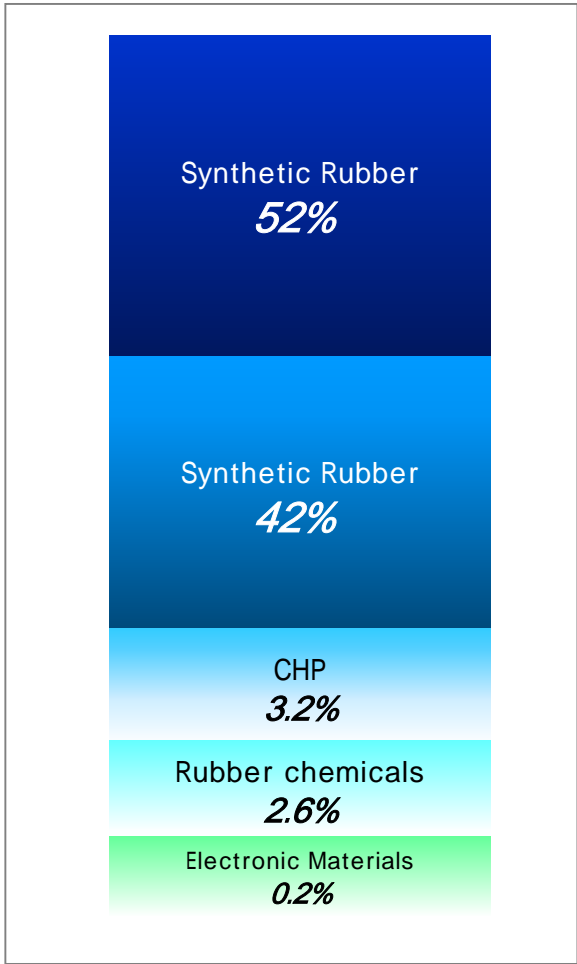




This document is provided for investors while the operating results presented herewith have not yet received a complete and full review by external auditor, which may be subject to change in the course of further process,

1. Overview of KKPC
2. 1Q, 2006 results
3. 2Q, 2006 plans
4. Appendix

Business Portfolio



* Sales (2005)

Synthetic rubber

- SBR, HBR, NBR, Latex, SBS, ETC
- World's 4th Production capacity[in SBR & BR]
- Production Capacity : 629,000Mt/Year

Synthetic resin

- ABS,PS,EPS,PPG
- Production Capacity : 577,000Mt/Year

Combined heat plant

- Steam & Electricity
- Self consumption & sale to Neighboring Companies
- Production Capacity : 630 Mt/Hr, 36MWH/Hr

Rubber chemicals

- Antioxidants and Vulcanization Accelerators
- Korea's No 1 in M/S[70%]
- Production Capacity : 26,200Mt/Year

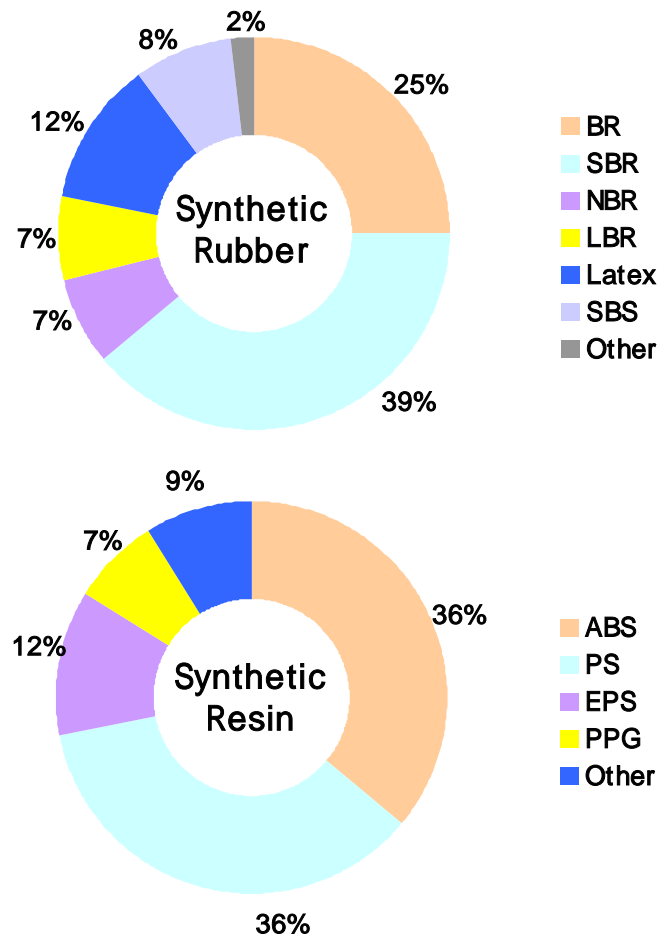
Electronic Materials

- Developer & Stripper used in manufacturing LCD
- Next Generation photo-resist for semiconductor
- Production Capacity : 2,000Mt/Year

