGD, MSF
- Shuaibah RO, Kuwait: 30 MIGD, RO
- Shuaibah Phase 2 Expansion RO, Saudi Arabia: 30 MIGD, RO
- Shuaibah Phase 3 HWPP, Saudi Arabia: 194 MIGD, MSF
- Salikys Stage 3, Kuwait: 50 MIGD, MSF
- Assir (MED), Libya: 1.1 MIGD, MED (Captive)
- Ras Laffan ‘B’, Qatar: 60 MIGD, MSF
- Shuaibah South Rehabilitation, Kuwait: 35 MIGD (25% increase), MSF
- Suhail HE, Oman: 33 MIGD, MED
- Bahrain North MED, Libya: 1.7 MIGD, MED (Captive)
- Salikys Stage 1-2, Kuwait: 50 MIGD, MSF
- Fujairah (MED), UAE: 100 MIGD, MSF+RO (Hybrid)
- Shuaibah Pumping Station ‘C’, Saudi Arabia: 45.5 MIGD (Pumping station)
- Um Al Nar Station ‘F’, UAE: 63.5 MIGD, MSF
- Al Zorah South Phase 2, Kuwait: 28.8 MIGD, MSF
- Al Taweelah (MED), UAE: 50 MIGD, MSF
- Shuaibah Phase 3, Saudi Arabia: 100 MIGD, MSF
- Jeddah Al Station ‘C’, UAE: 24 MIGD, MSF
- Assir Phase 1, Saudi Arabia: 31 MIGD, MSF
- Yanbu Desalination Plant, Saudi Arabia: 6 MIGD, MSF (Equipment)
- Farasan Desalination Plant, Saudi Arabia: 0.5 MIGD, MSF (Equipment)
- Fujairah Hybrid, UAE: 100 MIGD, MSF+RO (Hybrid)
- Assir Phase 1, Saudi Arabia: 21 MIGD, MSF
- Yanbu Desalination Plant, Saudi Arabia: 6 MIGD, MSF (Equipment)
- Farasan Desalination Plant, Saudi Arabia: 0.5 MIGD, MSF (Equipment)

PROJECTS UNDERWAY
- Qurayyah Ain-Al-CCCP MSF Unit, Saudi Arabia: 1.32 MIGD, MSF (Captive)
- Jubail Phase 3 RO, Saudi Arabia: 53.8 MIGD, RO
- Ras Al Khair Phase 1, Saudi Arabia: 228 MIGD, MSF+RO (Hybrid)
- Yanbu Phase 3 Expansion MED, Saudi Arabia: 15 MIGD, MED
- Marafiq Yanbu MED, Saudi Arabia: 12 MIGD, MED
2011 REVIEW / Despite growing demand for mold and tool steel from the auto and steel industries, a continuing slump in the shipbuilding and power generation industries kept orders and revenues flat in 2011. Overall, orders edged down 0.6% to KRW 831 billion, while revenues edged up 0.6% to KRW 798 billion.

During the year, we continued to expand both our casting and forging shops to increase our reactor shell forging capacity in response to growing demand for ultra-large castings and forgings from the nuclear and thermal power plant industries. While installation of a new electroslag remelting furnace to produce ultra-supercritical (USC) rotors and superior mirror-like mold steel continued, we completed new plate backup-roll machining facilities. We continued to actively work to reduce our carbon footprint following the conversion of our furnaces and heat-treatment facilities to LNG in recent years. We also continued to invest in the development of manufacturing technologies for integrated forged nuclear reactor components, low-temperature impact-resistant steel castings, and other new products that will create new market opportunities and boost profitability.

