



Doosan Infracore

Doosan Infracore  
Annual Report

2009

## On the Frontier of the World's Infrastructure

Our Vision is to rank among the Top 5 in the global infrastructure support business and be one of the World's Top 3 construction equipment manufacturers.



Doosan Infracore

“To be among the world’s Top 5 in the infrastructure support business and the Top 3 construction equipment manufacturers”

“To be a Global ISB Leader”

Chosun Machine Works, Korea’s first large-scale machinery plant, was established in 1937. That event more than 70 years ago marked the starting point for Doosan Infracore, Korea’s top machinery brand today. That plant was the root that eventually grew into the global Doosan organization, which enjoys the most dynamic growth in the world today.

We are Korea’s foremost machinery maker, unrivalled in each of our business lines: construction equipment & attachments & utility equipment, industrial vehicles, machine tools and engines. Our world-class competitiveness is now propelling us to the forefront of the global infrastruc-ture support business (ISB).

We led the development of the Korean machinery industry for decades, gaining the experi-ence and technology necessary to expand rapidly overseas during the 1990s. Our first offshore production subsidiary was established in Belgium in 1990, followed by one in China in 1994.

Thereafter, we continued to build a global network of production and sales subsidiaries, branches, technology support centers and parts centers, along with extensive dealer networks. In the process we took on the stature of a truly global player. The overseas subsidiaries now play a key role in leading our global operations.

Doosan Infracore started out anew as an affiliate of the Doosan Group in April 2005, gaining an opportunity to resume rapid advancement. At that juncture, we declared the new corporate vision of joining the Top 5 in the global infrastructure support business, and we have focused our competencies on achieving that goal. Our growth has accelerated thanks to meticulous strategizing and the resolve to see plans through to completion.

We recently acquired Bobcat, which enjoys the world’s highest competitiveness in compact construction equipment, Moxy, and other important overseas companies. Our efforts are now focused on generating synergy with these new units as we rise to the ranks of the world’s Top 3 construction equipment makers.

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Doosan Infracore

Annual Report

2009

Build a Truly Global Doosan Infracore Through

# Strong Market Leadership

The people at Doosan Infracore came together as a team in 2009 amid a continuing global economic slowdown. We could not achieve our originally stated goals, but our results for the year were nonetheless impressive under the circumstances. The concerted effort by our employees, coupled with our elevated stature in Korea and China and our rapid advance in emerging markets enabled us to earn ₩225.3 billion in operating profit on more than ₩2.66 trillion in sales.



◦ Construction Equipment ◦

## Drive Market Share

- Ranked 1st in customer satisfaction for excavators in China for the 7th straight year
- Maintained leadership in Korean and Chinese excavator sales
- Remained the world leader in compact construction equipment (Bobcat)



◦ Machine Tools ◦

## Broaden Market Reach

- Extended reach into automotive, IT, energy, aerospace, and medical equipment markets
- Elevated dominance in Chinese machine tool market, led by DIY
- Expanded into Brazil, India, Southeast Asia and other emerging markets



◦ Engines & Materials ◦

## Expand Global Footprint

- Cultivated major new customers in America and Europe; increased the percentage of Doosan engines on commercial vehicles
- Launched joint venture Xuzhou Xugong Doosan Engine to accelerate the advance into the world market, starting with China
- Supplied engines to 8 top-tier global generator companies
- Passed US emissions requirements, received orders for CNG engines for repowered buses from City of Los Angeles



◦ Forklifts ◦

## Generate More Momentum

- Doubled market share in Africa, rose to 2nd place in Australia
- Selected as a supplier to United Rental, the largest equipment rental company in the US
- Won a forklift and warehousing equipment supply contract from Germany's largest beverage maker, thanks to the lineup of ATL (now DILE), acquired in Germany in 2008
- Selected as long-term forklift supplier to Rolls-Royce plant in Sweden and Peugeot plant in Brazil

Build a Truly Global Doosan Infracore Through

# A Broad and Balanced Mix of leading Technologies, Products and Services

Aggressive R&D investment is setting the stage for our next century of operation. Our in-house research team is focused on innovative new product models as well as on the breakthrough and hybrid technologies that will provide a distinctive competitive edge in next-generation products. At the same time we are constantly searching out new industries in which we can secure future growth engines.

Breakthroughs in integrated surface technology, electrical & electronic systems and computer-aided engineering have provided a platform for us to develop products that stand out from the rest. At the same time, we are working on hybrid powertrains, new combustion methods, and the "i-Hand excavator," which uses "intelligent" automation, in a quest for future growth engines in step with soaring oil prices, tighter environmental regulations, an aging society, and other global trends.

Our CX Concept Excavator, due for release in 2018, won the "Best of the Best" distinction for design concept at the Red-dot Design Awards 2009. The futuristic, energy-efficient excavator is designed for optimal performance in extreme working environments and is providing a new direction for the industry going forward.

In recent years, we acquired numerous overseas companies with important products and technologies as part of our global growth drive. Synergy in technology, products and services is now being generated among these various units and Doosan Infracore.

Acquisitions of note include Bobcat, enjoys the world's highest competitiveness in the compact construction equipment sector, and Advanced Technology Lubben (now part of Doosan Infracore Logistics Europe), a specialist in material handling equipment for warehouses and airports. We also bought Moxy, the owner of original technology for heavy-duty articulated dump trucks, and purchased an equity stake in Collier Technologies, Inc. (CTI), a US company with patented technologies for hydrogen & compressed natural gas (HCNG) engines.





Build a Truly Global Doosan Infracore Through

# Aligned High-performance Global Teamwork

2009

Overseas  
Network

R &amp; D

13



Production Plant

18



Branch &amp; Office

22



Sales subsidiary

26



ISB Global Top5

Our individual business operations, dispersed across the globe, are accelerating their growth by sharing infrastructure and networks as well as by working closely together.

For example, the Global Engineering Alignment Program is being implemented to maximize synergy and raise research efficiency through the cooperation and integration of R&D units. Specialists in hydraulics, electrical & electronic engineering, materials technology; Reliability Growth (RG) testing and other disciplines share their expertise and support one another to generate synergy.

Global teamwork at Doosan Infracore is now well developed. For example, the hybrid powertrain developed at the Doosan Infracore Institute of Technology in Korea was applied in 2009 in the project to develop the Bobcat hybrid mini-excavator, improving the competitiveness of the compact excavator lineup. The Institute also shared expertise in improving the wear resistance of parts to solve wear problems with hydraulic pumps.

In addition, the Doosan Infracore Global Experience & Synergy Training (DIGEST) program has been established to foster R&D capabilities around the world. Engineers are exchanged among the various R&D units on extended assignments to share their experience, know-how and other information with one another systematically, elevating work efficiency. In addition, global product development processes, a patent consolidation & management system and other R&D infrastructure are helping to maximize R&D results.

Moreover, individual business units are sharing their global production infrastructure and procurement networks, building systems for cooperation and engaging in other forms of systematic and efficient global teamwork in the interest of maximum synergy.



Doosan Infracore President Yong-sung Kim met with the Round 2 DIGESTees on May 25, 2009, before their departure for Bobcat Engineerings located in North Dakota, USA. The Doosan Infracore Global Experience & Synergy Training(DIGEST) program enables employees to work overseas for a year, acquiring new experiences and a global outlook.



## Build a Truly Global Doosan Infracore Through Innovation that Shapes the Future

Our goal is to make Doosan Infracore one of the world's Top 5 in the infrastructure support business. To this end we are constantly improving all aspects of our operations.

### Building a Strategic and Efficient Global Management System

We completed the highly successful acquisitions of Bobcat, Moxy and other overseas companies as part of our core global growth strategy. Now our focus is on building a global management system that is both strategic and effective in maximizing the synergy among our various operational units.

We are elevating overall business competencies by integrating our various organizational cultures and implementing overseas the management innovation activities, quality management system and environmental management system practiced in Korea. The ERP system is being expanding globally and a globally-integrated operation system is under construction to achieve operation excellence.

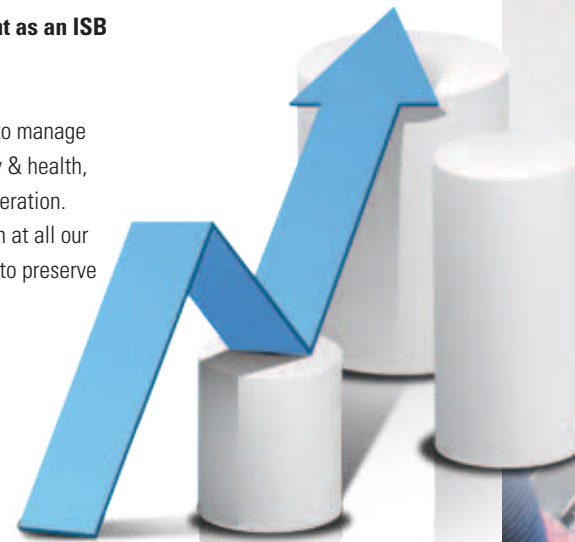
Moreover, the infrastructure at each operation around the world is being used strategically to maximize the effectiveness of specific areas such as R&D, procurement, production, customer services, dealer networks, marketing, and personnel. For example we now have more than 800 researchers working at 13 innovation centers in North America, Europe, Korea, China and India. They are organized as a matrix that thereby maximizing the effectiveness of R&D cooperation.

### Developing Green Technology to Shape the Future

We remain in step with the global trend toward low-carbon, green growth, constantly seeking ways to improve the energy efficiency of machinery that runs on fossil fuel. Our competencies are also focused on developing next-generation equipment that can run on alternative energy sources. Our research has resulted in environment-friendlier engine models with higher efficiency and lower fuel consumption, sophisticated electronic hydraulic systems and various technologies for cutting energy use. We are making noteworthy progress in the development of hybrid and electric-powered machines, which can take advantage of alternative energy sources.

### Leading the Global Green Movement as an ISB Player

Doosan Infracore has systems in place to manage environmental protection, worker safety & health, and product quality at every stage of operation. As a result, we have prevented pollution at all our worksites around the world and helped to preserve the environment.





Build a Truly Global Doosan Infracore Through

## Responsibility as a Corporate Citizen

The Doosan Infracore business philosophy stresses the use of machines and machinery technology to make life better for people. In step with this ideal, we are doing our part to care for communities, protect life and preserve the environment around the world.



Our people in Korea collect donations every month to help out the disadvantaged in the local communities where we operate. We also organize various annual events that get our employees and their families more involved in community service. These include charity kimchi-making each winter, a blood drive and assistance to farming communities with which we have formed “sisterhood” ties.

In addition, we are quick to respond when disaster strikes anywhere in the world. For example, we sent excavators and donated funds collected by employees to the Korea Red Cross to help the recovery effort after the great tsunami disaster in Southeast Asia in 2004 and sent equipment and paid the operation and maintenance expenses to help clean up after Hurricane Katrina hit the south coast of the US in 2005. Every year in China we donate part of our profits to build primary schools in remote rural areas as part of the Hope Project. This ongoing effort has provided Chinese children with greater access to basic education.

We established a new vision for corporate environmental policy: to be the “Global Leader in Green ISB.” To this end, we are revamping the environmental management program, building cleaner production systems, responding more aggressively to global warming, designing eco-friendlier products, training environment management specialists, and upgrading environmental management at all operations around the world.

A mid-/long-term roadmap is now in place for our environmental management effort. The foundation was laid for this in 2009 as we installed the systems and organizations necessary to implement our new environmental management policy effectively at every location where we operate. We will build upon this foundation during 2010 and 2011, enhancing our environmental management program and bolstering our corporate competitiveness as a result. In the process we will be able to remain a truly global player that keeps growing steadily.



# Key Figures

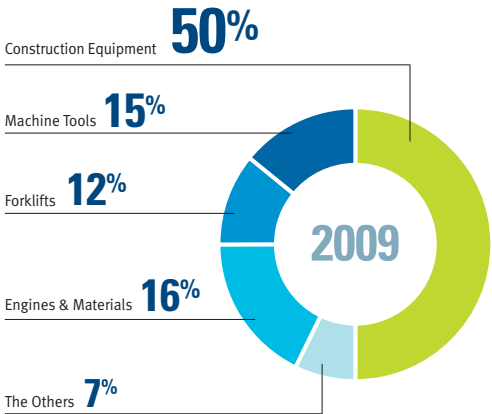
\*All figures are based on the exchange rate posted on the last trading day of the corresponding year.  
\*The Defense Products Division was spun off from Doosan Infracore at the end of December 2008 and made into a wholly-owned subsidiary, Doosan DST.  
(excluding the figures for the Defense Products Division in 2009)

## Key Management Index

	2009		2008	
Sales	2,663	2,298	3,963	3,025
Operating Income	225	194	347	265
Ordinary Profit	-261	-225	-85	-65
Net Profit	-311	-268	-122	-93
Shareholder's Equity	1,281	1,105	1,546	1,180
Total Assets	4,779	4,123	4,926	3,760
	KRW in billions	USD in millions	KRW in billions	USD in millions

## 2009 Sales by Business Unit

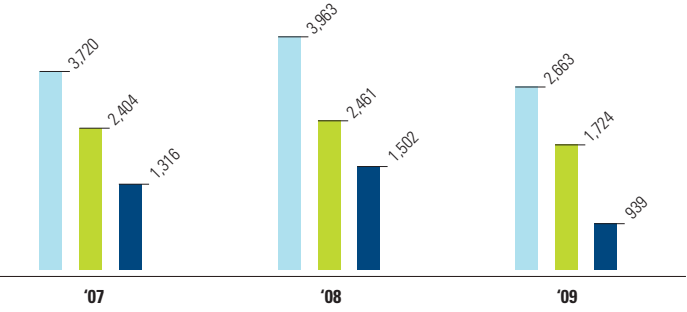
	KRW in billions
Construction Equipment	1,325
Machine Tools	411
Forklifts	314
Engines & Materials	417
The Others	197
Total Sales	2,663
	(USD 2,298 mil.)