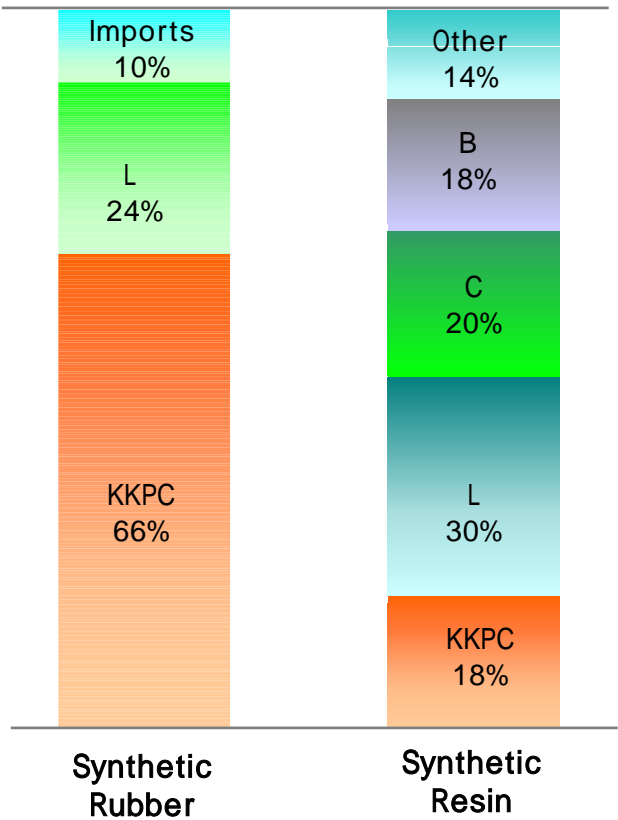


Market position

Sales breakdown by product

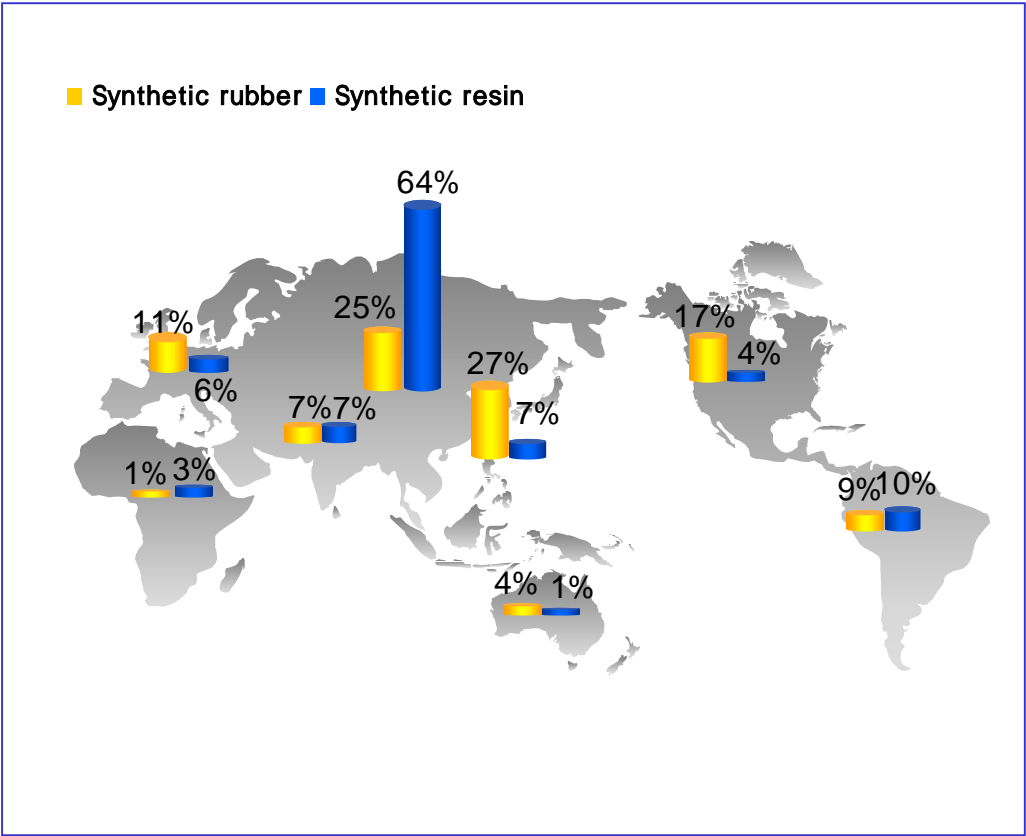


M/S by company

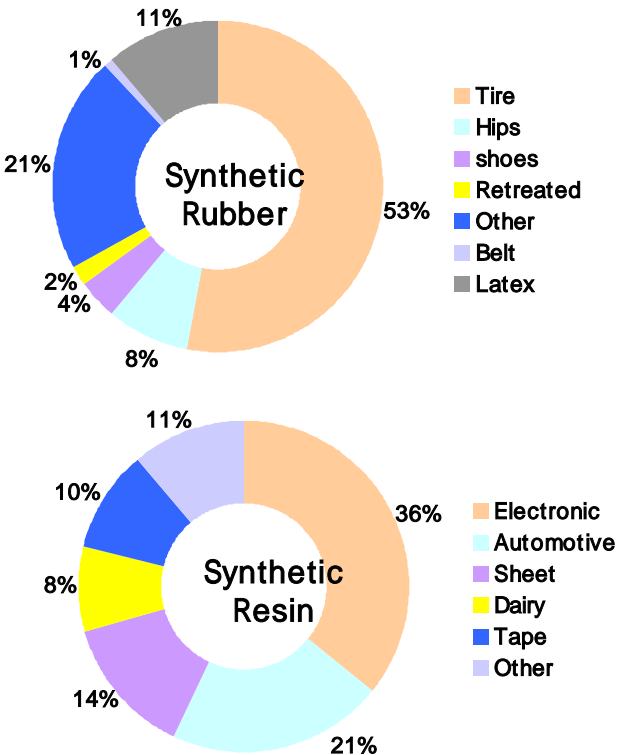


Market position

Operational network for each business sector

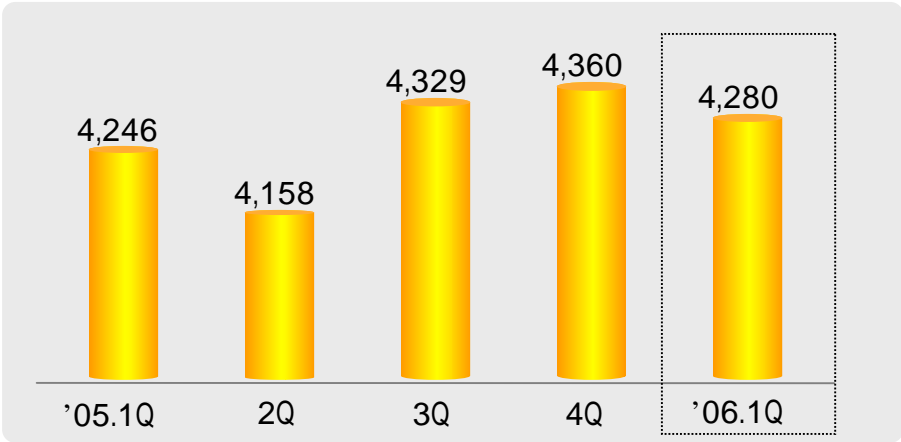