2012 OUTLOOK / Although the delay in global economic recovery is expected to cause a slight decline in revenues, we are targeting revenues of KRW 580 billion as we launch new products such as steel castings for the offshore plant industry. As we strategically expand our production capabilities to meet rising demand for USC rotors, we are also diversifying into new valued-added fields and global markets as we set the stage for continued order and revenue growth in the coming years. We also plan to expand investment in both technology and product development to address gaps in our product portfolio. On the business side, we are aggressively pursuing new business opportunities in Europe, Russia, and Africa through our Romanian subsidiary, Doosan IMGB. By 2016, we aim to expand melting capacity to 350,000 tons and forging capacity to 230,000 tons.
At Doosan, we believe we have a responsibility to make the world a better place. Our commitment to sustainable, shared growth is making a difference in local communities everywhere we do business as we strive to create greater value for our stakeholders.
At Doosan, our EHS philosophy is simple. We aim to be an industry leader in environmental, health, and safety management as we develop the environmentally-friendly power and water technologies and products that will make tomorrow a healthier, more sustainable place to live.

EHS COMMITMENT / Since acquiring ISO 14001 certification in 1997 and OHSAS 18001 certification in 2004, we have made comprehensive EHS excellence top priority at our manufacturing facilities and project sites around the globe. Having EHS manuals in place for each global project site enabled us to safely evacuate personnel from Libya when that country’s civil war escalated in March 2011. Another major achievement came on January 1, 2012 when we passed 10 million hours of accident-free operations at the Rabigh 2 thermal plant site in Saudi Arabia, an accomplishment supported by daily real-time data collection of EHS issues at project sites worldwide and monthly audits as part of our ongoing efforts to resolve and mitigate issues. As our global business scope has expanded, we have also implemented a comprehensive health care program that includes on-site medical staff to improve the health and welfare of our frontline employees.

ENVIRONMENTAL LEADERSHIP / We strongly believe that putting the environment first is smart business sense. As part of our efforts to prevent the release of environmentally harmful substances, we have put in place a monitoring system for sewage and wastewater collection tanks at our plant sites that includes sensors to detect both water level and electrical ground faults in submerged pumps. Our commitment to environmental leadership also extends to our carbon footprint. Each year we invest over KRW 3 billion to reduce our energy consumption and greenhouse gas emissions. In December 2011, we completed implementation of a green energy management system (GEMS) to aid us in effectively responding to the Korean government’s energy and emissions reduction target-setting program as well as efficiently pursue cost reduction initiatives. Connected to a network of over 3,000 sensors that gather real-time data on carbon dioxide emissions at our Changwon plant, GEMS analyzes this data and integrates with our ERP system, laying the foundation for sound decision-making based on instant access to objective data as well as a projected KRW 3.2 billion savings in our annual energy costs. As a major player in the heavy manufacturing sector, we are committed to being an opinion leader by participating in the Korean government’s pilot emissions target-setting program and cap-and-trade program as well as the industry’s monitoring, reporting, and verification standard-setting initiative.
At Doosan, engaging communities for good is an integral part of our DNA. From community service to cultural sponsorships, we are united in our commitment to making our world a better, brighter place to live.

COMMUNITY SERVICE / Over 6,300 employees at our Changwon plant representing 95% of our family volunteer to make the greater Changwon region a better place to live for our disadvantaged neighbors and children. In May 2011, we signed an agreement with the city of Changwon to support community priorities, help educate and train a high-quality workforce, and support centers serving underprivileged children and teens. At the same time, we have also reached out to our neighbors through a variety of programs such as our adopt-a-village initiative that now serves six regional villages as well as environmental clean-up drives to make our community a cleaner, more beautiful place to live.

Our spirit of sharing is also making a difference in overseas communities. In Vietnam’s Quang Ngai region—home to Doosan Vina—we have teamed up with Korea’s Chung-Ang University Medical Center to provide a variety of free medical services and donations, including cleft lip and palate surgeries for children, medical check-ups and treatment for the general public, and medical equipment and pharmaceuticals for clinics and hospitals. We have also installed desalination facilities and completed numerous community improvement projects to enhance the quality of life for our neighbors.