## Sales (Domestic and Export)

KRW in billions

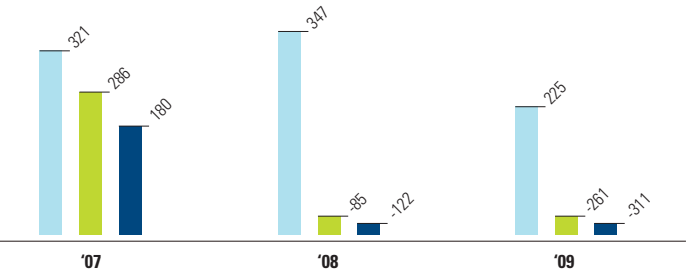
Sales  
Export  
Domestic



## Operating Income, Ordinary Profit and Net Profit

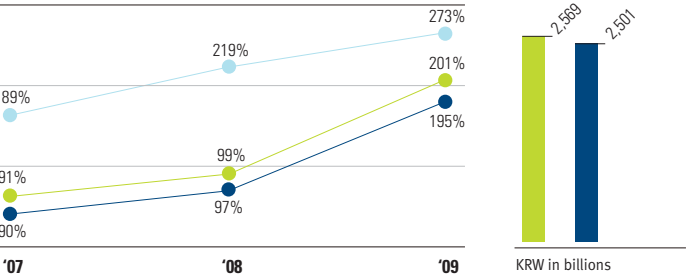
KRW in billions

Operating Income  
Ordinary Profit  
Net Profit



## Financial Status

Debt Ratio  
Borrowing Ratio  
Net Borrowing Ratio





# Doosan Infracore at a Glance

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“Every crisis also represents a new opportunity. We are turning the present downturn into a chance for rapid growth toward our goal of ranking among the world’s Top 5 ISB players and Top 3 construction equipment makers.”

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#### 2009 Management Accomplishments & Performance Results

We faced a global economic crisis comparable to the Great Depression in 2009. Yet our people came together as one to achieve the best possible results under the circumstances.

We improved our systems and organizational structure in preparation for the market recovery, while our focus was on achieving a unique competitiveness that would allow us to remain solid under any circumstances. The ongoing innovation program, which was launched in Korea when we started out anew as Doosan Infracore, was expanded to overseas operations in 2009. The effort has enabled us to elevate our global competitiveness and business competencies through lowered operation costs, improved technology and higher quality.

During the year, our position in Korea and China grew stronger, and we advanced significantly in emerging markets around the world. As a result, our performance was quite impressive despite the global market slowdown: operating profit totaled ₩225.3 billion on sales of more than ₩2.66 trillion. For this, I must thank you, our customers, shareholders and partners around the world for your support.

#### 2010 Business Plans & Implementation Strategies

Prospects for the coming year are not particularly optimistic, although government and corporate efforts to overcome the crisis should spark a turnaround in various economic indicators and financial systems, restoring confidence in the global economy. Domestic demand in Korea is also expected to show solid (in the 4-5% range) growth. On the other hand, risk factors remain, including governments’ exit strategies and possible delays in the recovery in some advanced markets, rising prices for raw materials, and volatile exchange rates. Fears of a double-dip recession are also mounting.

However, I believe that our proven experience in generating outstanding results through uninterrupted change and innovation will shine yet again. We aim to turn the current crisis into a definite opportunity factor once economic activity recovers. To this end we are now building the structure and competencies that will allow us to lead the response to global economic downturns, exchange rate fluctuations or other external changes.

Our ambitious goal for 2010 is to increase sales by 20% from a year earlier, achieving a post-crisis growth surge. In this regard, Doosan Infracore will strengthen and reinforce existing growth strategies to turn 2010 into a banner year. At the same time, we have determined the main tasks to be carried out this year so that we can meet all your expectations.

First, we will realize global synergy through close cooperation among our various construction equipment units.

Globally competitive corporations have business systems that can strengthen ties and partnerships and maximize synergy. This is the platform for them to compete aggressively in the global marketplace. Our diverse product portfolio, which includes construction equipment from compact to heavy duty as well as dump trucks from Moxy, will serve as a powerful weapon for us to complete globally. With this, we aim to grow as a true global leader that can offer our customers greater value.

Second, we will fundamentally increase cost competitiveness and improve the customer-perceived quality of our products.

Achieving competitive costs and high quality is one of the most urgent requirements for us to prevail in the global market. Our ongoing operational innovation program has resulted in significant improvements to our cost and quality indicators across the board. However, this has neither been enough to establish a solid competitive edge nor to generate a satisfactory financial improvement.

We will make constant innovation an intrinsic part of all activities and secure the foundation for production cost competitiveness. Our innovation programs will be implemented at suppliers as well to bring tangible results.

Furthermore, a gap remains between the nominal quality indicators and customer-perceived ones. We will conduct a company-wide project to enhance product credibility and durability. Meanwhile, adopting the customer's perspective will be a priority for bolstering quality control and for raising customer satisfaction, to include the emotional aspects.



Last, we will focus on building management infrastructure and business competencies to make Doosan a truly global operation.

Our efforts to build operational infrastructure have already achieved significant results. We have hired talented people who can execute our global strategies, established a companywide ERP system and built an outstanding HRD platform. However, we still lag behind the leaders in some respects.

Therefore, we will continue to acquire core technologies and personnel as well as to change and innovate organization-wide so that our work competencies and processes are second to none. Our competencies are being focused on the infrastructure support business in a bid to multiply our performance results.

The world languished in a long, dark tunnel during 2009, yet we devoted our energies toward finding a way out and preparing for the future. We generated synergy in the construction equipment segment, built a flexible production system for machine tools, merged our forklift plants, and completed development of the cutting-edge G-2 compact engines. In 2010 we will break out of that tunnel and get ready to soar.

Numerous pitfalls remain in the global economy, but we will not stop our advance toward the top of the global ranks.

Our people are united in their determination to make Doosan Infracore one of the world's Top 3 construction equipment makers and to rank among the Top 5 in the global infrastructure support business. I ask for your unwavering support in this task.

We will realize our ambitious vision without fail while living up to your expectations for us and your trust in us. Our commitments to transparent management, fair competition, and corporate social responsibility are steadfast, and we will continue to give our all to be a company that is truly respected worldwide.

**Yongsung Kim**, President & CEO,  
Doosan Infracore Co., Ltd.

*Yongsung Kim*







## Vision & Strategies

Doosan Infracore is establishing a foundation for global competitiveness to fulfill the vision of ranking among the world's Top 5 players in the infrastructure support business. Multifaceted efforts are underway to ensure that this happens. For example, we are establishing an operational scale that creates a virtuous cycle, constantly implementing operational innovations, creating distinctive forms of value for customers and bolstering our infrastructure.

### Vision

#### Join the Top 5 in global ISB

The long-term goal for Doosan Infracore is to grow as one of the world's Top 5 players in the infrastructure support business.



### Goal

#### Achieve annual sales of ₩15 trillion in 2014

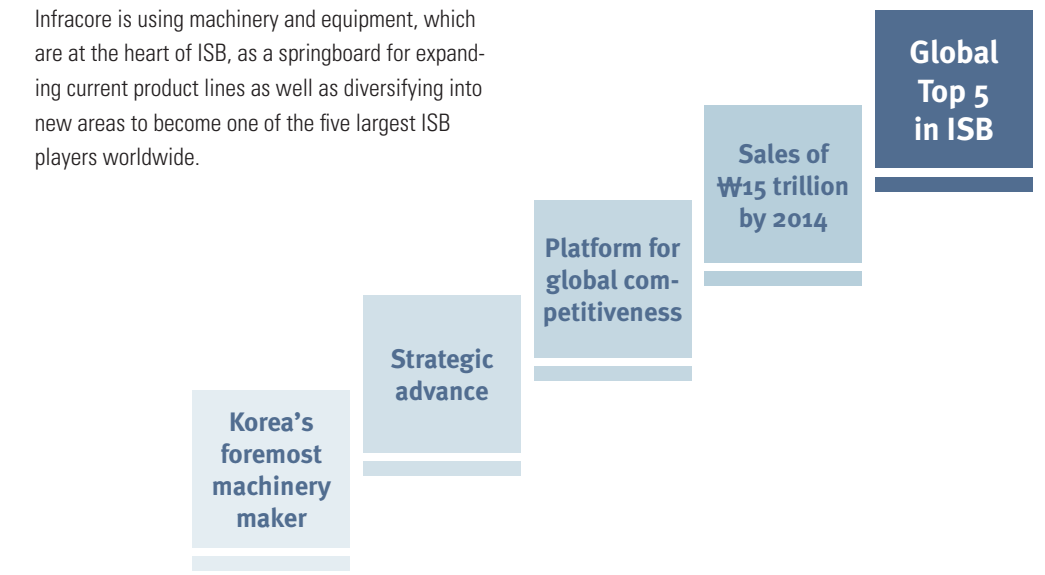
This is our mid-term financial target, which must be reached without fail by 2014.



### What is "ISB"?

**ISB has the development potential for unlimited growth.**

The infrastructure support business, or ISB, refers to all the facilities and equipment needed for potential development given the rapid pace of urbanization worldwide and growth in emerging markets. Doosan Infracore is using machinery and equipment, which are at the heart of ISB, as a springboard for expanding current product lines as well as diversifying into new areas to become one of the five largest ISB players worldwide.



### What is the Top 5 in Global ISB?

**The meaning of "Global ISB Top 5," the destination of Doosan Infracore**

A "global Top 5" company generates some of the world's highest annual sales and profits. At the same time it builds a highly effective business system to ensure ongoing customer satisfaction. The working environment is among the world's best, and the employees are proud to be part of the organization.

Doosan Infracore's rise to the Global Top 5 will mean greater benefits and value for employees.

**Improved working environment and expanded benefits package**

- A workplace that exudes pride
- Ongoing improvement in fringe benefits

**Opportunities for employees to develop themselves and exhibit their abilities**

- Greater support for self-development and diverse training programs available
- Cultivation of core personnel and production specialists