Sales breakdown by application

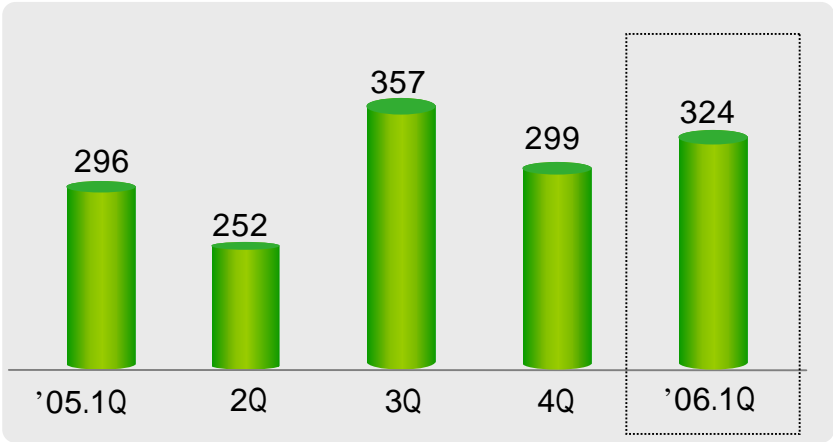


1Q, 2006 results[summary]

Sales[unit : KRW 100 mil.]



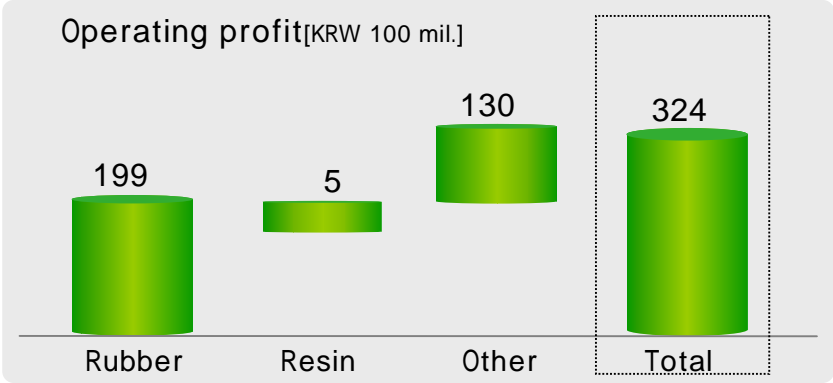
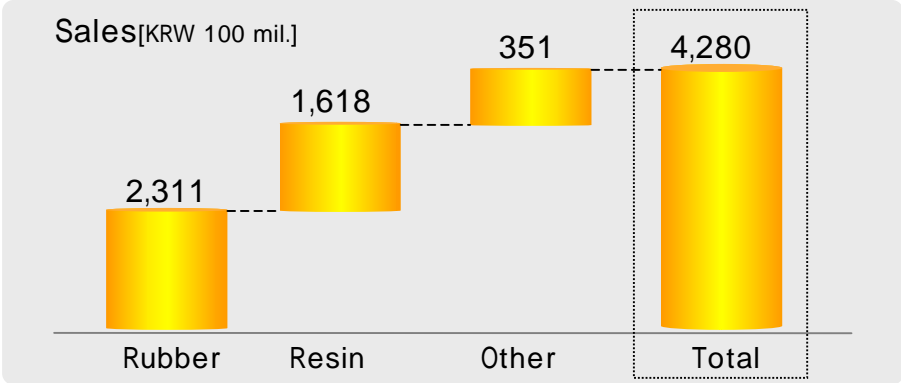
Operating profit[unit : KRW 100 mil.]