CULTURAL SPONSORSHIPS / Another way we give back to our local communities is through the sponsorship of popular pastimes such as concerts and sports events. In May 2011, we hosted the fourth Doosan Match Play Championship, the Korea LPGA’s sole golf match-play event. The KRW 100 million championship was won by Su-jin Yang, her first victory of the year. We continued our international golf sponsorship for a second straight year as a patron of the famed British Open, the oldest and most prestigious of the world’s four major golf tournaments. We were also the title sponsor of the first Asian Dream Cup held in Vietnam’s Ho Chi Minh City in June 2011. Organized by Korean football star Ji-sung Park’s JS Foundation, the cup included a football clinic for youth and a charity match between Park’s team of international footballers and NaviBank Saigon, with the proceeds going to promote the development of local football.
With 13 overseas subsidiaries and 37 branch offices worldwide, we have an increasingly global face. Over the past six years, we have welcomed US water solution provider Doosan Hydro Technology, Romanian casting and forging specialist Doosan IMGB, UK boiler OEM Doosan Babcock, Czech turbine OEM Škoda Power, Indian boilermaker Doosan Chennai Works, and German boiler and air pollution control specialist Doosan Lentjes into our family through strategic acquisitions. We have also set up Doosan Engineering & Services in the US to expand our architect-engineering capabilities, Doosan Vina in Vietnam to expand our manufacturing capabilities, and Doosan Power Systems in the UK to provide complete plant solutions and energy services to power utilities in Europe and the Americas. This synergistic network is now bringing together some of the world’s best minds and technologies to deliver innovative solutions to tomorrow’s power and water challenges.

SUCCESSFUL PARTNERSHIPS / Partnerships play a crucial role in our global success. In Korea alone, we depend on over 1,000 suppliers to help us deliver world-class power and water solutions to customers around the world. Our vocational training program established back in 2009 in partnership with the Human Resources Development Service of Korea trained over 4,000 on- and off-site partner workers in 2011, offering some 23 courses in 9 core areas such as engineering, quality control, and welding. We also established a 72-member team of inside and outside experts tasked with fundamentally upgrading supplier competitiveness in 2011. The team is now collaborating with over 140 key suppliers to develop master plans that will enhance partner competitiveness in six broad areas, including quality improvement, quality assurance, production technology, engineering optimization, productivity improvement, and environment, health, and safety.

GLOBAL RECOGNITION / Beyond our reputation as a well-known and respected name in the global power and water industries, our consistent growth in recent years has also earned us a place on some of the world’s most prestigious corporate rankings. In 2009, BusinessWeek ranked us fourth out of 40 companies on its annual World’s Best Companies list. The Boston Consulting Group named us fourth in machinery and construction on its 2010 Value Creators ranking based on an analysis of total shareholder return during the 2005 to 2009 period. We were also honored to make our second appearance on the Fortune Global 500 in 2011 as the Doosan Group ranked No. 489 based on total 2010 group sales of USD 19.94 billion.
At Doosan, we believe greater shareholder value begins with greater customer value. Our focus on strategically expanding our markets, technologies, synergies, and efficiencies is laying the foundation for more profitable growth in the years ahead.
MARKET STRATEGY OVERVIEW

In 2011, we continued to strengthen our position as a global leader in power and water by winning orders in key markets such as India, Saudi Arabia, and Vietnam.

Our acquisition of boilermaker Doosan Chennai Works (formerly AE&E Chennai Works) in January was a strategic move that has enhanced our competitiveness in India, a market that is rapidly emerging as the world’s largest market for coal-fired thermal power plants. This local presence was instrumental in our win of a bulk order for two major projects in the Indian state of Karnataka worth KRW 1,500 billion.

In addition to strengthening our EPC power plant business, we also beefed up our power generation equipment business, securing boiler, turbine, and other equipment orders for projects in Saudi Arabia, Vietnam, Korea, and other markets as we set our sights on being a global top-tier maker.

In the field of water, we continued to consolidate our leadership in the seawater desalination segment by making inroads into the multi-effect distillation (MED) market. We also became the first in the global water industry to secure a project and technology portfolio spanning all three major desalination technologies available today—MED, multi-stage flash distillation (MSF), and reverse osmosis filtration (RO).

TECHNICAL STRATEGY OVERVIEW

We continue to improve our technical competitiveness in the power and water industries by securing core technologies through strategic acquisitions and ongoing research and development.

In November 2011, we acquired a majority stake in Doosan Lentjes (formerly AE&E Lentjes) through European subsidiary Doosan Power Systems. This acquisition gives us access to proprietary technologies in the boiler and air pollution control fields, including circulating fluidized-bed boilers and flue-gas desulfurization.

