

Leading with Passion and Imagination

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CEO Message

○
2011 Financial Statements

SAMSUNG

SAMSUNG ENGINEERING

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SAMSUNG

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exceeding limits

We are a force with no boundaries, rising above client expectations while creating a visionary future.



Record financial results and the groundwork for sustainable growth

Thanks to our extensive efforts in 2011, Samsung Engineering achieved impressive and historic financial results of 9,298.2 billion won in sales, 687 billion won in pre-tax profits and 514.5 billion won in net profit.

Our sustainable growth has continued this year according to our strategic plans. We are now working closely with our new client ExxonMobil, and we have established GOSP as one of our main hydrocarbon services. Simultaneously we were awarded many power plant projects. In terms of geographical coverage, Samsung Engineering entered the Qatar, Iraq and Uzbekistan market for the very first time.

In 2012 we are targeting 16 trillion won in new orders and 11.5 trillion won in sales. By continuously developing new markets and expanding product portfolio, we are looking forward to achieving this goal.

Leading in the midst of change

The global economy is still on a slow road to recovery, as we navigate through the European financial downturn and fierce competition in our industry. We are confident that Samsung Engineering will turn this crisis into an opportunity as a true leader amongst engineering firms.

Under the same motto of 'taking a new challenge through creativeness and innovation', we will embrace our new motto '**lead the change of a new competition paradigm**'.

The following is how we plan to keep sustainable growth.

First our priority is to invest in the skills and expertise that will support our new business areas, the areas that we believe will drive our future growth. We will focus on successfully completing our current projects and continuously increase our service offerings.

We will work towards further cost competitiveness by stronger project management and execution initiatives. Our profit margins will continuously improve as we will minimize COPQ and carry out work in procurement and construction in an effective way. Although we already have a reputation for our competitive pricing, we will pursue even greater value for our clients.

We must enhance our global operation and upgrade our management system.

Our headquarters should be able to handle large-scale projects, while our international branch offices deliver the smaller and medium-sized projects. We will work towards closer collaborations between the head office and our global offices using the strength of our integrated management system.

We will **increase employee capabilities and skills and solidify a strong organizational culture.**

To this end, more core job groups will be added and the pool of functional experts will be broadened. This will be supported by an organization culture rooted with a challenging spirit as we create and pursue future value for our clients.

Your confidence in us comes first

Samsung Engineering will be a company that values your trust. We will never take your interest and trust granted, because we know your support is what makes us pursue a sustainable and visionary future.

Thank you.



Ki-Seok Park
President & CEO

Consolidated Statements of Financial Position

December 31, 2011 and 2010

in thousands of U.S dollars

	Period 45 (current term)	Period 44 (previous term)
Assets		
I. Current assets	3,604,287	2,455,324
II. Non-current assets	894,642	609,675
Total assets	4,498,929	3,064,999
Liabilities		
I. Current liabilities	3,160,359	2,087,910
II. Non-current liabilities	199,788	150,458
Total liabilities	3,360,147	2,235,368
Equity attributable to owners of the Parent		
I. Capital stock	173,415	173,415
II. Consolidated surplus	49,098	49,098
III. Retained earnings	1,177,798	813,160
IV. Other reserve	(229,203)	(171,240)
Non-controlling interest	(32,326)	(34,802)
Total equity	1,138,782	829,631
Total liabilities and equity	4,498,929	3,064,999

※These financial statements serve as a general overview, which were audited by Pricewaterhouse Coopers. Based on Korean GAAP, these financial statements include companies with over 10 billion KRW in assets as of the end of last year, which can differ from the company's performance written in this book. For details, please go to our website or check the electronic public announcement online. Financial Supervisory Service's electronic public announcement system - <http://dart.fss.or.kr>

Consolidated Statements of Income

Years ended December 31, 2011 and 2010

in thousands of U.S dollars

	Period 45 (current term)	Period 44 (previous term)
I. Revenues	8,062,242	4,606,140
II. Cost of sales	7,126,914	3,903,483
III. Gross profits	935,328	702,657
1. Administrative expenses	398,621	331,023
2. Other operating income	290,068	163,061
3. Other operating expenses	204,851	177,240
IV. Operating profit	621,924	357,455
1. Share of profit of associates	31	-
2. Finance income	55,410	60,153
3. Finance costs	81,668	19,599
V. Profit before income tax	595,697	398,009
Income tax expense	149,566	106,133
VI. Profit for the year	446,131	291,876
VII. Profit attributable to		
1. Owners of the parent	445,036	294,195
2. Non-controlling interests	1,095	(2,319)

USD 1 dollar

	Period 45 (current term)	Period 44 (previous term)
VIII. Earnings per share		
1. Basic earnings per share	12.05	7.83
2. Diluted earnings per share	12.04	7.82

Consolidated Statements of Cash Flows

Years ended December 31, 2011 and 2010

in thousands of U.S dollars

	Period 45 (current term)	Period 44 (previous term)
I. Cash flow from operating activities		
1. Cash generated from operations	209,397	225,484
2. Interest received	34,623	28,274
3. Interest paid	(9,702)	(3,084)
4. Dividends received	1,379	1,505
5. Income tax paid	(83,551)	(67,935)
Net cash generated from operating activities	152,146	184,244
II. Cash flows from investing activities		
1. Proceeds from disposal of property, plant and equipment	2,106	1,222
2. Proceeds from disposal of intangible assets	1,034	341
3. Decrease of deposits	39,286	30,562
4. Net increase of current financial assets	407,206	53,549
5. Collection of current portion of held-to-maturity financial assets	832	1,170
6. Proceeds from disposal of available-for-sale financial assets	32,747	-
7. Decrease of other non-current assets	8	49
8. Acquisition of available-for-sale financial assets	-	(1,127)
9. Proceeds from subsidiary	-	(548)
10. Acquisition of held-to-maturity financial assets	(87)	(262)
11. Acquisition of shares of associates	-	(297)
12. Acquisition of property, plant and equipment	(231,870)	(147,250)
13. Acquisition of intangible assets	(8,833)	(8,114)
14. Increase of deposits	(158,163)	(40,268)
15. Increase of other non-current assets	(5,473)	-
Net cash used in investing activities	78,793	(110,973)
III. Cash flows from financing activities		
1. Proceeds from exercise of share options	130	-
2. Acquisition of subsidiary	52	10,827
3. Net decrease from borrowings	(14,070)	(65,757)
4. Dividends paid	(80,048)	(114,369)
5. Acquisition of treasury stock	-	-
Net cash used in financing activities	(93,936)	(169,299)
IV. Changes on cash and cash equivalents due to translating currency	2,254	616
V. Net (decrease) / increase in cash and cash equivalents	139,257	(95,412)
VI. Beginning of the year	354,376	449,211
VII. Exchange gains(losses) on cash and cash equivalents	(8,054)	537
VIII. End of the year	485,579	354,336