| | 1Q, 05 | 4Q, 05 | 1Q, 06 | Growth[%] | |
|------------------------------|--------|--------|--------|-----------|-------|
| | | | | Y - Y | Q - Q |
| sales | 4,246 | 4,360 | 4,280 | 0.80 | 1.83 |
| Gross profit | 608 | 630 | 644 | 5.92 | 2.22 |
| [%] | 14.3 | 14.4 | 15.0 | | |
| Operating Profit | 296 | 299 | 324 | 9.46 | 8.36 |
| [%] | 7.0 | 6.9 | 7.6 | | |
| Ordinary profit | 565 | 444 | 312 | 44.78 | 29.73 |
| [Except equity method gains] | 224 | 101 | 129 | 42.41 | 27.72 |
| Net profit | 468 | 375 | 129 | 72.44 | 65.60 |
| Equity method gains | 341 | 343 | 183 | 46.33 | 46.65 |

Income analysis

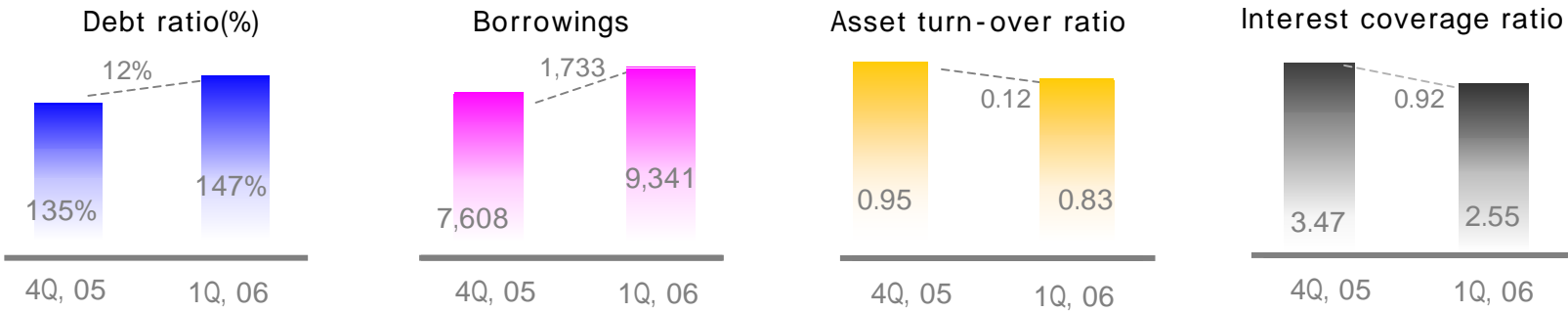
- Sales - 1.83% q-q, +0.8% y-y
- Operating profit +8.36 q-q, +9.46 y-y



| | 1Q, 05 | 4Q, 05 | 1Q, 06 | Growth[%] | |
|--------------------|--------|--------|--------|-----------|------|
| | | | | Y-Y | Q-Q |
| Sales | 4,246 | 4,360 | 4,280 | 0.80 | 1.83 |
| [Synthetic Rubber] | 2,244 | 2,367 | 2,311 | 2.99 | 2.37 |
| [Synthetic Resin] | 1,650 | 1,665 | 1,618 | 1.94 | 2.82 |
| [Other] | 351 | 328 | 351 | 0 | 7.01 |
| Operating profit | 296 | 299 | 324 | 9.46 | 8.36 |
| [Synthetic Rubber] | 266 | 202 | 199 | 25.19 | 1.49 |
| % | 11.85 | 8.53 | 8.61 | | |
| [Synthetic Resin] | -56 | -25 | -5 | 1,020 | 400 |
| % | -3.39 | -1.5 | -0.3 | | |
| [Other] | 86 | 122 | 130 | 51.16 | 6.56 |
| % | 24.5 | 37.2 | 37.0 | | |

Financial structure

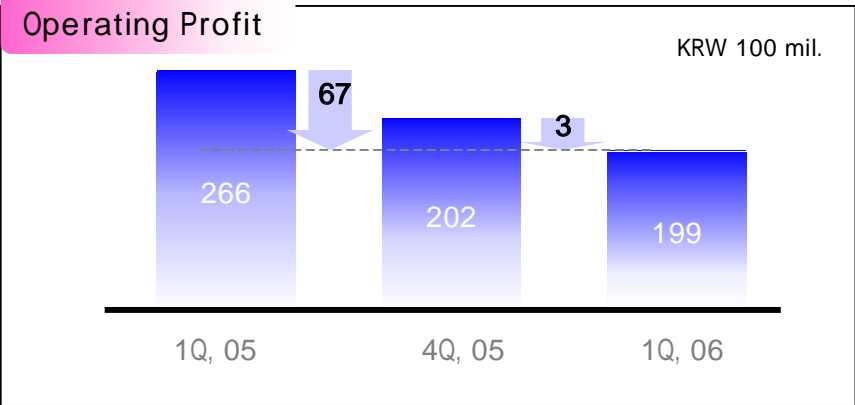
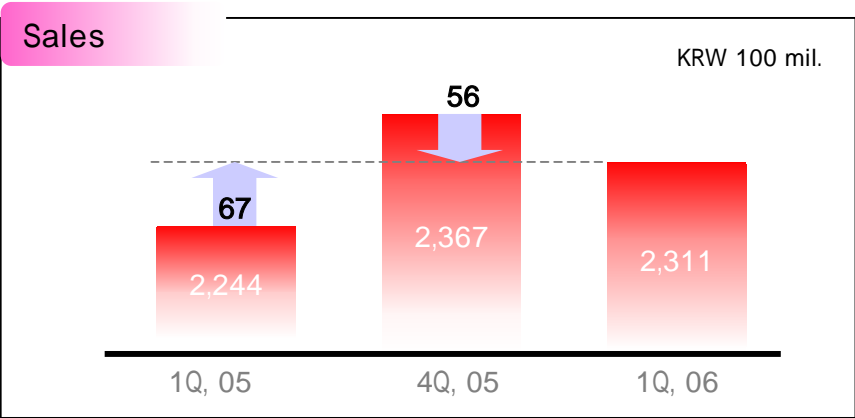
- Increase of liabilities 1,555, Debt ratio 12% q-q
- Increase of Borrowings 1,733 q-q, 3,396 y-y