Our ongoing R&D in the field of integrated-gasification combined-cycle power generation was instrumental in our winning the Taean IGCC project in 2011, Korea’s first coal syngas-fired IGCC plant. This high-profile project gives us the opportunity to take the lead in the development of the standard IGCC plant design for our home market as we focus on meeting demand for cleaner energy at home and abroad.

ORGANIZATIONAL STRATEGY OVERVIEW

In 2011, we carried out a major reorganization of our operations. We merged our former Power Plant and Construction Business Groups and then reorganized them into the new EPC and Power Business Groups.

We expect this new organization to generate greater synergy between our EPC power plant and equipment businesses, laying the foundation for profitable growth in the power plant sector in the years ahead.

One of our major focuses at our overseas manufacturing subsidiaries has been on productivity. In the three years that have passed since we opened our Doosan Vina subsidiary in Vietnam in 2008, we have made huge gains in productivity. Today, Doosan Vina rivals our main Changwon plant in this crucial performance metric.

FINANCIAL REVIEW

In 2011, we surpassed consolidated orders of KRW 10 trillion for a second straight year by winning the follow-on order for units 3~4 of the Braka nuclear plant project in the UAE as well as a boiler bulk order in India. Our backlog continued to increase, reaching KRW 23 trillion, equivalent to 2.7 times our revenues for the year.

As work got underway in earnest on projects won in 2010 such as the Braka nuclear plant in the UAE and Rabigh 2 thermal plant in Saudi Arabia, our consolidated revenues and operating income continued to rise, reaching KRW 8.5 trillion and KRW 569.6 billion, respectively. Non-operating profit from equity-method investees rose KRW 116.6 billion in 2011 due to improved performances by Doosan Infracore and other investee companies. Our financial soundness improved as our debt-to-equity ratio declined 44 percentage points to 183.3%, improving financial soundness. Our project financing exposure also declined 35% to KRW 1,372 billion.

Going forward, we plan to steadily strengthen our financial soundness and global competitiveness to build a more solid foundation for profitable growth in the years ahead.
Consolidated orders fell sharply to just under KRW 1.8 trillion due to delayed project tenders in the Middle East and India. Our win of the Mong Duong II TPP EPC order in Vietnam was the one bright spot in a very challenging year. Consolidated revenues rose KRW 196 billion to just over KRW 2.9 trillion as projects won in 2010 got underway in earnest. Although falling nearly KRW 1 trillion, backlog remained strong at KRW 6.9 trillion.

Consolidated orders rose strongly to over KRW 5.2 trillion as we continued to diversify our business portfolio by winning a bulk order from India and major orders in Korea—including our first 1,000 MWe ultra-supercritical and integrated-gasification combined-cycle plants—as well as performance upgrade and operations and maintenance contracts at home and abroad. While consolidated revenues rose slightly to nearly KRW 2.5 trillion, backlog rose nearly KRW 2.9 trillion, ensuring steady revenue growth in the near term.

Consolidated orders nearly reached KRW 2 trillion in 2011 as we followed up our win of major equipment for the Braka 1–2 NPP project in the UAE in 2010 with the major equipment order for Braka 3–4. While consolidated revenues remained virtually unchanged at just over KRW 1.2 trillion, backlog rose to nearly KRW 5.5 trillion on the strength of the Braka 3–4 order.

Consolidated orders dropped sharply to KRW 239 billion due to the delay of a major project tender. While consolidated revenues rose sharply to KRW 854 billion due to strong orders from the previous year, backlog declined to just under KRW 1.6 trillion.