**Excellent pay-for-performance scheme**

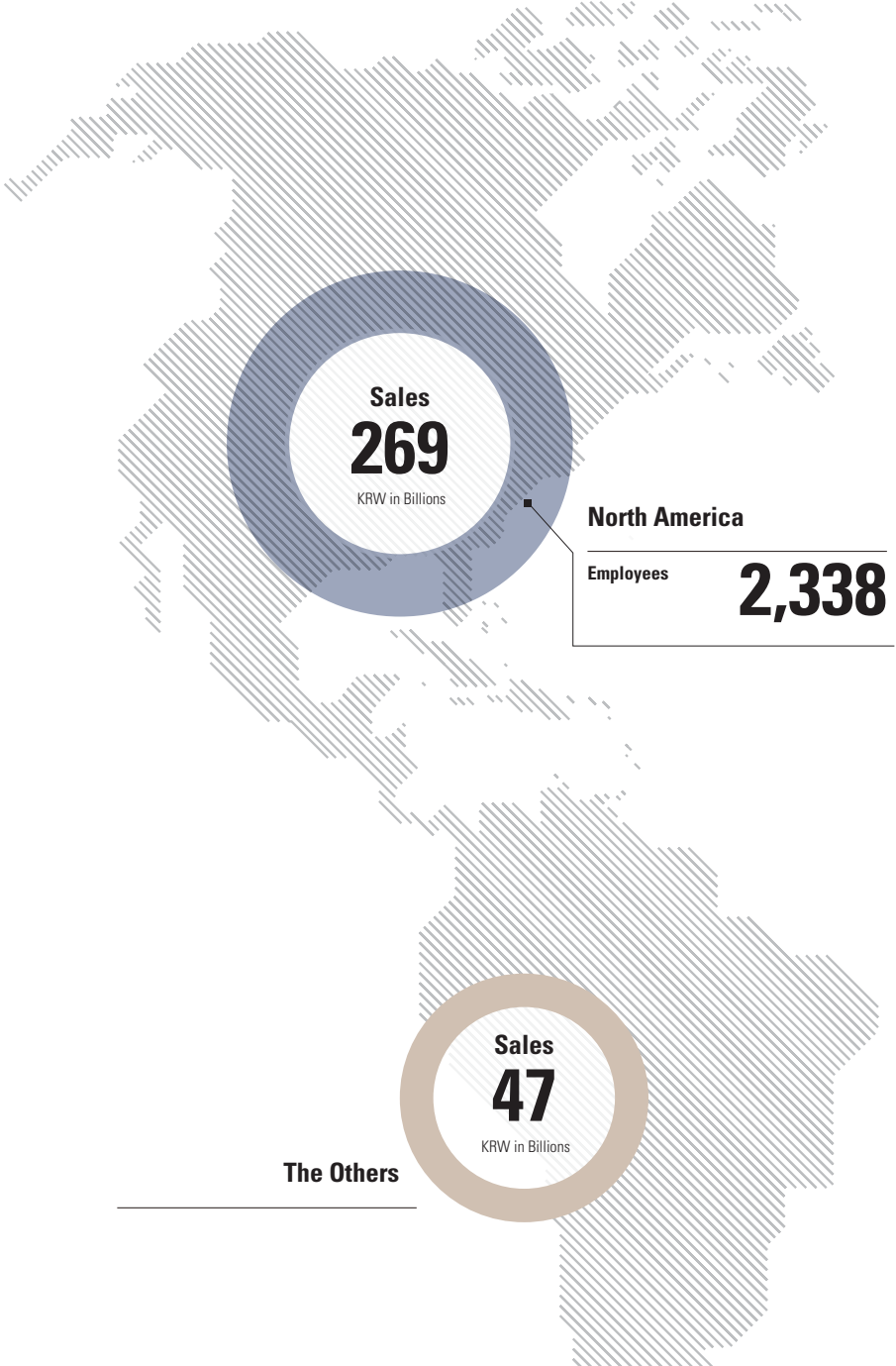
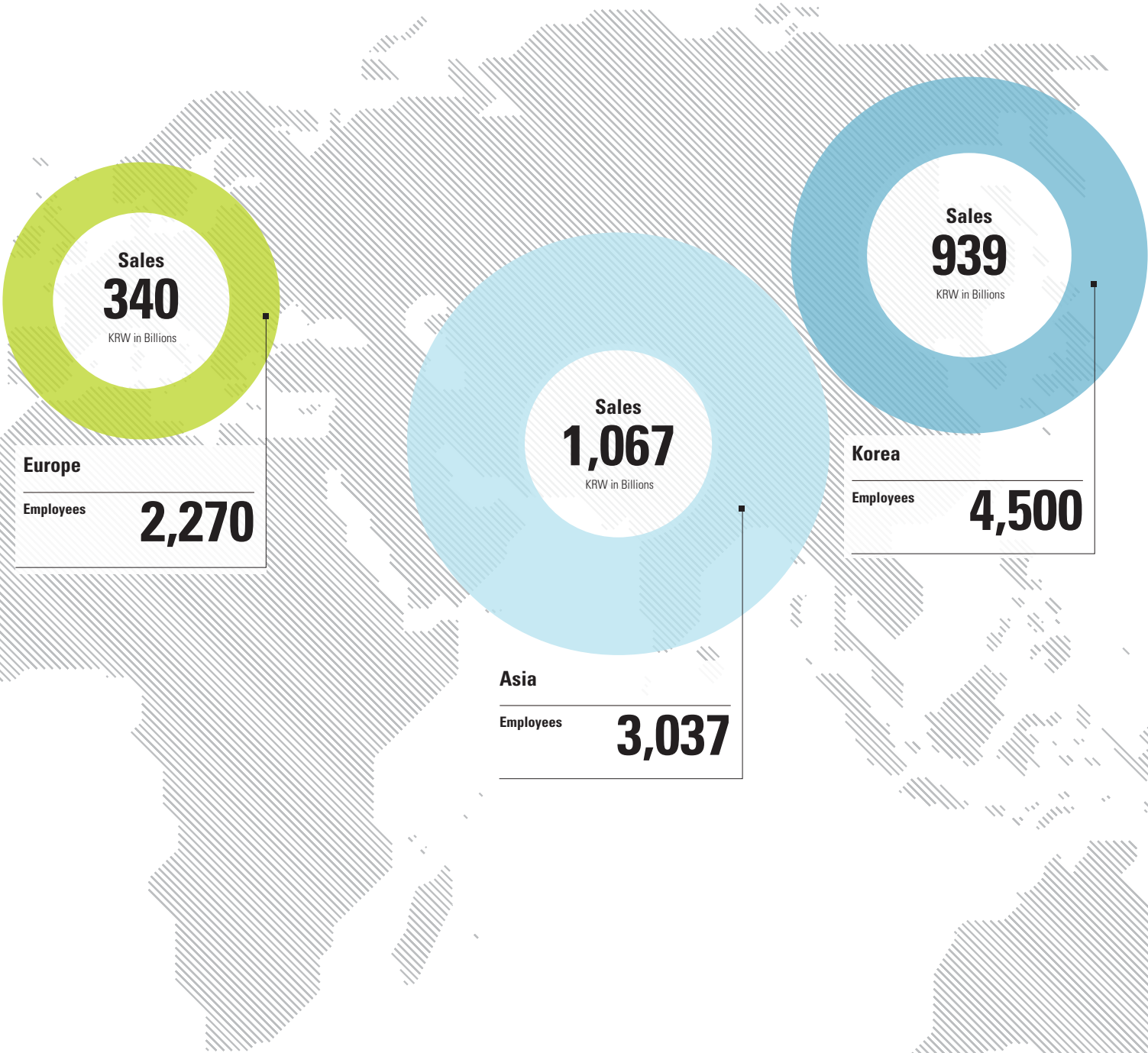
**Pride from accomplishment**

- Employee pride in seeing their company advance



# Sales & Employees by Geographic Region

\*Regional Sales on a non-consolidated basis  
\*Regional Employees including the DII, Doosan Moxy



## 2009 Sales by Business Group

Construction Equipment	2,276
Machine Tools	520
Engines & Materials	531
Forklifts	352
Parts	178
Compact Equipment	1,681
Total	5,538

\*Sales by Business Group on a consolidated basis  
(including the DII, Doosan Moxy)  
\*KRW in Billions



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Global Operations 54



# Construction Equipment



Stephanie Lee  
Construction Equipment  
Korea

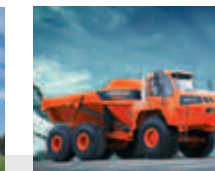
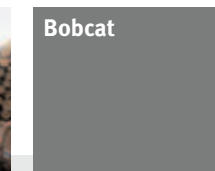
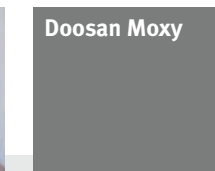
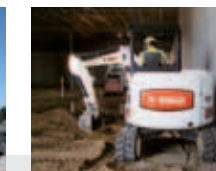


# Construction Equipment

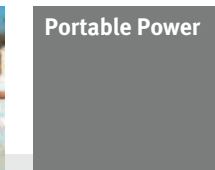
## Product Portfolio

Excavator

Wheel Loader



Mini Excavator





## Industry Environment & Achievements in 2009

An unprecedented downturn in the global economy caused the global construction industry to contract 36 percent year on year in 2009. Likewise, Doosan Infracore saw construction equipment sales plummet in the Americas and Europe, but the effect was offset by stronger competitiveness in Korea and China, resulting in a sales surge of more than 30 percent in these markets. As a result, total 2009 sales declined just 6.6 percent from the previous year.

For the construction equipment business at Doosan Infracore, 2009 was a time for internal strengthening in preparation for the run toward the Global Top 3. Our focus was on building a platform for mid-/long-term growth, starting with restructuring around Doosan Infracore International (DII), the US-based subsidiary initially comprised of Bobcat Company, Doosan Infracore Portable Power and DII Attachments. In addition, cost competitiveness rose on improvements to the integrated cost reduction (ICR), design-to-cost (DTC) and global sourcing. Function-specific competencies were enhanced in the R&D organization, and significant progress was made in the development of hybrid excavators and interim excavators with Tier-IV compliance.

The durability of hydraulic systems, a key part of construction equipment, was enhanced in cooperation with Doosan Mottrol, which joined the Doosan Group in 2008. Infrastructure investment continued unabated as we completed a new factory for heavy-duty excavators and wheel loaders at Gunsan, Korea, introduced our operational innovation programs at overseas production operations, and constructed additional factories outside Korea. Thus, we have laid the groundwork for seizing new opportunities as the global market recovers.

In addition, the Doosan Infracore Construction Equipment Division has been pursuing business tie-ups and solidarity with DII and Moxy in preparation for the launch of a global construction equipment system with maximum intra-organizational synergy. A new organizational structure has been established that is centered on customers and markets. Intra-organizational synergy has been enhanced, and Doosan Infracore is now poised to rank third in the global construction industry by 2014.







## Business & Strategies

Bobcat is commonly recognized as the world's top name for compact construction equipment. Bobcat brand skid steer loaders, compact truck loaders, mini-loaders and Toolcat utility work machines, which are produced at European and Asian plants, are all top sellers globally for their respective segments, while Bobcat mini-excavators are ranked third. Also ranked first in the world is the lineup of more than 80 items offered by Doosan Infracore's attachments subsidiaries, which include bucket, Quick Couplers, angle brooms and pallet forks.

Doosan Infracore Portable Power produces air compressors, lighting systems, generators and other utilities used on construction sites and elsewhere. The air compressor line is first in the world, while the lighting systems are ranked third.

Doosan Moxy specializes in heavy-duty articulated dump trucks, which are used when developing large-scale mining operations in the US, Europe and other advanced markets. They are also necessary equipment when construction is being done on rugged terrain. The company, which is based in Molde, Norway, has original technologies for building articulated dump trucks ranging from 23 to 51 tons.

Our goal is to become one of the world's Top 3 makers of construction equipment. To this end, Bobcat, Doosan Infracore Portable Power, Doosan Moxy and the Doosan Infracore Construction Equipment Business Group were reorganized regionally; an execution-focused organizational culture is being fostered, and operational synergy is being maximized.

We are maintaining the "Doosan" brand for medium & heavy construction equipment and the "Bobcat" brand for compact construction equipment. The advantages of both organizations' regional network-based sales channels are being shared to satisfy

diverse customer needs. In the process, the business competencies and reach of both companies are expanding, and a concerted effort is now underway to find new dealers who can adequately serve customers who need construction equipment of any size.

We are taking aim at the global market by providing "best-of-breed" products that meet customer requirements in each geographical region. Therefore, our top priority is on ensuring the quality, durability, and reliability of our mid-sized and heavy-duty excavators and wheel loaders as well as our mini-excavators. At the same time, we will deliver products that suit regional preferences so that customers always get exceptional value.





We are committed to providing the best services that customers could ever want. Our customer segments will expand rapidly as we offer the best financing options and respond rapidly and precisely to ensure maximum equipment uptime and maximum customer revenue. At the same time, competitiveness is being raised by constantly reducing fixed costs, raising operational efficiency, maximizing productivity, and improving business fundamentals. Core internal competencies are continuously being strengthened in R&D, production, quality and other key areas, while preemptive measures are being taken to prepare for the rebound in the global economy.



DII Attachments and Bobcat made Top 100 in 2008. Construction Equipment editors selected the 100 most exciting products in 2008 out of many hundred that were introduced by the magazine between November 2007 and October 2008.



## Brands & Business Areas

Construction Equipment			
Heavy Construction Equipment	Compact Equipment	Portable Power	Attachments
			



Development of the first in-house excavator model was completed in 1985, followed by a succession of new models like the advanced DX Excavator series, the DL Wheel Loader series and augmented the zero-tail-swing excavator lineup that have earned its recognition for high quality and performance. The company's market share remains the highest in the domestic market. And especially, the company has maintained the top position for the seventh consecutive year. The Doosan logo, made up of 3 connecting squares, is a symbol of Doosan's tenacious mindset, which has led it through 110 years of success and will carry it into the future.



Experience the power of Portable Power and our industry-leading support and service. Whatever the job, Portable Power has the solution. From our comprehensive range of air compressors, lighting systems, and generators to our rugged and reliable light compaction and concrete equipment, and now including our mobile security unit as well as our combined light tower and generator, we have a solution to fit your needs.



**DOOSAN  
MOXY**

Doosan Infracore completed the acquisition of Moxy Engineering in December 2008, paving the way into the market for heavy-duty mining equipment. Moxy is based on Molde, Norway and owns propriety technology related to articulated dump trucks. The company operates a subsidiary in the US and an R&D center in the UK, and is focused on the advanced markets. The heavy-duty articulated dump trucks are essential equipment in mine development and construction projects conducted on rough terrain.



Bobcat Company designs, manufactures, distributes and supports compact equipment for global construction, industrial, landscaping and agriculture markets. Its products include skid-steer loaders, compact excavators, compact track loaders, telehandlers, compact attachments, compact tractors, utility vehicles and more.



Montabert is renowned throughout the construction, civil engineering, and mining and quarry industries for technical excellence and a vast range of hydraulic demolition products.



TRAMAC's full line hydraulic breakers and plate compactors are designed to maximize productivity and limit downtime. TRAMAC combines industry leading benefits and cutting-edge technologies with an innovative and versatile design.





## Global Operations

The Construction Equipment Division is pursuing cooperative ties with DII and Moxy to improve the sales network and production facilities of Doosan Infracore in advanced markets. Of course, our product lineup has been filled out as well, expanding our business reach. Importantly, a system has been established for joint development and production, and a global sourcing network has been established to create a greater synergy effect.

The market-specific business channels and brands of Doosan Infracore and DII are being leveraged to the maximum in each market. In addition, procurement for both entities has been integrated to elevate the effectiveness of global sourcing. Synergy is also being generated for enhancing product performance and developing essential parts and technologies for the future. To this end, engineers are being exchanged, and mini-excavators are being jointly developed between Doosan Infracore and DII.