| | Unit | 1Q, 05 | 4Q, 05 | 1Q, 06 | Change | |
|-------------------------|--------------|--------|--------|--------|--------|-------|
| | | | | | Y-Y | Q-Q |
| Assets | KRW 100 mil. | 16,296 | 19,736 | 21,626 | 5,330 | 1,890 |
| Liabilities | KRW 100 mil | 8,805 | 11,331 | 12,886 | 4,081 | 1,555 |
| Equity | KRW 100 mil | 7,491 | 8,405 | 8,740 | 1,249 | 335 |
| Debt ratio | % | 118 | 135 | 147 | 29 | 12 |
| Borrwoings | KRW 100 mil | 5,945 | 7,608 | 9,341 | 3,396 | 1,733 |
| Assets turn-over ratio | | 1.04 | 0.95 | 0.83 | 0.21 | 0.12 |
| Interest coverage ratio | | 3.17 | 3.47 | 2.55 | 0.62 | 0.92 |

Sector analysis – Synthetic rubber

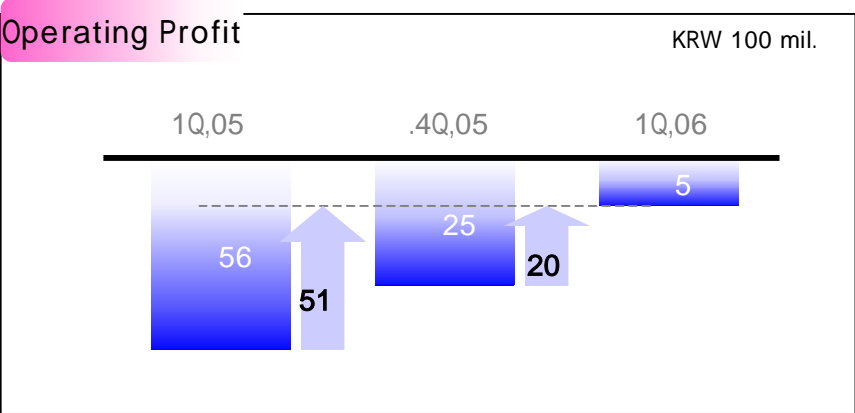
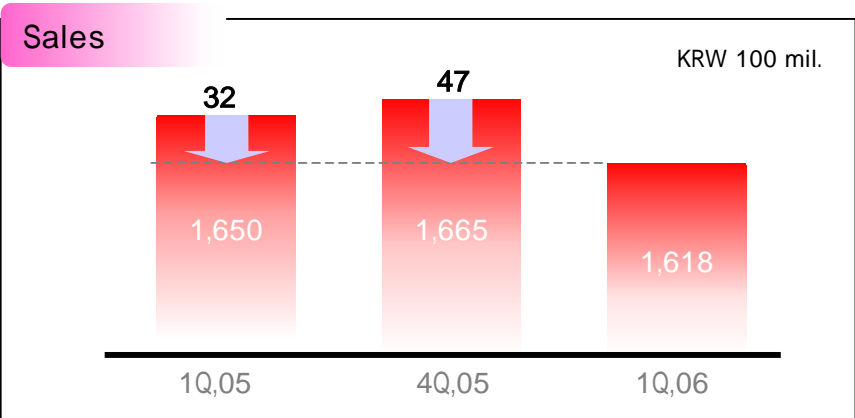
- Revenue and operating income slightly decreased due to lowering sales price caused by price reduction of BD, main feedstock
- increase of Operating profit margin 0.08 q-q
 - Tight demand/supply and strong natural rubber price continued



- Decrease of sales and operating profit
 - due to lowering sales price caused by price reduction of BD, main feedstock
- | | '05.11 | '05.12 | '06.1 | '06.2 | '06.3 |
|----------|--------|--------|-------|-------|-------|
| BD Price | 1,056 | 938 | 1,010 | 1,171 | 1,299 |
- * unit: \$/Mt, CFR Taiwan
- Operating income decreased due to strong currency, but the ratio of operating income increased by 0.08% y-y
 - Tight demand/supply and strong natural rubber price continued
 - natural rubber import price : 2,000\$/Mt
 - Sales boost expected as India withdrew punitive tariff on HSR[The India Supreme Court withdrew punitive tariff [USD 68.9/Mt]