Consolidated orders remained virtually unchanged at KRW 831 billion as growing demand for mold and tool steel from the auto and steel industries offset oversupply and slumping demand in the shipbuilding and power generation industries. Consolidated revenues were also virtually identical at KRW 798 billion. Backlog declined to KRW 507 billion as growing competition pushed down prices.
THE BOARD OF DIRECTORS AND SHAREHOLDERS
DOOSAN HEAVY INDUSTRIES & CONSTRUCTION CO., LTD.:

We have audited the accompanying consolidated statements of financial position of Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2011 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We did not audit the financial statements of Doosan Power Systems Holdings Ltd. and two subsidiaries whose financial statements reflect 17.40% of total assets before eliminating intra-group transactions as of December 31, 2011 and 18.00% of total revenue before eliminating intra-group transactions for the year then ended. Further, we did not audit the financial statements of Doosan Infracore Co., Ltd. and one equity-accounted investee, whose share of equity reflects 20.96% of total assets as of December 31, 2011 and 35.93% of profit of equity-accounted investees. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the accounts included for those subsidiaries and equity-accounted investees, is based solely on the reports of other auditors. We have audited the consolidated statement of financial position as of December 31, 2010 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended that are not accompanying this report and were prepared in accordance with the previous Generally Accepted Accounting Principles in the Republic of Korea ("Previous K-GAAP"). Our audit report thereon dated March 30, 2011 expressed an unqualified opinion. The accompanying consolidated financial statements as of December 31, 2010 and January 1, 2010 and for the year ended December 31, 2010, are presented for comparative purpose and are not within our scope of audit.

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

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Korean International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to the following:
The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those knowledgeable about Korean auditing standards and their application in practice.

This report is effective as of March 20, 2012, 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 accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.
### ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>December 31, 2011</th>
<th>December 31, 2010</th>
<th>January 1, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>₩783,253,494</td>
<td>₩1,517,605,693</td>
<td>₩2,069,968,730</td>
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<tr>
<td>Short-term investment instruments</td>
<td>₩75,743,900</td>
<td>₩266,055,873</td>
<td>₩349,478,048</td>
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<tr>
<td>Trade receivables</td>
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<td>₩2,236,045,679</td>
<td>₩3,118,445,477</td>
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<tr>
<td>Due from customers for contract work</td>
<td>₩1,607,582,781</td>
<td>₩1,962,833,559</td>
<td>₩2,180,092,442</td>
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<tr>
<td>Other receivables</td>
<td>₩202,868,939</td>
<td>₩268,220,130</td>
<td>₩296,175,922</td>
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<tr>
<td>Prepayments</td>
<td>₩709,070,063</td>
<td>₩796,458,881</td>
<td>₩780,450,436</td>
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<tr>
<td>Advanced expenses</td>
<td>₩39,248,720</td>
<td>₩99,137,515</td>
<td>₩90,484,640</td>
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<tr>
<td>Derivative instrument assets including firm commitment assets</td>
<td>₩252,010,371</td>
<td>₩214,505,984</td>
<td>₩1,101,779,282</td>
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<tr>
<td>Inventories</td>
<td>₩457,467,194</td>
<td>₩591,862,858</td>
<td>₩2,247,847,165</td>
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<tr>
<td>Non-current assets held for sale</td>
<td>-</td>
<td>₩13,226,449</td>
<td>₩15,105,200</td>
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<tr>
<td>Other current assets</td>
<td>₩110,311,202</td>
<td>₩273,237,572</td>
<td>₩502,324,074</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>₩5,263,651,363</td>
<td>₩8,639,190,186</td>
<td>₩12,752,212,418</td>
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</tbody>
</table>

- **Total Assets**: ₩13,589,168,594

### LIABILITY

<table>
<thead>
<tr>
<th>Category</th>
<th>December 31, 2011</th>
<th>December 31, 2010</th>
<th>January 1, 2010</th>
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</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>₩668,027,022</td>
<td>₩1,303,546,207</td>
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<td>Short-term borrowings</td>
<td>₩1,699,679,954</td>
<td>₩2,206,456,503</td>
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<tr>
<td>Other payables</td>
<td>₩414,613,778</td>
<td>₩375,051,906</td>
<td>₩885,378,104</td>
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<tr>
<td>Due to customers for contract work</td>
<td>₩1,607,582,781</td>
<td>₩1,962,833,559</td>
<td>₩2,180,092,442</td>
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<tr>
<td>Withholdings</td>
<td>₩96,850,502</td>
<td>₩106,562,816</td>
<td>₩79,818,528</td>
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<tr>
<td>Other liabilities</td>
<td>₩339,827,153</td>
<td>₩265,904,509</td>
<td>₩788,166,418</td>
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<tr>
<td>Non-current liabilities held for sale</td>
<td>₩259,363,285</td>
<td>₩214,505,984</td>
<td>₩1,101,779,282</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>₩8,792,240,575</td>
<td>₩11,800,937,534</td>
<td>₩23,285,547,752</td>
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</tbody>
</table>