51 Models including 11 new models on Display at INTERMAT 2009. Doosan Infracore attended INTERMAT 2009, which opened in Paris April 20-25. For the first time, products from the newly-acquired Bobcat and Moxy were exhibited alongside Doosan models.



### North America

In 2009, DII introduced new products and bolstered marketing activities, elevating the mini-excavator line to the top of the world market while solidly maintaining the No. 1 position for skid steer loaders and compact truck loaders.

A major restructuring was undertaken in response to the market downturn. The workforce was downsized, while factories and other operations were reorganized, improving earnings respectably from 2010. In addition, DII began to share Doosan Infracore's construction equipment dealer network, and new dealers were added to improve market position.

### Europe

DIEU and DII shared and expanded their sales networks, while the Europe excavator factory was optimized for greater synergy. New options were developed specifically for the European market and more special-purpose equipment was added to the lineup. The growth strategy for Europe included adoption of a differentiated marketing approach and intensifying operational innovation activities. Company resources were devoted to raising the value of the Doosan brand and elevating the company's stature in the European market for construction equipment.



The US Association of Equipment Manufacturers (AEM) announced the winners in its annual "Measures of Success" marketing awards program. Doosan Infracore America won 6 AEM awards.

### China & New Emerging Markets

The Chinese government-led investment in new infrastructure projects caused demand for excavators to rise 29 percent year on year. However, local and foreign makers concentrated heavily on this market, causing prices to fall and competition to intensify.

Doosan Infracore China Co. remained at the top of the Chinese customer satisfaction survey in the Excavator category for the seventh straight year. DICC expanded its lineup of models designed specifically for China and reinforced sales competencies to secure unrivalled competitiveness. The construction of a compact construction equipment factory was resumed in Suzhou, with completion set for 2010. The new factory will allow the company to be more aggressive in satisfying rising Chinese demand for mini-excavators and other types of compact construction equipment.

Meanwhile, DICC and DII are planning joint development of sales networks and production facilities in India, Brazil and other emerging markets that will drive future growth in the global construction equipment industry.







Zai Guiwu  
Machine Tools  
China

# Machine Tools



# Machine Tools

## Product Portfolio

Turning Center



Double Column  
Machining Center



Machining Center



EDM



Horizontal Boring  
Mill





## Industry Environment & Achievements in 2009



The world machine tool business could not avoid a major struggle in 2009. Machine tool operations at Doosan Infracore also saw sales plummet from the previous year.

Domestic demand was slow, but the market contraction was less than in the rest of the world because of new investments by the automotive industry, facility expansions by the IT industry and growth of the energy industry.

The Chinese economic stimulus program maintained demand for machine tools in the automotive, electronics and energy sectors. However, competition intensified with the world's leading machine tool makers in that market. North American and European companies were reluctant to invest in new facilities. Manufacturers responded by slashing their prices and introducing mainly lower-priced models in a fight over market share. Other emerging markets were also adversely affected by the slumping advanced economies.

We focused on reinforcing our competencies in preparation for economic recovery. Demand for machine tools remained in Korea's automotive, IT and energy sectors, and we engaged in marketing approaches targeting each one individually. Our marketing for North America was focused on turning centers and machining centers. As a result, we managed to maintain our market share from the previous year.

We also cultivated new buyers of high-end models in the automotive and petroleum industries. In China, meanwhile, we expanded our presence in previously established market segments and applied user-specific marketing approaches to develop opportunities in new markets.

We have engaged in various activities to strengthen global leadership. In 2009, we hosted the 7th Doosan International Machine Tools Fair and participated in the China International Machine Tool Show, EMO and other international trade fairs. In addition, our fundamentals were bolstered by concentrating resources on operational innovations during the year.

## Business & Strategies

### Business

Doosan Infracore boasts a top-class machine tool manufacturing operation that applies high-speed, high-precision machining technology. The product portfolio is being steadily diversified from turning centers and machining centers to include other high-end machine tools.

In-house development of the first turning center was completed in 1980, followed by key products such as machining centers, NC boring machines, electrical discharge machines, ultra-precision aspheric turning centers, ultra-precision freeform surface machines and factory automation systems. We introduced 28 new turning center models in 1997, and since then have hosted an in-house international exhibition biennially.

We are applying cutting-edge machine tool technology to become a major player in automated systems and multi-tasking equipment, catering to increasing customer needs for factory automation systems. Our state-of-the-art machining tool lineup is also making inroads into new market segments, including ultra-precision electric discharge machines, Swiss turning machines, and bridge machining centers.

Meanwhile, we established Doosan Infracore Machine Tools Yantai (DIY) in 2003 and are now extending our position in China. DIY operates state-of-the-art production facilities in Yantai, a technical support center in Shanghai, and a dealer network that spans the entire country. DIY is elevating brand recognition and winning major new customers, paving the way for Doosan Infracore to lead the Chinese machine tool market.

### Vision and Strategies

Our vision is to join the global Top 5 in the metal cutting market. To this end, we have expanded our product lineup, responded to new industrial needs, strengthened internal competencies and pursued a growth-oriented strategy.

Our machine tools unit is installing an ERP system as part of the effort to enhance market-sensing capabilities. The systematic analysis of industrial demand and segment-specific needs, and short-term demand forecasting will improve the responsiveness of production, sales and R&D operations to market changes.



In addition, our brand positioning is being strengthened through strategies that address the characteristics of individual markets. Take the Chinese machine tool market, for example, which has tremendous growth potential. Here we expect to raise our market share steadily by putting greater attention on marketing our latest models and machine tools designed specifically for local users, pursuing turnkey orders for automated machining systems.

In Korea we are increasing our presence in the machine tool segments that serve the automotive, IT and energy industries. Our sales channels have been expanded by our involvement in molds & dies, which should lead to higher sales results.

Market recovery in Europe and North America is expected to be led by the aerospace and medical equipment sectors, but overall recovery will be slower than in other geographical regions. In response, Doosan Infracore will expand the sales of mid-/low-priced mainstream machine tool models while at the same time conducting targeted marketing activities for value-added items.

In general, we are developing price-competitive machine tool models to boost our position in the mid-/low-price range. Plans also call for increasing market share by expanding at the high end (high-performance multifunctional machining and turning centers, heavy-duty vertical turning centers and five-axis machining centers) and by accelerating our penetration of new segments (bridge-type machining centers, Swiss turn centers and electrical discharge machines).



## Global Operations



Doosan Infracore hold its 7th Doosan International Machine Tools Fair (DIMF 2009) at Changwon Plant, on May 13-14. On display were 45 strategic, next generation models. Over 300 dealer representatives alongside 2,000 people attended the event.

The Machine Tools Division is capable of developing top-quality products and offers a diverse lineup. These strengths have been leveraged to carry out marketing activities that are tailored for the needs of specific markets and customer segments. The Division aims to increase market share in 2010 as well by pursuing differentiated strategies that reflect the characteristics of each region and industry.

### Korea

In 2010, automotive, IT industries, and energy markets are predicted to expand. Doosan Infracore will achieve machine tools sales targets by selling more new products and models with competitive advantages and by expanding sales channels as a player in the die & mold industry.

### Europe

The aerospace and medical equipment industries are expected to lead the market recovery in 2010, although the signs of a recovery remain weak. Doosan Infracore will expand the sales of mid-/low-priced mainstream machine tools models and conduct targeted marketing activities for value-added items. By doing so, the overall sales volume will increase despite the slower-than-expected economic recovery in Europe.

### China

The Chinese government will maintain its stimulus package in 2010, increasing the possibility of sustained market growth while intensifying competition. We are bracing for the fiercer competition with local companies and the biggest global players by reinforcing our system engineering, diversifying markets, boosting dealer competencies, establishing additional product support centers and increasing after-market parts supply rates. Other projects are designed to facilitate the sales of new models and products customized for the local market. Our share of the machine tools market will also be increased by our winning more turnkey orders for automated machining systems.

### Americas

In 2010, demand for aerospace and medical equipment is forecast to rise in the Americas. However, major competitors will introduce new, highly affordable models that will intensify competition over price. Thus, we will respond aggressively to the changing market by promoting the sales of models with the highest price competitiveness. In addition, marketing will be stepped up in Brazil, which is expected to show strong growth in the coming year.

### Other Areas

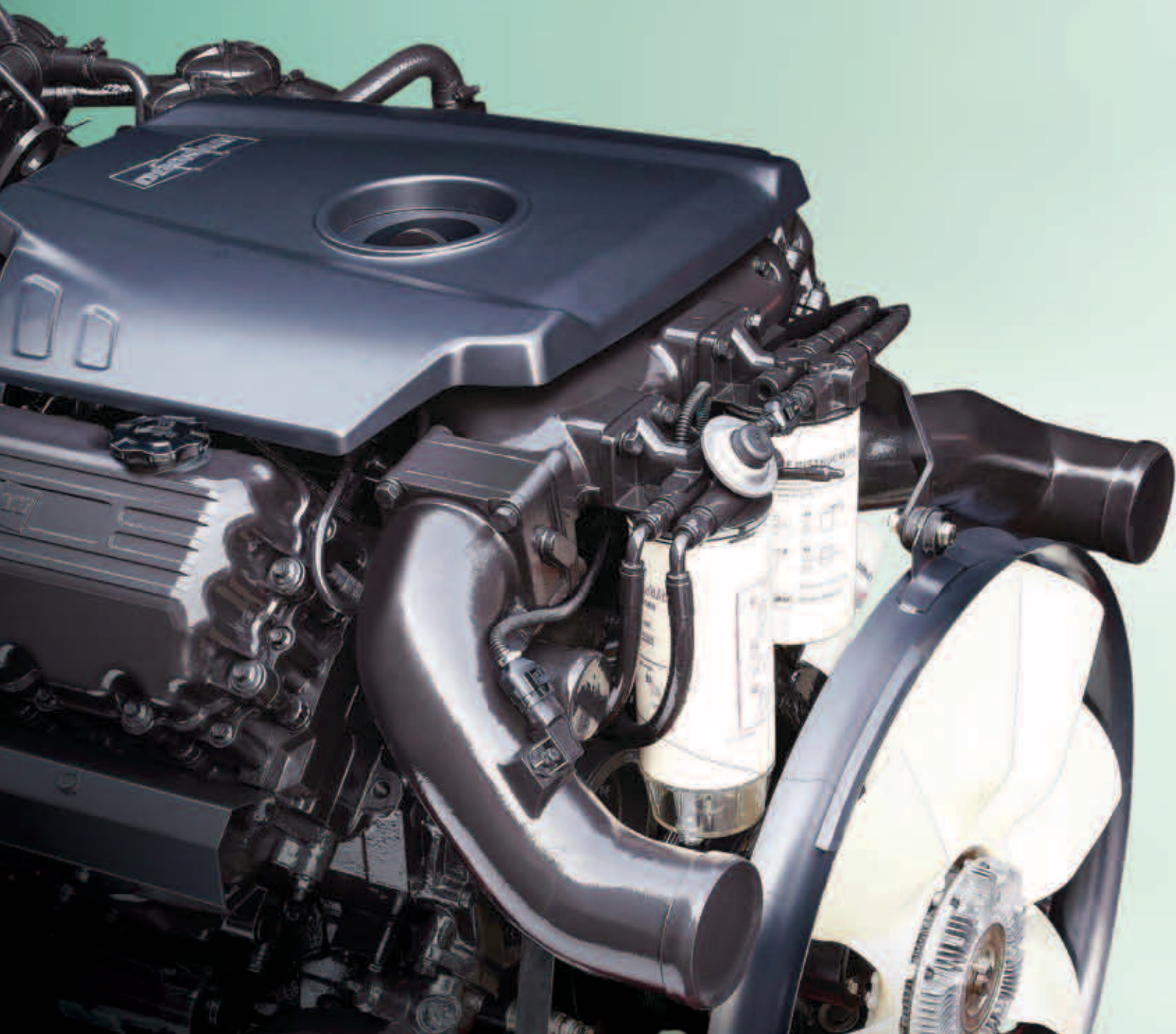
Doosan Infracore will focus on advancing into emerging markets in Southeast Asia by strengthening the machine tool sales network and continuing local sales promotions.