Sector analysis – Synthetic resin

- Revenue decreased because of lowering sales price as SM price stabilized at low level
- Operating loss decreased by 2 billion KRW over previous q-q due to stable sales spread



- Revenue decreased by 4.7 billion KRW, but operating loss decreased by 2 billion KRW q-q as SM price stabilized at low level

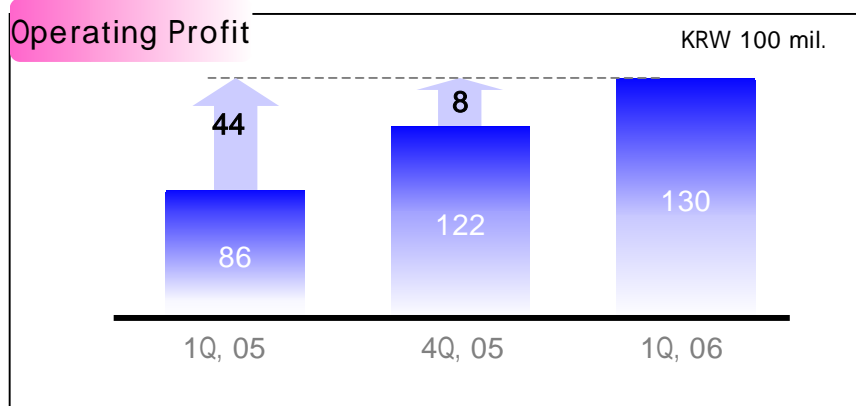
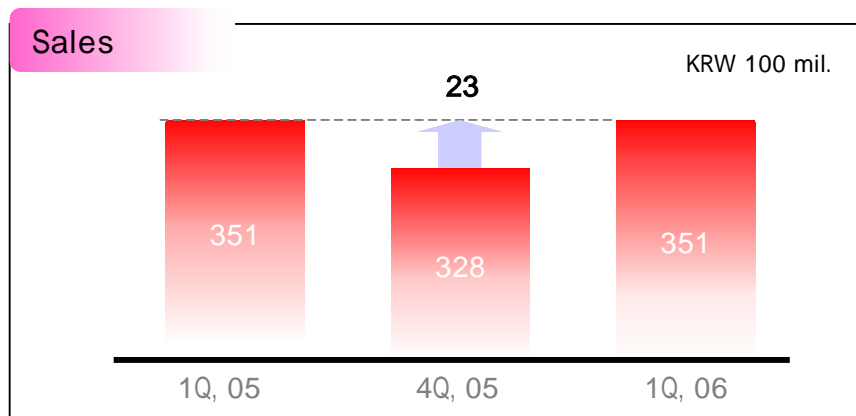
| | | | | | |
|----------|--------|--------|-------|-------|-------|
| | '05.11 | '05.12 | '06.1 | '06.2 | '06.3 |
| SM Price | 944 | 983 | 1,082 | 1,057 | 1,020 |

* Unit : \$/Mt, CFR Taiwan

- Expand the sales of high value-added products
 - Aggressive marketing of construction material made from KKPC's ASA product
 - Focus on the sales of highly heat insulating EPS
- Consider overseas compounding facility
 - Secure overseas production/distribution base for market accessibility and logistical cost reduction
 - candidates are Guangdong/Shandong provinces of China, Vietnam, etc.

Sector analysis – Other divisions

- The operating income of combined heat power plant increased because import price of coal plunged due to strong Korean currency
- Rubber chemical price slightly lowered because of price competition among rival producers[Lanxess, Crompton, etc.) vying for expanding overseas sales



- CHP division
 - The operating income of CHP plant increased because import price of coal plunged due to strong Korean currency
- Rubber chemical division
 - Sales volume increased, but sales price slightly reduced [because of price competition among producers for sales expansion]
- Rubber chemical in North America expected due to the victory in the lawsuit with Plexxis
 - ruled not guilty by ITC

Main Achievement 1Q, 2006

Strengthening Market dominance

- Revamping of SBR,NBR
 - Expansion : SBR 28,000, NBR 11,000Mt/Year
 - Target launch 4Q, 2006
- Construction of SBR
 - Expansion : 80, 000 Mt/Year
 - Target launch 2008