- **Total Equity**: ₩13,589,168,594

### EQUITY

<table>
<thead>
<tr>
<th>Category</th>
<th>December 31, 2011</th>
<th>December 31, 2010</th>
<th>January 1, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>₩529,217,335</td>
<td>₩529,082,335</td>
<td>₩528,698,835</td>
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<tr>
<td>Capital surplus</td>
<td>₩383,606,654</td>
<td>₩406,958,290</td>
<td>₩918,457,685</td>
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<tr>
<td>Retained earnings</td>
<td>₩2,157,894</td>
<td>₩1,704,547</td>
<td>₩1,704,547</td>
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<tr>
<td><strong>Total Equity</strong></td>
<td>₩4,796,928,019</td>
<td>₩5,176,204,215</td>
<td>₩4,417,500,816</td>
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</table>

### TOTAL LIABILITIES AND EQUITY

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<tr>
<th>Category</th>
<th>December 31, 2011</th>
<th>December 31, 2010</th>
<th>January 1, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities</strong></td>
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<td>₩11,800,937,534</td>
<td>₩23,285,547,752</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>₩4,796,928,019</td>
<td>₩5,176,204,215</td>
<td>₩4,417,500,816</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>₩13,589,168,594</td>
<td>₩16,977,141,749</td>
<td>₩27,703,048,568</td>
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</table>
Continuing Operations

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>W 8,495,556,109</td>
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<tr>
<td>Cost of sales</td>
<td>7,250,464,580</td>
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<tr>
<td>Gross profit</td>
<td>1,245,041,529</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>742,584,437</td>
</tr>
<tr>
<td>Other income</td>
<td>102,881,898</td>
</tr>
<tr>
<td>Other expenses</td>
<td>35,706,677</td>
</tr>
<tr>
<td>Results from operating activities</td>
<td>569,632,313</td>
</tr>
<tr>
<td>Finance income</td>
<td>442,471,363</td>
</tr>
<tr>
<td>Finance costs</td>
<td>656,558,048</td>
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<tr>
<td>Net finance costs</td>
<td>(214,086,685)</td>
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<tr>
<td>Share of profit (loss) of equity accounted investees</td>
<td>504,914,453</td>
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<tr>
<td>Profit before income tax</td>
<td>860,460,081</td>
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<tr>
<td>Income tax expense</td>
<td>119,275,981</td>
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<tr>
<td>Profit for the year</td>
<td>741,183,700</td>
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</table>

Discontinued operations

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Profit (loss) from discontinued operations (net of tax)</td>
<td>(470,468,358)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>261,695,342</td>
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</table>

Profit attributable to:

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the Controlling Company</td>
<td>274,776,392</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>136,919,953</td>
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<tr>
<td>Profit for the year</td>
<td>261,695,342</td>
</tr>
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</table>

Earnings per Share

<table>
<thead>
<tr>
<th>Basic earnings per share (Won)</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share (Won)</td>
<td>3,069</td>
<td>13,937</td>
</tr>
<tr>
<td>Diluted earnings per share (Won)</td>
<td>3,067</td>
<td>13,929</td>
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</table>

Earnings per Share - Continuing Operations

<table>
<thead>
<tr>
<th>Basic earnings per share (Won)</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share (Won)</td>
<td>8,382</td>
<td>977</td>
</tr>
<tr>
<td>Diluted earnings per share (Won)</td>
<td>8,381</td>
<td>977</td>
</tr>
<tr>
<td>Share capital</td>
<td>Capital surplus</td>
<td>Other capital adjustment</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>W956,358,238</td>
<td>W893,454,765</td>
<td>W197,015,894</td>
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</table>