Machine tools R&D Center



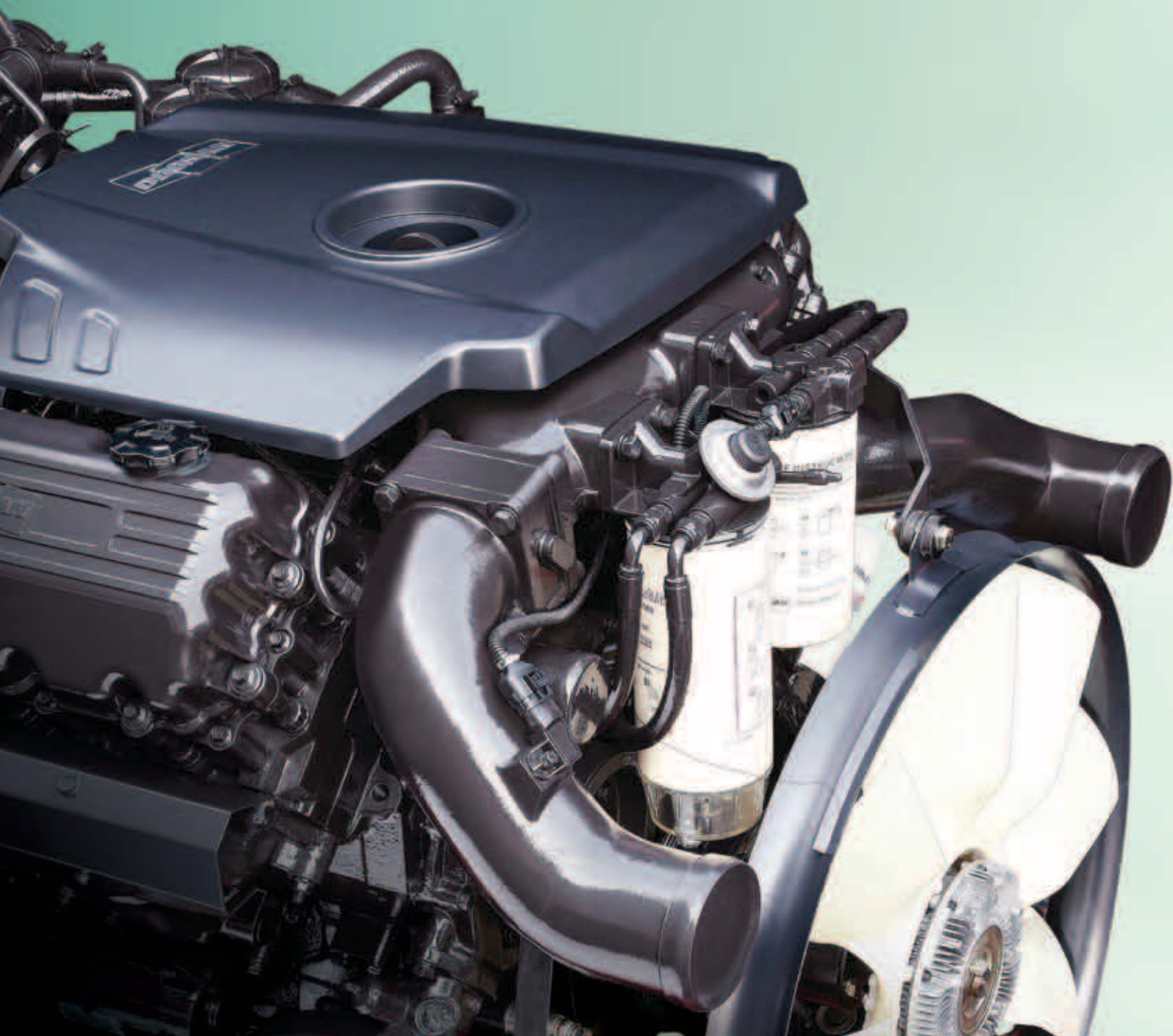




Ali Hassan  
Dealer  
Libya

# Engines & Materials





# Engines & Materials

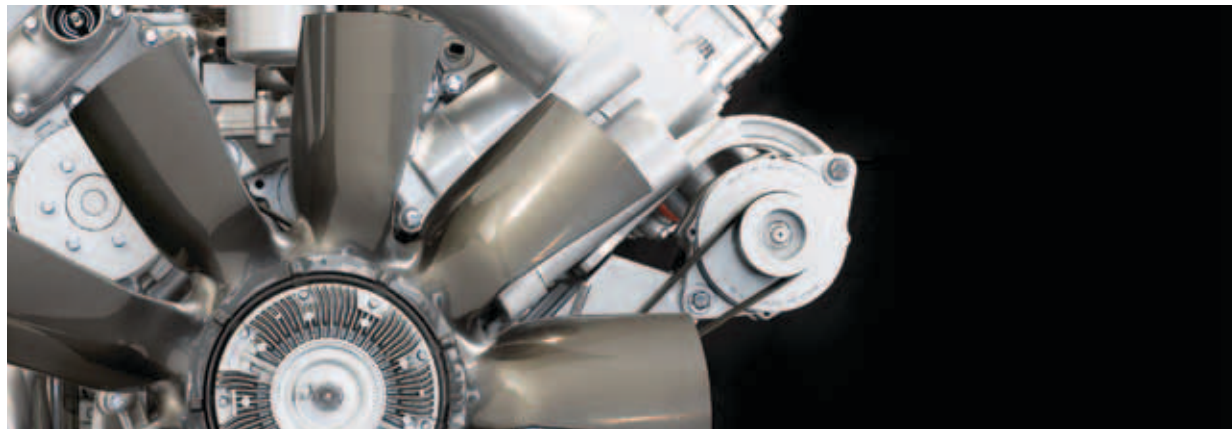


## Product Portfolio





## Industry Environment & Achievements in 2009



The global engine market volume contracted by about 30% in 2009 as a result of the global economic crisis. Our decline in sales of engines and materials, however, stood at only 8.7 percent because exports to the North American, European and emerging markets expanded and our share of the engine supply for domestic commercial vehicles increased.

In Korea, competition intensified as the market contracted in the wake of the economic downturn. At the same time the Korea-EU free trade agreement enabled competitors to introduce more engines to the Korean market, and major rival manufacturers engaged in aggressive marketing tactics. In North America and Europe, the economic recovery was slower than expected and prices were slashed in order to clear inventories. The business environment in China also deteriorated as falling demand for new buses and construction equipment caused inventories to increase.

The prolonged global economic slowdown caused problems for companies generally in 2009, but we managed to expand our future growth engines for the engines and materials business.

In 2008 we completed a factory for compressed natural gas (CNG) engines in the US as part of a global growth strategy. This was followed in 2009 with the establishment of Xuzhou Xugong Doosan Engine, a joint venture with China's Xuzhou Construction Machinery Group, to produce and market diesel engines for construction equipment and large trucks in China. Annual output is planned reach 50,000 units by 2013 and 100,000 units by 2018.

In 2009, we won a US\$11 million order from the City of Los Angeles for 332 CNG engines for repowered buses (i.e., the old engine is replaced with a new, cleaner-burning one). The export deal was made possible because our model was recognized to be more fuel efficient and quieter than the engines built by Cummins, the only supplier in the US that currently has US10 certification.

Our efforts for attracting large overseas customers started in 2007 and have subsequently bore tangible results. Now we are providing engines to to eight of the world's top generator makers, driving up overseas sales. Meanwhile, stronger partnerships with domestic commercial vehicle manufacturers have led to our engines being mounted in more of their total output.

## Business & Strategies

### Business

Doosan Infracore entered in the diesel engine business in 1958. The R&D capabilities and production technology amassed since then have played a leading role in the advancement of Korea's diesel engine industry.

We established a large engine factory in 1975, completed our first in-house model in 1985, and subsequently grew into Korea's foremost maker of diesel engines. Today, our massive operation encompasses facilities for engine assembly, materials production and parts machining. The product portfolio includes diverse diesel engines for buses, trucks, industrial applications, power generation, and ships, as well as gas-powered engines for various uses.

Our first low-emission diesel engine was developed in 1995, followed by CNG engines for commercial vehicles in 1998. After the turn of the century,

we succeeded in developing low-pressure natural gas (LPNG) engines for generators, sophisticated common-rail engines, and Tier III-compliant engines for construction equipment.

In 2007, a heavy-duty diesel engine model was completed that satisfies the strict Euro IV emission control standards. Now we are preparing to launch a heavy-duty engine that complies with Euro V standards and we are accelerating our advance into the North American market for CNG engines. In 2009, we were certified for the US07 emissions standards and are now getting ready to pass the tougher US10 standards.

Annual engine output capacity currently stands at 69,000 units (30,000 near-mid-sized, 24,000 mid-sized, and 15,000 heavy-duty) in 62 different types.



CNG engines passed US emissions requirements with orders for repowered buses from City of Los Angeles.

### Vision and Strategies

#### “To be a global engine maker with a full product lineup within 5 years”

We aim to make Doosan Infracore a global player in the diesel engine business, with a full product lineup, within five years. Our strategy for achieving this goal is to build a stable growth platform and achieve the outstanding product competitiveness and operational excellence that puts us on a par with the top global players.

We will lay the foundation for mid-/long term growth by developing and commercializing Tier IV- and Euro V-compliant engines. Getting our new joint venture, Xuzhou Xugong Doosan Engine, up and running quickly will also help us reach our goal. At the same time, we are expanding our overall lineup and adding models that are powered by natural gas or other alternative fuels. In the process, Doosan Infracore is emerging as a global engine maker that offers a complete selection of models.

We will improve the quality, reliability and durability of our mass-produced engines; implement the Reliability Growth (RG) process; maintain our just-in-time production and change management programs; and build a global ERP system. In the process, we will achieve global operational excellence. In addition, we are expanding our global marketing capabilities, building a global supply network that utilizes Xuzhou Xugong Doosan Engine, while improving cost competitiveness by bolstering our production operations overall. These measures will put us in the right position to secure greater market share as the global economy recovers.



## Global Operations

Doosan Infracore has embarked on plans to build diesel engines locally in China and become one of the world's top 10 diesel engine markets. On September 7, 2009, Doosan Infracore China Inc. signed a contract with the Xuzhou Construction Machinery Group to establish a 50:50 joint venture to produce and market diesel engines for construction machinery, heavy duty trucks and power generations.



Our engine and materials operation managed to increase market share in the face of an unstable global economy and rapid market decline in 2009. Our sales growth was especially salient in North America and Europe, regions that were hardest hit by the financial crisis.

### Korea

Conditions were tough in Korea, where domestic demand for commercial vehicles declined, and truck and bus makers saw their exports fall. However, our domestic sales total only dropped by 3 percent year on year. Importantly, Doosan Infracore dominated (60-75% market share) the segments for marine and generator engines.

### Europe/North America

These two regions were the hardest hit by the global economic downturn, but we managed to attract major new accounts and increase the rates of our engines in commercial vehicle fleets. As a result our combined sales in these markets surged 56 percent year on year. Our winning the order for 332 CNG engines from the City of Los Angeles has also paved the way for making further inroads into the US CNG engine segment.

Risk factors still remain: ongoing financial turmoil in Southern and Eastern Europe, and high unemployment rates and large financial deficits throughout Europe. However, the European market is forecast to turn around in the second half of 2010 as the marine engine market revives and large power generator makers expand export. We will strengthen our strategic partnerships with major customers and our marketing capabilities. By doing so, we should see our annual growth rise by more than 10 percent while profitability also improves.

### China

Business conditions declined in China with falling demand and fiercer competition in the wake of the global economic slowdown. Our performance dropped slightly as a result.

In 2010, the ongoing government stimulus package is expected to increase investment and demand for electricity by 13-14 percent. Meanwhile price competition with low-priced models from local makers is likely to continue. We will bolster our partnerships with corporate customers and our marketing activities to expand our engine supply to reach our sales target. The new Xuzhou Doosan Engine assembly plant (initial annual output of 15,000 units) will also be completed within the year.

### The Others

Sales were hard to secure with the economic downturn and the long-held inventories at major dealers. However, we managed to attract new dealers to increase sales in the Middle East by 20 percent over 2008.

In 2010, demand for power generators in Brazil is expected to rise, as the country prepares to host the World Cup in 2014 and the Olympics in 2016. Moreover, Latin American governments' strong economic stimulus policies will accelerate the market growth. Chile's earthquake recovery projects and Argentina's market expansion for gas power generators are other factors for possible sales increases. We are developing strategies for raising our sales to local dealers of great potential in order to turn this region into a strategic growth market.



#### DV11 S

- Max. Power : 440 ps/ 1,900 rpm
- Max. Torque : 205 kg·m / 1,200 rpm
- Emission Regulation : Euro-IV







DOOSAN

Wolfgang Dittmer  
Forklifts  
Germany



Forklifts



# Forklifts



## Product Portfolio

Internal  
Combustion  
Trucks 1.5~16 Ton



Electric Trucks  
1.0~5.0 Ton

Reach Type  
1.3~2.5 Ton



## Industry Environment & Achievements in 2009



The global forklift market contracted 43% year on year in 2009, as the global economy remained sluggish and recovery was slow. Sales in Europe and North America were especially weak. In response, most of the forklift makers cut their prices and implemented special promotions to clear long-standing inventories. The overall sales volume dropped significantly, and companies were forced to downsize for survival.

We maintained our stature as the undisputed leader in the Korean forklift market by improving our cost structure and increasing competitiveness. We signed on new dealers who exclusively carry electric-powered lift trucks to strengthen our sales network and marketing activities.

Overseas, meanwhile, we strategically focused our competencies on emerging markets with high growth potential to expand sales volume in 2009. For example, our efforts to secure new dealers in Africa paid off handsomely as our market share doubled from a year earlier. We ranked second in Australia thanks to our expanded support for dealers and wide range of options for customers.

In North America and Europe, we built a growth platform in preparation for global market recovery. We have expanded the sales network and bolstered business competencies by attracting excellent new dealers. As a result, United Rental, the largest industrial equipment rental company in the US, selected us as a forklift supplier. Moreover, we received orders for forklifts and warehouse equipment from Germany's largest beverage maker.

Our productivity has increased by our implementation of the just-in-time production system and rationalization of the factory layout. Meanwhile, our all-out innovation efforts to improve the cost structure saw tangible results. Innovation activities included applying the design-to-cost process and diversifying supply chains to lower material costs. We also decreased overall expenses by improving productivity and reducing quality cost. These measures were carried out in cooperation with suppliers, allowing us to reinforce our win-win relationships.