Developing eco-friendly material and special grade

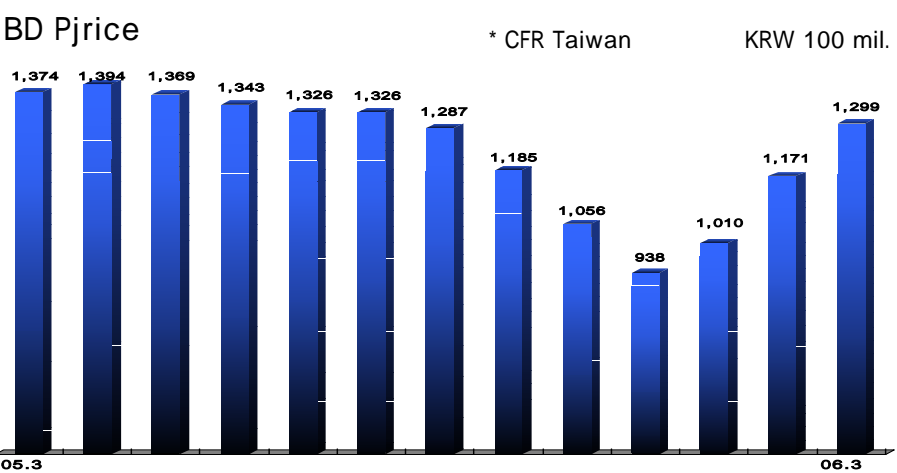
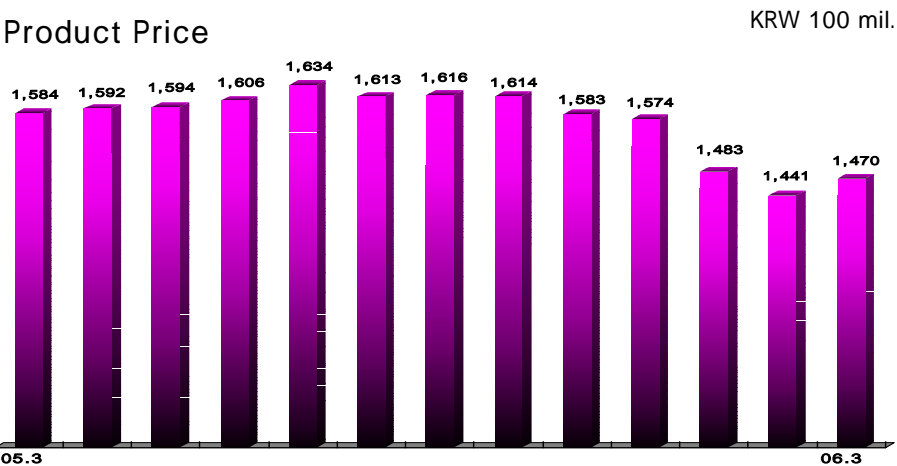
- Develop SBR containing low aromatic compound
 - Conventional SBR be replaced by 2010
- Develop HOT SBR
 - used as bounding material as well as Tire bead
 - more expensive than conventional SBR(200~300\$)
- Expand eco-friendly construction material business
 - Applied in the newly built apartment by Kumho E&C
- Increase the sales of high-heat-insulating EPS
 - increase sales to Kumkang panel/Greenpia

Expansion of related market

- PPS[Polyphenylene Sulfide]
- Insoluble Sulfur

Sector Prospects – Synthetic Rubber

Production/Feedstock price trend

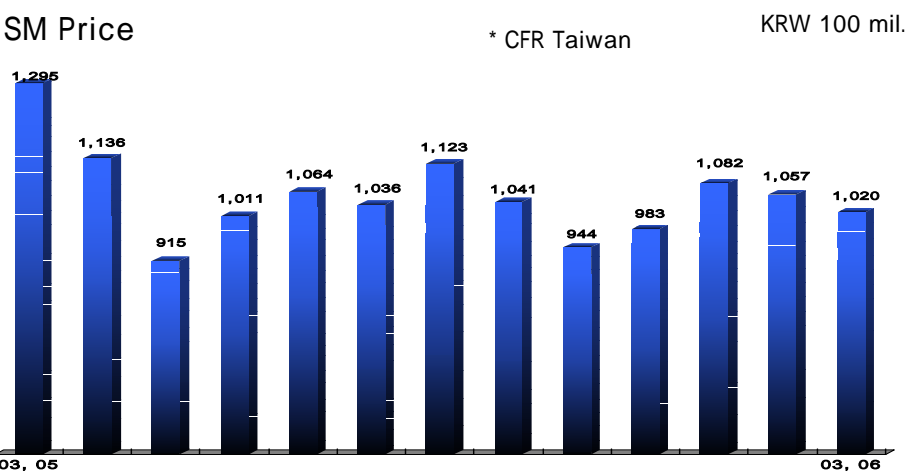
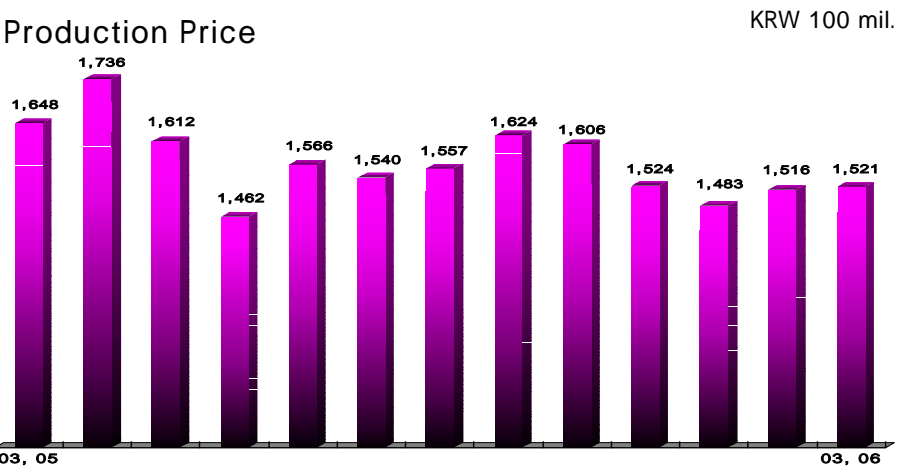


2Q, 2006 Prospects

- Sales increase expected as the operating ratio of tire industry goes up
- Substituting demand for synthetic rubber expected to increase as natural rubber price remains strong
- Sales price expected to increase as the price of feedstock(BD) goes up
- operating income expected to increase over 1Q due to increasing demand from SE Asia and China
- The sales of SBS expected to increase as sales season starts