Doosan Heavy Industries & Construction Co., Ltd. and Subsidiaries

For the year ended December 31, 2010

In thousands of won

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Capital surplus</th>
<th>Other capital adjustment</th>
<th>Accumulated other comprehensive income</th>
<th>Retained earnings</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>W956,358,238</td>
<td>W893,454,765</td>
<td>W197,015,894</td>
<td>W247,543,835</td>
<td>W1,114,353,489</td>
<td>W4,417,500,816</td>
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</tr>
</tbody>
</table>
### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operating activities</td>
<td>229,262,260</td>
<td>1,008,519,866</td>
</tr>
<tr>
<td>Interest received</td>
<td>(25,112,441)</td>
<td>(30,958,937)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(181,108,213)</td>
<td>(322,002,180)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>(12,165,760)</td>
<td>(6,425,897)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(93,667,746)</td>
<td>(71,679,505)</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>13,526,502</td>
<td>652,223,015</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net decrease (increase) in short-term investment instruments</td>
<td>50,760,148</td>
<td>(26,666,745)</td>
</tr>
<tr>
<td>Collection of loans</td>
<td>9,587,713</td>
<td>139,691,448</td>
</tr>
<tr>
<td>Increase in loans</td>
<td>(108,522,683)</td>
<td>(410,617,937)</td>
</tr>
<tr>
<td>Decrease in guarantee deposits</td>
<td>50,198,065</td>
<td>34,650,932</td>
</tr>
<tr>
<td>Increase in guarantee deposits</td>
<td>(38,206,630)</td>
<td>(32,685,266)</td>
</tr>
<tr>
<td>Acquisition of long-term financial instruments</td>
<td>(16,241,204)</td>
<td>(20,575,437)</td>
</tr>
<tr>
<td>Proceeds from sale of long-term investments in securities</td>
<td>(22,405,992)</td>
<td></td>
</tr>
<tr>
<td>Acquisition of long-term investment in securities</td>
<td>(33,119,226)</td>
<td>(18,675,638)</td>
</tr>
<tr>
<td>Proceeds from sale of investments in equity-accounted investments</td>
<td>(1,897,489)</td>
<td>3,071,206</td>
</tr>
<tr>
<td>Acquisition of investments in equity-accounted investees</td>
<td>(216,849,995)</td>
<td>(277,499,888)</td>
</tr>
<tr>
<td>Proceeds from sale of investments in subsidiaries</td>
<td>(910,535,027)</td>
<td>(263,778,077)</td>
</tr>
<tr>
<td>Business combination, net of cash acquired</td>
<td>(51,353,564)</td>
<td>(19,175,500)</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(261,773,918)</td>
<td>(270,355,404)</td>
</tr>
<tr>
<td>Acquisition of investment property</td>
<td>(10,035,924)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>3,924,940</td>
<td>(2,368,434)</td>
</tr>
<tr>
<td>Proceeds from sale of investment property</td>
<td>12,407,713</td>
<td>3,347,458</td>
</tr>
<tr>
<td>Proceeds from sale of intangible assets</td>
<td>1,600,455</td>
<td>12,15,501</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(60,526,371)</td>
<td>(97,050,542)</td>
</tr>
<tr>
<td>Other</td>
<td>(95,000)</td>
<td></td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(1,239,501,576)</td>
<td>(1,328,448,029)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase in short-term borrowings</td>
<td>281,613,658</td>
<td>284,603,451</td>
</tr>
<tr>
<td>Repayment of current portion of long-term debt</td>
<td>(810,999,000)</td>
<td>(504,246,509)</td>
</tr>
<tr>
<td>Provisions from asset-backed liabilities</td>
<td>360,000,000</td>
<td>350,000,000</td>
</tr>
<tr>
<td>Repayment of asset-backed liabilities</td>
<td>(50,000,000)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of debentures</td>
<td>(633,540,293)</td>
<td>(617,048,389)</td>
</tr>
<tr>
<td>Repayment of debentures</td>
<td>(115,591,656)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from long-term borrowings</td>
<td>(228,921,470)</td>
<td>112,187,499</td>
</tr>
<tr>
<td>Repayment of long-term borrowings</td>
<td>(266,075,936)</td>
<td>(192,641,297)</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>1,965,330</td>
<td>3,982,040</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(67,375,866)</td>
<td>(49,515,431)</td>
</tr>
<tr>
<td>Others</td>
<td>(34,244)</td>
<td>63</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>(511,663,385)</td>
<td>176,551,658</td>
</tr>
</tbody>
</table>