The development of Tier III-compliant forklifts and adjustable hydraulic systems for engine-powered models helped us to secure technologies for next-generation, eco-friendly machines that boast high fuel efficiency. Furthermore, heavy-duty models and hybrid powertrains for electric-powered forklifts are under development.

## Business & Strategies

### Business



Doosan Infracore entered the forklift business in 1968 and over time developed a portfolio that encompasses diesel-, gasoline- and LPG engine-powered forklifts, electric-powered forklifts and warehouse equipment. In the process, we have significantly contributed to the advancement of the Korean material handling equipment industry.

We have emerged as a global material handling equipment maker whose sales network consists of over 400 dealers in 93 countries around the globe. Our annual production capacity today stands at 32,000 units (24,000 in Korea and 8,000 overseas), and the lineup spans 134 high-quality forklift models.

The first in-house model was completed in 1993 and since then engines, transmissions, hydraulic systems and oil-cooled disc brake systems have been developed. In recent years, we have introduced a steady stream of new models boasting some of the best performance and durability in the industry. Ergonomic designs have raised both product image and operator comfort, making Doosan forklifts popular with owners and operators around the world.

Doosan Infracore aims to emerge as a world-class material handling equipment maker that has a sustainable business portfolio by bolstering global competencies and securing growth potential.

Our goal is to grow at least 10% annually during the next five years. To this end, we have set our main strategies for reinforcing corporate fundamentals and developing the parts business.

To strengthen our fundamentals, we will restructure the business portfolio to emphasize the highly profitable, high-growth business areas while upgrading the features of key models to boost competitiveness. Ongoing efforts to cut costs and restructure operations will guarantee us sustainable growth and improved profitability.

We have long been committed to developing models that are environment-friendly, thereby remaining ahead of the ever-stricter regulations governing quality and environmental standards. The forklifts are produced under a strict quality assurance system and have been certified for ISO 9001, ISO 14001, UL, CE, EMC and the EC Noise Directive. In the process, Doosan's stature has been raised as a world-class maker of material handling equipment.

The Pro-5 series forklifts introduced in 2007 are at least 10 percent more energy efficient than previous models. Noise, vibration and emissions levels have also been reduced significantly, for greater environment friendliness.

We will continue to advance as a top-class forklift maker by expanding the global business network, including domestic and overseas plants, branches, parts centers, and dealer networks. The ongoing development of new models and expansion of the lineups will enable us to compete effectively against the biggest names in the business.

We will begin to grow the parts business by finding ways to raise competitiveness in North America and then expanding the effort to other regions. In addition, in-depth market data collection and analysis will help us discover new markets for the parts business.

We will establish the global ERP system and implement lean-production practices ahead of schedule, while continuing to upgrade quality. Furthermore, we will bolster our growth strategies by developing environmentally friendly, breakthrough technologies such as hybrid powertrains.

### Vision and Strategies



## Global Operations

We have strategically focused our competencies on emerging markets with high growth potential to expand sales volume. Our sales competencies have been reinforced in the advanced markets so that we can take an early lead after the global market turns around.



Pollas-Royce changes its forklifts every five years, and they were looking for new models in 2009. The Scanlift sales representatives aggressively promoted the Pro 5 Series and won out in the purchase deal.

### Korea

We bolstered our stature as the nation's foremost forklift maker by strengthening our leadership in each region. Our market share stood at 53%, as the diverse range of options we provide has expanded customer choices.

### Africa

Our efforts to attract new dealers and boost marketing activities have resulted in doubling the market share posted in 2008.

### Australia

We ranked second in the market, with a double-digit market share, thanks to our efforts to expand support for dealers and to provide a wider range of options for customers.

### North America

We have bolstered the foundation for growth by expanding the sales network and winning major new accounts. United Rental, the largest industrial equipment rental company in the US, selected us as a forklift supplier.

### Europe

We have expanded the sales network and bolstered business competencies by attracting outstanding new dealers. We also leveraged the 2008 acquisition of Advanced Technology Lubben (ATL, now part of DILE). The extensive product lineup helped us to win a forklift and warehouse equipment supply contract with the largest beverage company in Germany.



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## Research & Development

### Innovation that Shapes the Future



The Doosan CX, a futuristic concept excavator, "Eco Transformer"

We are investing heavily in R&D activities in preparation for our next century of doing business. Our research unit is developing the breakthroughs and hybrid technologies needed to secure a distinctive advantage in next-generation products as well as innovative products that satisfy present needs. At the same time, new business areas are being sought that can be nurtured into future growth engines.

Doosan Infracore researchers are working on advances in integrated surface technology, electrical and electronic systems, hydraulics, and computer-aided engineering. Hybrid powertrains and new combustion technolo-

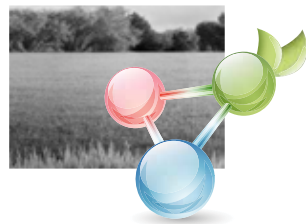
gies are also being developed to meet future market needs. At the same time, we are working on hybrid drivetrains, new combustion methods, and the "i-Hand excavator," which uses "intelligent" automation, in a quest for future growth engines in step with soaring oil prices, tighter environmental regulations, an aging society, and other global trends.

Our CX Concept Excavator, due for release in 2018, won the "Best of the Best" distinction at the 2009 Red-dot Awards, one of the three most prestigious international product design prizes. The futuristic, energy-efficient excavator is designed for optimal performance in extreme working environments and is providing a new direction for the industry going forward.

### Global Engineering Teamwork

The Global Engineering Alignment Program is being implemented to maximize synergy and raise research efficiency through the cooperation among the Doosan Infracore Innovation Centers dispersed worldwide. This program allows specialists in hydraulics, electrical & electronic engineering, materials technology; Reliability Growth (RG) testing and other disciplines to share their expertise and support one another to generate synergy.

In 2009, the hybrid powertrain developed at the Doosan Infracore Institute of Technology in Korea was applied in the project to develop the Bobcat hybrid mini-excavator, improving the competitiveness of the compact excavator lineup. The Institute's expertise in improving the wear resistance of parts helped to solve wear problems with hydraulic pumps. The design capabilities at the Doosan Infracore Institute of Technology are being applied to support the design of new Bobcat models, and tangible synergy has already been generated.



### R&D Programs & Achievements in 2009

- Hybrid excavators & new forklift models
- Heavy-duty excavator that complies with Tier-IV standards, integrated control system for wheel loaders
- Technology for lightening the front of excavators
- Pins, bushes and technology for optimizing wear resistance in the front joints of excavators
- The DX235 excavator, a mid-sized model with small turning radius
- The large-size DX700LC excavator
- Technology for the HST drive system on wheel loaders
- The Puma 2100 & 2600 multitasking turning centers
- The Puma ST20G medium-sized Swiss turn
- The NW800 electric discharge cutter
- CNC software for machine tools
- Technology for optimizing machine tool architecture
- Surface texturing technology
- Euro-V compliant diesel and natural gas engines for commercial vehicles
- US2010 compliant CNG engine for North America
- 1,500hp engine for battle tanks
- 6 mini-excavator models in the next-generation Bobcat M-series
- 4 skid steer loader & compact truck loader models in the next-generation Bobcat M-series
- 4 telescopic handler models in the next-generation Bobcat TR series
- 3 Bobcat compact tractors with semi-synchronized gear transmissions
- The D25S forklift (for Korean market) with small, Tier-III compliant engine
- The D40S, D60S and D90S forklifts with medium-sized Tier-III compliant engines





Anechoic chamber

## Product Reliability

“The Center for Product Reliability is where our quality competitiveness begins, allowing us to grow on the global stage.”

### Major Test Areas

- Measure product duty cycles and prolong the reliability of new products
- Analyze the strength and durability of welded structures and parts
- Evaluate the performance and durability of hydraulic parts, drivetrain parts, mechanical parts, electronic/electric parts, and plastic parts
- Analyze defective parts from the field and research ways to improve materials, heat treatments, welding, and painting
- Analyze the composition of metal and plastic materials, evaluate their properties and perform non-destructive tests
- Calibrate measuring instruments for machined parts as well as processing and testing tools.
- Use the climate chamber and anechoic chamber to test the effects of heat & humidity, thermal shock, vibration and dust on finished products and parts
- Develop new reliability test methods and standards for each field, perform research on reliability enhancement



Structural tester



Climate chamber

We operate Korea's largest reliability testing center, with thirteen different laboratories. The facility is tasked with ensuring the reliability at each production stage and ultimately with achieving the very highest quality available anywhere.

The Center for Product Reliability has sophisticated machines for testing the handling of excavators and forklifts as well as evaluating the performance and durability of transmissions, axles, reduction gears and other powertrain components. The large anechoic chamber and vibration test chamber measure operation noise and the vibration levels of rotating parts, helping to improve product environment friendliness.

The climate chamber can simulate extreme weather conditions and natural environments found anywhere in the world to evaluate how long the vehicles can last. The in-house accelerated lifetime testing method and multi-axis structural tester can estimate the service life of major parts and components.

We are also equipped with various machines to analyze the properties of metals, non-metallic materials, rubber, and plastic, thereby managing quality from the earliest stages of new product development. The cyclic corrosion test chamber and endurance tester

are used to evaluate changes in material properties under various conditions.

The Center performs user load testing for the main parts of products under development. This helps to increase the durability of the parts so that target reliability can be obtained before a new product is commercially released.

A large (70-ton) excavator is currently under development to accommodate increasing demand from the growing number of the mining excavator segments.

We carefully examine the performance of large excavators thorough durability tests. The real loads on parts are measured, and the durability of front attachments is tested, which are usually used under extreme working conditions.

The Center for Product Reliability was accredited under the Korean government's KOLAS program for testing more than one hundred items in nine areas (metals, chemicals, instrument calibration, non-destructive tests and environmental tests among them). Now the Center is internationally recognized as a testing and calibration laboratory.





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Sustainability for the Future

## A 360° View of Value for Customers

The core competitiveness of Doosan Infracore begins with providing customer satisfaction through innovation. We are committed to offering distinct value to customers through meticulous quality control and technology innovation.

We have built a global business network that enables us to respond to diverse customer needs worldwide in a timely manner. Our global business presence covers over 100 countries with 18 production subsidiaries, 48 sales subsidiaries and branches, and seven parts centers along with an extensive sales network consisting of more than 4,000 overseas dealers.

The Ansan Parts Center in Korea serves as a global hub of a parts management system, distributing to dealers around the globe. We have integrated regional parts management systems (the DIEU After-sales Service system in Europe and the DICC SAN 100 program in China) into the global scheme.

In addition, the current after-sales services of Machine Tools Division are being upgraded to include the disclosure of service engineers' names, direct delivery of urgently-needed components, the designation of

engineers to specific customers, and the opening of a new service training center to satisfy customer needs for schooling in maintenance and repair. Going forward, we will build a parts demand forecasting system to further boost satisfaction.

A lean manufacturing system of Engines & Materials Division will be on the operation that requires even the suppliers to adopt just-in-time and pull production practices. We will also implement the bill of material (BOM) EPR module, establish a dealer network management system and upgrade manufacturing execution systems. The projects for process innovation and enterprise resource planning will be completed in the Incheon factory by late 2010. Then, the CNG plant in the US and Xuzhou Xugong Doosan Engine will follow the suit, completing our global management system.

Moreover, innovations in fabrication processes, cost structure and systems will allow us to build up our capabilities for global production and operation. Meanwhile, we will lay the groundwork for enhanced reliability by strengthening our ability to execute quality gates for new products, facilitating proactive quality control practices and ensuring quality consistency in both the production process and supply chain.



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## Human Resources

Around the globe 12,145 Doosan people are promoting the growth and advancement of Doosan Infracore. Global operations are accelerating, with more than 4,500 employees working in Korea, 7,645 employees overseas, and a sales network consisting of 4,000 overseas dealers.

### 2G Strategy

Our core business system is comprised of human resources, strategy execution, and financial management.

Through this system, we implement our "2G Strategy" a manifestation of our conviction that our business can only grow through the growth of our people. It binds and systematizes our strategy with our people, multiplying business results.

The Doosan business system supports the performance-oriented culture of Doosan and paves the way for continuous growth and development.



### Our Mission

The Doosan Way is our credo for HR management. Our goal is to foster globally competent personnel who can lead change and innovation. We are implementing HR development strategies that are focused on creating value, leadership, global competencies, and expertise.

### Diversity Management

We are committed to respecting the diversity of our people around the globe and to realizing their full potential in the belief that our future is determined by our personnel. Thus we are implementing the Diversity Management strategy, which pays serious attention to the needs and various regional characteristics of our employees.

### Health and Occupational Safety Management

We have established the Health & Safety management system and provide various relevant programs to employees. We carefully consider the characteristics of all the worksites and needs of employees in designing and applying these programs.

### Training Courses & Lifelong Learning Programs

We are investing heavily into the training of our employees in order to lay the groundwork for sustainable growth. Available courses now include Leadership Coaching, Junior & Executive MBA, Techno-MBA, R&D Professional, Functional Field Development, Premium & Intensive Language and Global Experience Programs.



## Quality & Environmental Management

We engage in environmental and quality management activities for every corporate activity to ensure sustainable growth going forward. Our consistent goal is to be a trusted company that considers all issues from the customers' perspective, going beyond customer satisfaction to being a respected partner. In the process we can grow as a global leader that maximizes customer value.