Sector Prospects – Synthetic Resin

Production/Feedstock price trend



2Q, 2006 Prospects

- Sales increase expected as sales season starts (Air conditioner, refrigerator, etc.)
- Demand increase from China will boost synthetic resin sales high oil price will raise sales price
- Sales price expected to be stabilized as feedstock price stabilizes at low level [We forecast sharp fluctuation will barely occur.)
- Focus on eco-friendly/high value-added/special product
 - Eco-friendly construction material
 - High heat insulating EPS
 - Improve profitability of special products as incombustible resin
- Make efforts to grab new market and strategic captive user
 - Russia, Vietnam, North America, etc

Management Plans

Improving Profitability

- High-margin and high growth products
 - SEBS/EPS

Developing eco-friendly material

- Expand eco-friendly construction material business
- Expand Nd-BR[eco-friendly rubber]
- Expand SBS[eco-friendly Asphalt modification]

Expansion of related markets

- PPS
- Insoluble sulfur
- Build overseas production facility of rubber chemical and feedstock

Entry into energy business

- construction of Turbine Generator[going on now]
 - Now construction going on in yeosu complex
 - Purpose : Generate electricity using the idle capacity of coal boiler and decreased demand for steam
 - Target launch 2H 07
- Overseas resources exploration
 - Oil exploration in West Kamchatka, Russia/Bolz, kazakhstan



Income statement

KRW 100 mil.

| | 1Q, 2005 | 4Q, 2005 | 1Q, 2006 | Remark |
|-----------------------------------|----------|----------|----------|--------|
| Sales | 4,246 | 4,360 | 4,280 | |
| Gross profit | 608 | 631 | 644 | |
| Selling & Administrative expenses | 311 | 332 | 320 | |
| Operating profit | 296 | 299 | 324 | |
| [%] | 7.0 | 6.9 | 7.6 | |
| Non-operating income | 433 | 345 | 302 | |
| Non-operating expenses | 164 | 199 | 314 | |
| Recurring profit | 565 | 444 | 312 | |
| [except equity method gains] | 224 | 101 | 129 | |
| Net profit | 468 | 375 | 129 | |

Balance sheet

KRW 100 mil.

| | 1Q, 2005 | 4Q, 2005 | 1Q, 2006 | Remark |
|-------------------|----------|----------|----------|--------|
| Assets | 16,296 | 19,736 | 21,626 | |
| Current | 3,842 | 6,081 | 4,207 | |
| [inventories] | 1,791 | 2,069 | 2,032 | |
| Non-current | 12,454 | 13,655 | 17,419 | |
| [Tangible] | 4,878 | 5,473 | 5,385 | |
| Liabilities | 8,805 | 11,331 | 12,886 | |
| Current | 4,579 | 5,396 | 7,221 | |
| Non-current | 4,226 | 5,934 | 5,665 | |
| Equity | 7,491 | 8,405 | 8,740 | |
| Paid-in capital | 1,422 | 1,422 | 1,422 | |
| Retained earnings | 1,841 | 2,580 | 2,497 | |
| Others | 4,228 | 4,403 | 4,821 | |

Cash flow statement

KRW 100 mil.

| | 1Q, 2005 | 4Q, 2005 | 1Q, 2006 | Remark |
|---------------------------------------|----------|----------|----------|--------|
| 1. Operating | 21 | 358 | 17 | |
| - Net profit | 468 | 375 | 129 | |
| - Depreciation/ severance benefits | 161 | 191 | 187 | |
| - Other | 650 | 208 | 333 | |
| 2. Investment | 221 | 529 | 3,380 | |
| - Tangible assets | 127 | 361 | 75 | |
| - Others | 348 | 168 | 3,305 | |
| 3. Financing | 155 | 1,184 | 1,691 | |
| - Debt | 162 | 1,125 | 1,705 | |
| - Treasury stock/ dividends | | | - | |
| - Others | 7 | 59 | 14 | |
| Net cash flow | 45 | 1,013 | 1,706 | |

CAPEX

KRW 100 mil.

| | 1Q, 2005 | 4Q, 2005 | 1Q, 2006 | Remark |
|-----------|----------|----------|----------|--------|
| Ordinary | 55 | 63 | 30 | |
| Expansion | 58 | 170 | 16 | |
| New | 6 | 47 | 6 | |
| R&D/IT | 21 | 90 | 29 | |
| Total | 140 | 370 | 81 | |

Ordinary : Synthetic rubber[SBR] 's Revamping
New : PDF Boiler construction & 4-ADPA Plant Construction, etc.
R&D/IT : APC(Advanced Process Control, etc.

Capacity

Unit : 1,000Mt/Year

| | | 4Q, 2005 | expansion | Current Capa. | Remark |
|------------------|----------|----------|-----------|---------------|--------|
| Synthetic Rubber | SBR | 253 | | 253 | |
| | HSR | 10 | | 10 | |
| | NBR | 30 | | 30 | |
| | B R | 206 | | 206 | |
| | SB Latex | 70 | | 70 | |
| | TPE | 60 | | 60 | |
| Synthetic resin | PS | 228 | | 228 | |
| | ABS | 220 | | 220 | |
| | EPS | 74 | | 74 | |
| | PPG | 55 | | 55 | |
| Rubber Chemical | | 26.2 | | 26.2 | |

Ownership structure