### Effect of exchange rate fluctuations on cash held

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of exchange rate fluctuations on cash held</td>
<td>(20,040,510)</td>
<td>(52,689,681)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(734,353,199)</td>
<td>(152,363,037)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>1,517,605,693</td>
<td>2,065,968,730</td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December</td>
<td>782,253,494</td>
<td>1,517,605,693</td>
</tr>
</tbody>
</table>

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**Doosan Heavy Industries & Construction Co., Ltd. and Subsidiaries**

**For the years ended December 31, 2011 and 2010**

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DOOSAN GROUP

ABOUT THE DOOSAN GROUP

CORPORATE GROWTH THROUGH PERSONAL GROWTH

At Doosan, our growth strategy is built on the simple but powerful idea that global excellence begins with the synergistic growth of both our people and businesses. The Doosan story started back in 1896 when founder Park Seung-jik opened a small fabric shop in downtown Seoul. More than a century later, we are a USD 20 billion group of companies with more than 42,000 employees at 250 domestic and 115 overseas subsidiaries in 34 countries that generated 55% of total sales outside Korea in 2010, ranking No. 489 on the 2011 Fortune Global 500.

During the 20th century, we had a significant impact on the development of Korea’s consumer goods, industrial manufacturing, trade, and construction sectors. In the 21st, we are making an even more significant one on the world’s industrial infrastructure, construction, machinery, and equipment sectors. Led by a trio of businesses that are globally involved in building tomorrow’s infrastructure—Doosan Heavy Industries & Construction, Doosan Engineering & Construction, and Doosan Infracore—we are today an emerging global partner in improving the quality of life for tens of millions around the world.

Visit us soon at doosan.com to find out more about how Korea’s oldest business group is bringing new innovation and value to customers around the globe.

THE DOOSAN WAY

THE VALUES AND PHILOSOPHY THAT DRIVE OUR GROWTH

The Doosan Way is our unique way of doing business that has sustained Doosan for more than a century and given us a competitive edge for the future. As a values-based management system, it guides us as we set goals, make strategic decisions, and work to reach our aspirations and fulfill our vision.

The Doosan Way links its values to the dynamic management systems that guide our daily activities. And because we value innovative solutions, we constantly upgrade the business system as we develop new technologies, devise better processes, and adapt to the evolving needs of our people.

Our values light the way as we take the next exciting steps forward to become an integrated, world-class leader and innovator in our key industries. By developing breakthrough products and services that can be used by people all over the world, we seek to improve the quality of life for the entire global community.

DOOSAN CORPORATION

www.doosan.com

- Fashion
Polo Ralph Lauren and Esprit distribution

DOOSAN CORPORATION

- Electro-Materials
Copper-clad laminate manufacturing

DOOSAN CORPORATION

- Cargonet
Global logistics, food and chemical imports, pharmaceuticals, nutraceuticals, and cosmeceuticals manufacturing

DOOSAN CORPORATION

- Information & Communication
Solution services, data center services, ASP services, ERP solutions

DOOSAN HEAVY INDUSTRIES & CONSTRUCTION CO., LTD.

www.doosanheavy.com

Power plant facilities, seawater desalination and water treatment plant facilities, castings and forgings, construction

DOOSAN INFRASTRUCTURE CO., LTD.

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Construction equipment, industrial vehicles, machine tools and automation systems, diesel and CNG engines, defense products

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GROUP AFFILIATES

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Polo Ralph Lauren and Esprit distribution

DOOSAN CORPORATION

- Electromaterials
Copper-clad laminate manufacturing

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Our vision of being a global leader in power and water isn’t just about market share. What drives our global team is a shared commitment to fundamentally improving the quality of life for people everywhere on the planet by delivering the world’s best power and water solutions. We invite you to join us as we take the next step in adding sustainable new dimensions to life through power and water.