### Innovation for World-best Quality

Our R&D spending is increasing every year so that we can continue to develop products that exceed customers' expectations and introduce them at the ideal time. We also gather feedback for the customers and reflect it in our new models, starting from the development stage. Our Center for Product Reliability, the largest institution of its kind in Korea, conducts numerous performance testing and reliability evaluations to ensure our products are always at the top in terms of quality and reliability.

Our ISO 9001 QM System was introduced early on to deliver top quality products that truly impress the customer, and our quality improvement activities continue today. We adhere to a strict, customer-oriented quality management policy, have stepped up our operational innovation activities and train our suppliers on ways to improve parts quality. Our quality assurance infrastructure and product reliability enhancement activities have been strengthened; the quality management system is regularly audited, and an in-house "quality school" offers ongoing classes. As a result, all of our operations around the world as well as those of major suppliers have received ISO 9001 certification.

Operational innovation is constant so that we can realize our vision of ranking Doosan Infracore among the world's Top 5 players in the infrastructure support business. Today, a concerted effort is being made to improve quality control, production, procurement and design engineering operations at every worksite worldwide, and the results are growing by the year. A global Enterprise Resource Planning (ERP) system is also under construction as part of an effort to reorient the ways of thinking and doing business toward the customer.

### Green Technology to Shape the Future

We established our companywide environmental directive in 1996 and then proceeded to build and implement an Environmental Management System (ISO 14001 certified) and Health & Safety Man-



agement System (OHSAS 18001 & KOSHA 18001 certified) in all operations. These efforts have enabled us to deliver products that satisfy the quality and environmental regulations of every country in the world.

More recently, we established a corporate vision of becoming the "global leader in green ISB." An environmental strategy is now in force that requires us to build cleaner production systems, reduce greenhouse gas emissions, and design eco-friendlier products. As a result, pollution is being prevented at all worksites worldwide, and we are doing our part as a responsible global citizen to protect the environment.

Our competencies are now focused on developing new models that require less fossil fuel or run on alternative energy. We have already completed high-efficiency engines, electronically-controlled hydraulics, and various energy-saving technologies. Significant improvements have been made in the efficiency of our diesel- and gasoline-powered equipment. At the same time, we have made great progress in the realization of hybrid and electric excavators.

These efforts have already resulted in the development of engines that comply with the very strict Euro IV and Tier III regulations in force in Europe and the US. These environment-friendly engines provide high fuel efficiency, great durability, and excellent performance. The economic benefits for the users are maximized while the pollution-causing emissions are minimized.



## Social Responsibility

Our multifaceted engagement in the infrastructure support business is aimed at improving the quality of people's lives. We embrace a corporate philosophy that stresses the application of machinery technology to grow along with society. In step with these values, we are involved in programs that assist and protect people, lives and the environment in the countries where we do business.

Bobcat machineries may be compact in size but they make a tremendous difference in an emergency. Bobcat employees and dealers around North Dakota volunteered to help their communities as well as by supplying equipment and resources for fighting heavy snowfall and the flood waters.



Corporate social responsibility programs at Doosan Infracore fall under three main categories: disaster relief, volunteer community service & support, and environmental protection.

Bobcat in North Dakota hosted an auction, along with a "Kiss a Pig" contest. Containers for managers were set up and employees could "vote" with their money. The manager with the most amount of money in his/her jar at the end of the week had to kiss a real pig! The "Lucky" winner was Jason Nelson. More than \$3,400 was raised for the United Way from this contest alone.



### Disaster Relief

We fulfill our role as a responsible global corporate citizen by lending a helping hand when people urgently need it. Our infrastructure and equipment are mobilized quickly to provide relief when natural disasters strike without warning. For example, we sent excavators and donated funds collected by employees to help the recovery effort after the great tsunami disaster in Southeast Asia in 2004 and sent equipment and paid the operation and maintenance expenses to help clean up after Hurricane Katrina hit the south coast of the US in 2005.

### Volunteer Community Service & Support

We care about persons who are disenfranchised from society and provide support various programs in which our employees perform volunteer service to improve their lives. Our employees in Korea also donate a small portion of their monthly pay to a fund that goes to help the needy in local communities.

In China we are also pursuing a thorough localization program, sharing everyday joys and sorrows with the population. At the same time, we are helping to create a better future for Chinese people. Every year part of the profits from Chinese operations is set aside to build primary schools in remote rural areas as part of the Hope Project. We also quickly dispatched equipment and funds to help the survivors of the huge earthquake that struck Sichuan Province in 2008.



Doosan Equipment to the earthquake rescue in Shaanxi Province, China



### Environmental Protection

The natural environment is a precious resource that gives us all life. Our environmental management program is part of a mission to do what we can to ensure that future generations can enjoy the benefits of nature unspoiled. Activities in this regard are various.

Doosan Infracore established "Global Leader in Green ISB" as the new vision for corporate environmental practices, thereby fulfilling the responsibilities of a global corporate leader. To this end, we are establishing a new environmental management program, building cleaner production systems, responding more aggressively to global warming, designing eco-friendlier products, training environment management specialists, and upgrading environmental management efforts at every worksite.



Doosan Infracore China Co. donated 100,000 sets of thermal underwear along with various school supplies to ten districts. DIICC was named Best Citizen-run Enterprise in Shandong, China for 2008



# Financial Statements

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Non-Consolidated Statements of  
Financial Position

As of December 31, 2009 and 2008

(In thousands of Won, except share data)

Assets

	2009	2008
Cash and cash equivalent	₩ 35,869,146	24,013,173
Short-term financial instruments	32,329,981	67,334
Short-term investments	-	522,435
Accounts and notes receivable - trade, less allowance for doubtful accounts of ₩ 15,417,390 in 2009 and ₩ 14,688,510 in 2008	596,116,881	490,327,755
Accounts and notes receivable - other, less allowance for doubtful accounts of ₩ 17,360,504 in 2009 and ₩ 17,765,147 in 2008	32,505,610	36,007,145
Advance payments	672,120	11,894,767
Inventories	357,466,732	529,078,582
Current deferred tax assets	31,223,105	20,433,436
Current derivative instrument assets	190,507,851	26,588,451
Current firm commitment assets	231,884,621	848,582,072
Other current assets	20,089,489	8,341,006
<b>Total current assets</b>	<b>1,528,665,536</b>	1,995,856,156
Equity method accounted investments	1,482,189,272	1,444,389,877
Non-current investments	67,735,070	14,274,244
Property, plant and equipment, net	1,243,665,937	1,246,851,678
Intangible assets, net	156,415,765	70,401,896
Non-current derivative instrument assets	-	30,870
Non-current firm commitment assets	264,335,813	125,617,632
Other non-current assets	35,597,773	28,206,361
<b>Total non-current assets</b>	<b>3,249,939,630</b>	2,929,772,558
<b>Total assets</b>	<b>₩ 4,778,605,166</b>	4,925,628,714

Non-Consolidated Statements of  
Financial Position, Continued

As of December 31, 2009 and 2008

(In thousands of Won, except share data)

Liabilities

	2009	2008
Short-term borrowings	₩ 562,383,905	283,923,165
Accounts and notes payable - trade	322,405,564	267,695,977
Accounts and notes payable - other	124,453,002	209,077,771
Current portion of long-term debt, net	638,861,627	233,671,195
Advance receipts	16,785,455	13,155,661
Accrued expenses	54,952,938	22,472,716
Income tax payable	39,184,119	85,584,737
Current derivative instrument liabilities	106,940,461	820,007,777
Current firm commitment liabilities	-	59,693,055
Accrued product warranties	10,084,493	14,893,611
Other current liabilities	21,714,935	35,820,245
<b>Total current liabilities</b>	<b>1,897,766,499</b>	2,045,995,910
Long-term debt, net	1,367,951,340	1,012,927,982
Long-term accounts and notes payable - other	2,838,928	5,635,263
Provision for retirement and severance benefits, net	64,676,002	64,488,475
Non-current deferred tax liabilities	149,544,579	108,396,128
Non-current derivative instrument liabilities	14,905,341	142,480,849
<b>Total non-current liabilities</b>	<b>1,599,916,190</b>	1,333,928,697
<b>Total liabilities</b>	<b>3,497,682,689</b>	3,379,924,607
Common stock of ₩ 5,000 par value		
Authorized - 400,000,000 shares		
Issued - 168,308,684 shares in 2009		
and 168,207,384 shares in 2008	841,543,420	841,036,920
Capital surplus	1,960,220	612,500
Capital adjustments	(34,642,008)	(195,409,358)
Accumulated other comprehensive income	485,544,570	571,153,189
Retained earnings (accumulated deficit)	(13,483,725)	328,310,856
<b>Total stockholders' equity</b>	<b>1,280,922,477</b>	1,545,704,107
<b>Total liabilities and stockholders' equity</b>	<b>₩ 4,778,605,166</b>	4,925,628,714

Non-Consolidated Statements of Operations

For the years ended December 31, 2009 and 2008  
(In thousands of Won, except loss per share)

	2009	2008
Revenue	₩ 2,663,206,050	3,963,378,989
Cost of sales	1,972,196,306	3,010,992,681
Gross profit	691,009,744	952,386,308
Selling, general and administrative expenses	465,713,619	605,020,367
Operating income	225,296,125	347,365,941
Interest income	12,563,464	9,174,339
Interest expense	(146,473,085)	(73,313,268)
Foreign currency transaction gain (loss), net	(24,019,079)	71,012,896
Foreign currency translation loss, net	(6,624,341)	(57,118,943)
Reversal of allowance for doubtful accounts	590,810	-
Loss on sale of current investments, net	(72,776)	-
Gain (loss) on sale of non-current investments, net	(93,491)	1,889,002
Loss on sale of accounts and notes receivable - trade	(7,474,058)	(10,892,362)
Dividend income	-	7,200
Equity in net loss of equity method accounted investees	(436,024,329)	(440,476,281)
Gain on sale of equity method accounted investees	220,611,583	2,992,897
Loss on sale of inventories	(6,492,438)	(1,218,798)
Other bad debt expense	-	(4,585,482)
Gain on sale of property, plant and equipment, net	286,449	114,669,204
Reversal of impairment losses on property, plant and equipment	-	555,183
Impairment on property, plant and equipment	-	(114,424)
Impairment on intangible assets	(508,227)	(365,022)
Gain on sale of other non-current assets	-	131,876
Loss on transaction of derivatives, net	(86,243,669)	(22,034,042)
Gain (loss) on valuation of derivatives, net	206,045,584	(20,449,857)
Gain (loss) on valuation of firm commitment, net	(237,141,721)	23,015,706
Donations	(5,801,430)	(40,258,457)
Other, net	30,898,132	14,902,753
Other expense	(485,972,622)	(432,475,880)
Loss before income taxes	(260,676,497)	(85,109,939)
Income taxes	50,427,228	36,708,152
Net Loss	₩ (311,103,725)	(121,818,091)
Loss per share		
Basic loss per share	₩ (1,981)	(779)

Non-Consolidated Statements of Disposition of Accumulated Deficit

For the years ended 31, 2009 and 2008  
Date of Disposition for 2009: March 26, 2010  
Date of Appropriation for 2008: March 27, 2009

(In thousands of Won)

	2009	2008
Balance at beginning of year	₩ 4,799,437	2,294,470
Cumulative effect of accounting changes	-	5,784,166
Change in retained earnings of equity method		
accounted investments	(7,229,748)	-
Net loss	(311,103,725)	(121,818,091)
Balance at end of year before disposition	313,534,036	113,739,455
Reserve for research and development	-	90,000,000
Reserve for utilities	-	55,000,000
Undisposed (unappropriated) accumulated deficit		
(retained earnings) available for disposition (appropriation)	313,534,036	(31,260,545)
Legal reserve	-	3,000,000
Dividends - 3% on par value at W 150 per share in 2008	-	23,461,108
	-	26,461,108
Reserve for research and development	277,050,311	-
Legal reserve	23,000,000	-
	300,050,311	-
Undisposed accumulated deficit (unappropriated retained earnings) to be carried over to subsequent year	₩ (13,483,725)	4,799,437



Non-Consolidated Statements of  
Change in Equity

For the years ended December 31, 2009 and 2008

(In thousands of Won)

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings (accumulated deficit)	Total stockholders’ equity
Balance at January 1, 2008	₩ 840,786,920	5,979,297	(195,877,583)	(40,640,496)	499,069,865	1,109,318,003
Cumulative effect of change in accounting policy	-	-	-	-	5,784,166	5,784,166
Balance at January 1, 2008, restated	840,786,920	5,979,297	(195,877,583)	(40,640,496)	504,854,031	1,115,102,169
Dividends	-	-	-	-	(54,725,084)	(54,725,084)
Net loss	-	-	-	-	(121,818,091)	(121,818,091)
Stock option	250,000	612,500	4,581,900	-	-	5,444,400
Changes in equity method for subsidiaries	-	(5,979,297)	(4,113,675)	-	-	(10,092,972)
Change in unrealized gain on valuation of available-for-sale securities	-	-	-	(338,831)	-	(338,831)
Change in unrealized loss on valuation of available-for-sale securities	-	-	-	(182,141)	-	(182,141)
Change in unrealized gain on valuation of equity method accounted investments	-	-	-	323,455,571	-	323,455,571
Change in unrealized loss on valuation of equity method accounted investments	-	-	-	14,736,440	-	14,736,440
Change in loss on foreign currency translation	-	-	-	(116,898,600)	-	(116,898,600)
Change in unrealized gain on valuation of derivatives	-	-	-	9,738,836	-	9,738,836
Change in unrealized loss on valuation of derivatives	-	-	-	22,854,052	-	22,854,052
Gain on revaluation of land	-	-	-	358,428,358	-	358,428,358
Balance at December 31, 2008	₩ 841,036,920	612,500	(195,409,358)	571,153,189	328,310,856	1,545,704,107

Non-Consolidated Statements of  
Change in Equity, Continued

For the years ended December 31, 2009 and 2008

(In thousands of Won)

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings (accumulated deficit)	Total stockholders’ equity
Balance at January 1, 2009	₩ 841,036,920	612,500	(195,409,358)	571,153,189	328,310,856	1,545,704,107
Dividends	-	-	-	-	(23,461,108)	(23,461,108)
Change in retained earnings of equity method accounted investments	-	-	-	-	(7,229,748)	(7,229,748)
Net loss	-	-	-	-	(311,103,725)	(311,103,725)
Loss on reissuance of treasury stock	-	-	192,025,381	-	-	192,025,381
Stock option	506,500	1,347,720	2,861,721	-	-	4,715,941
Disposal of equity method accounted investments	-	105,074,835	-	-	-	105,074,835
Changes in equity method for subsidiaries	-	(105,074,835)	(34,119,752)	-	-	(139,194,587)
Change in unrealized gain on valuation of available-for-sale securities	-	-	-	365,186	-	365,186
Change in unrealized loss on valuation of available-for-sale securities	-	-	-	182,142	-	182,142
Change in unrealized gain on valuation of equity method accounted investments	-	-	-	(120,755,070)	-	(120,755,070)
Change in unrealized loss on valuation of equity method accounted investments	-	-	-	680,510	-	680,510
Change in loss on foreign currency translation	-	-	-	49,850,472	-	49,850,472
Change in unrealized gain on valuation of derivatives	-	-	-	(23,969,472)	-	(23,969,472)
Change in unrealized loss on valuation of derivatives	-	-	-	8,183,718	-	8,183,718
Gain on revaluation of land	-	-	-	(146,105)	-	(146,105)
Balance at December 31, 2009	₩ 841,543,420	1,960,220	(34,642,008)	485,544,570	(13,483,725)	1,280,922,477

Non-Consolidated Statements of  
Cash Flows

For the years ended December 31, 2009 and 2008

(In thousands of Won)

Cash flows from operating  
activities

	2009	2008
Net income (loss)	₩ (311,103,725)	(121,818,091)
Adjustments for:		
Depreciation	48,419,592	51,701,535
Amortization	24,741,545	18,959,685
Accrual for retirement and severance benefits	17,936,262	32,442,095
Stock option compensation	3,650,271	4,581,900
Bad debt expenses	1,062,198	2,936,775
Interest expense	825,913	613,902
Impairment losses on property, plant and equipment	-	114,424
Reversal of impairment losses on property, plant and equipment	-	(555,183)
Gain on sale of current investments, net	72,776	-
Other bad debt expenses	-	4,585,482
Impairment on intangible assets	508,227	365,022
Reversal of allowance for doubtful accounts	(590,810)	-
Gain on sale of non-current investments, net	93,491	(1,889,002)
Equity in net loss of equity method accounted investments	436,024,329	440,476,281
Gain on sale of equity method accounted investments	(220,611,583)	(2,992,897)
Gain on sale of property, plant and equipment, net	(286,449)	(114,669,204)
Foreign currency translation loss, net	6,624,341	57,118,943
Loss on valuation of derivatives, net	(206,045,584)	20,449,857
Gain on valuation of firm commitment, net	237,141,721	(23,015,706)
Gain on sale of other non-current assets	-	(131,876)
Miscellaneous income	(13,995,572)	-
	<b>335,570,668</b>	491,092,033
Changes in assets and liabilities:		
Inventories	171,611,850	(172,910,680)
Accounts and notes receivable - trade	(122,690,152)	64,106,048
Accounts and notes receivable - other	2,649,508	14,839,685
Accounts and notes payable - trade	55,876,781	(99,837,405)
Accounts and notes payable - other	(83,693,971)	1,951,453
Advance payments	11,222,648	5,685,208
Advance receipts	3,629,794	21,018,447
Payment of retirement and severance benefit	(19,646,625)	(14,775,329)
Accrued severance benefit transferred from related parties	680,657	444,623
Accrued expenses	32,480,222	2,926,045
Withholdings	(5,742,919)	4,832,736
Current deferred tax assets	(3,249,320)	(6,160,871)
Non-current deferred tax liabilities	53,923,934	(39,285,241)
Firm commitment assets, liabilities	181,175,365	23,015,706
Dividend received	-	52,449,293
Others, net	(924,416,729)	(23,216,490)
	<b>(646,188,957)</b>	(164,916,772)
<b>Net cash provided by (used in) operating activities</b>	<b>₩ (621,722,014)</b>	204,357,170

Non-Consolidated Statements of  
Cash Flows, Continued

For the years ended December 31, 2009 and 2008

(In thousands of Won)

Cash flows from investing  
activities

	2009	2008
Proceeds from sale of short-term investments	₩ 1,241,134	788,460
Decrease in short-term financial instruments	2,789,189,933	2,327,102,212
Proceeds from sale of non-current investments	830,183	506,000
Proceeds from sale of equity method accounted investments	625,307,364	3,131,999
Proceeds from sale of property, plant and equipment	2,577,622	114,878,938
Proceeds from sale of other non-current assets	546,509	16,671,385
Increase in short-term financial instruments	(2,820,452,579)	(2,377,103,367)
Acquisition of non-current investments	(18,932,785)	(11,687,520)
Acquisition of equity method accounted investments	(1,034,989,382)	(353,562,184)
Increase in long-term loans	(39,330,900)	-
Acquisition of property, plant and equipment	(82,512,908)	(176,311,050)
Acquisition of intangible assets	(61,596,155)	(18,309,205)
Acquisition of other non-current assets	(7,937,921)	(7,656,043)
Decrease of cash in physical division	-	(19,537,317)
<b>Net cash used in investing activities</b>	<b>(646,059,885)</b>	(501,087,692)

Cash flows from financing  
activities

Proceeds from short-term borrowings	1,531,615,108	1,068,217,028
Proceeds from long-term debt	46,392,936	149,737,385
Proceeds from issuance of bond	1,017,671,008	60,000,000
Exercise of stock option	1,065,670	250,000
Proceeds from sale of treasury stock	189,500,444	-
Repayment of short-term borrowings	(1,374,244,534)	(842,955,898)
Repayment of current portion of long term debt	(108,901,652)	(70,331,605)
Dividend paid	(23,461,108)	(54,725,084)
<b>Net cash provided by financing activities</b>	<b>1,279,637,872</b>	310,191,826
<b>Net increase in cash and cash equivalents</b>	11,855,973	13,461,304
Cash and cash equivalents at beginning of year	24,013,173	10,551,869
<b>Cash and cash equivalents at end of year</b>	<b>₩ 35,869,146</b>	24,013,173



# Global Network

- Production Subsidiary
- Sales Subsidiary
- Branch
- R&D Center

## Belgium

**Waterloo**  
**EMEA Doosan Infracore Construction Equip. HQ** ●  
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Tel : 32 23 71 68 05

**Frameries**  
**Doosan Infracore Europe S.A. (Construction Equip.)** 🏢  
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**Sint-Niklaas**  
**Doosan Infracore Belgium S.A. (Forklifts)** ●  
Europark Noord 36A 9100 Sint – Niklaas Belgium  
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## Czech Republic

**Dobris**  
**Doosan Bobcat Engineering s.r.o.** 🏢  
**Doosan Bobcat Manufacturing s.r.o.** 🏢  
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Tel : 420 318 532 258

## Italy

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## France

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**Bobcat of Lyon SAS** 🏢  
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**Pont Chateau**  
**Bobcat France** ●  
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**Doosan Infracore Forklift France** ●  
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## Ireland

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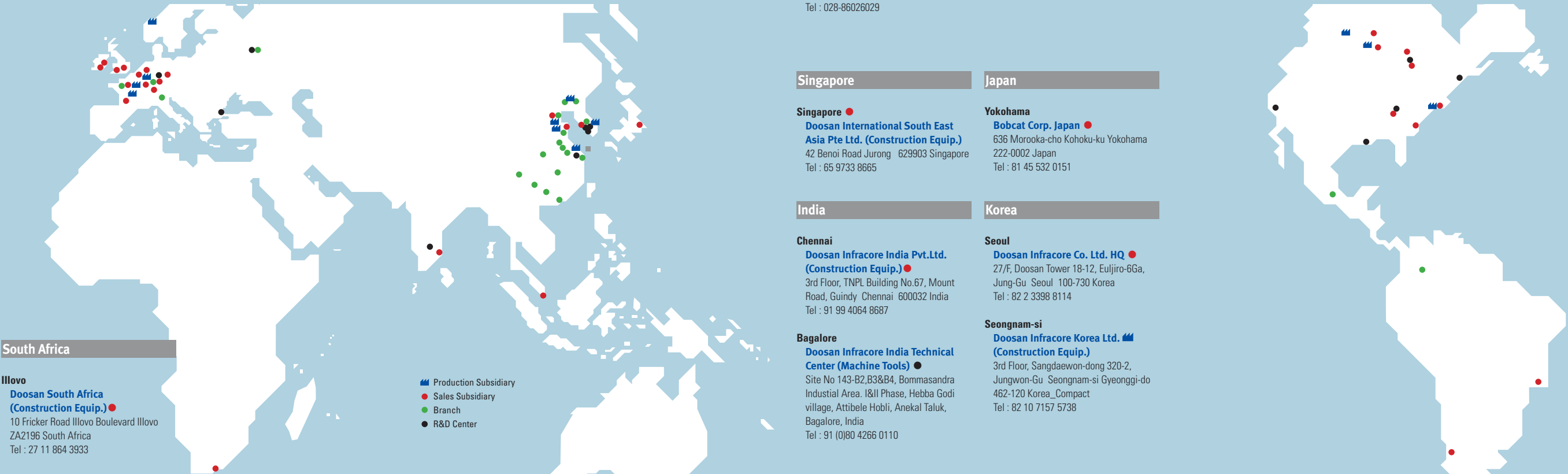
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- Production Subsidiary
- Sales Subsidiary
- Branch
- R&D Center

- Production Subsidiary
- Sales Subsidiary
- Branch
- R&D Center

# History

## Foundation and Development

- 1937 Founded Chosun Machine Works
- 1966 Listed on the Korean Stock Exchange
- 1975 Completed the construction of Incheon Diesel Engine Factory
- 1977 Completed the construction of Changwon Machine Tools Factory
- 1977 Completed the construction of Incheon Excavator and Forklift Factory
- 1981 Established Central R&D Center (Institute of Technology)
- 1984 Completed the construction of Changwon Defense Equipment Factory
- 1986 Started mass production of excavator model developed in-house
- 1990 Established Doosan Infracore Europe S.A. in Belgium
- 1994 Established Doosan Infracore U.K., Ltd. In the U.K.
- 1994 Established Doosan Infracore China Co., Ltd. in Shandong, China
- 1996 Received the Grand Prize in the Korea Quality Awards
- 1998 Established Doosan Infracore Germany GmbH. in Germany
- 1998 Established Doosan Infracore America Corp. in the USA
- 1998 Completed the construction of Forklift Factory in Shandong, China
- 2003 Established Doosan Infracore Machine Tools Yantai Co., Ltd. in Shandong, China
- 2004 Awarded the US\$ 1 Billion Export Tower Commemorating the annual Trade Day

## Rebirth as Doosan Infracore and Remarkable Growth

- 2005 Reborn as Doosan Infracore Co., Ltd.
- 2005 Established Doosan Infracore Co., Ltd. (Rep. Office) in Dubai
- 2006 Reached an accumulated production of 300,000 units for Forklift
- 2006 Established Doosan Infracore (China) Investment Co., Ltd. as a Holding Company
- 2006 Acquired Doosan Capital Co., Ltd.
- 2007 Acquired Doosan Mecatec's Machine Tools Division
- 2007 Acquired CTI, holder of original technology for HCNG engine
- 2007 Established Doosan Infracore Suzhou Co., Ltd. in Jiangsu, China
- 2007 Established Doosan Infracore India Pvt. Ltd. in Chennai, India
- 2007 Acquired Yantai Yuhua Machinery Ltd. in Shandong, China
- 2007 Established Doosan Infracore International, Inc. (DII)
- 2007 Acquired Ingersoll-Rand's Compact Construction Equipment Unit together with two other Units
- 2007 Awarded the US\$ 2 Billion Export Tower commemorating the annual Trade Day
- 2008 ATL, a German forklift company, acquired
- 2008 Machine Tool R&D Center established
- 2008 Moxy Engineering AS, a Norwegian articulated dump truck manufacturer, acquired
- 2008 A wheel loader plant completed in China
- 2008 The Defense Products BG is upgraded to independent subsidiary, Doosan Defense Systems & Technology Co., Ltd. (DST)
- 2009 Engine production joint venture formed with Xuzhou Construction Machinery Group





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