01 We know leadership

In our 2010 annual report entitled "Great Expectations", we shared the reasons why we expected 2011 to be an even better year than our record-breaking 2010 performance. And we proved it by delivering our best performance to date by a large margin.

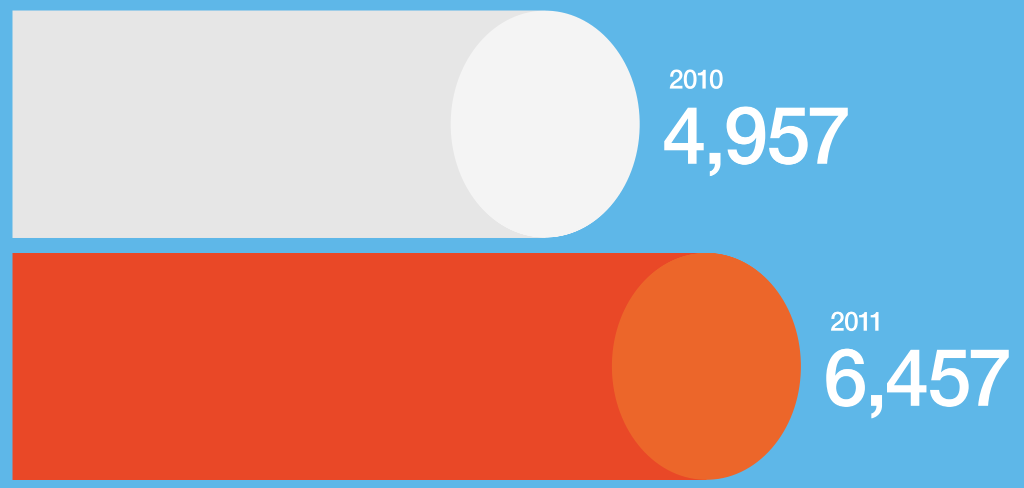
The global economy is becoming more organically connected, and volatility and uncertainty are greater than ever before. In 2011, sovereign credit rating downgrades in the United States and major countries across Europe elevated that uncertainty to a new level, chilling already weak consumer confidence and putting a damper on economic recovery. In developed markets, growth continued to be slow, while even developing markets experienced notably slower growth.

In the midst of this bleak news, the aggressive investments we have made in capacity expansion over the past few years began to bear fruit one-by-one, making us the world's undisputed largest producer of synthetic rubbers in terms of production capacity. The timing was perfect as rising demand from the downstream automobile and tire industries dovetailed with our expanded productivity, producing greater growth and profits. Organizationally, we focused on strengthening our managerial independence from the Kumho Asiana Group and consolidated our core capabilities as we laid a firm foundation for our emergence as a global leading chemical group. We also used our enhanced cash generation abilities to steadily reduce debt and take our financial soundness to a higher level.

From a growth perspective, our sales rose 30.3% to a record KRW 6,457 billion in 2011, far outpacing the previous year.

Sales Revenue

In KRW Billions



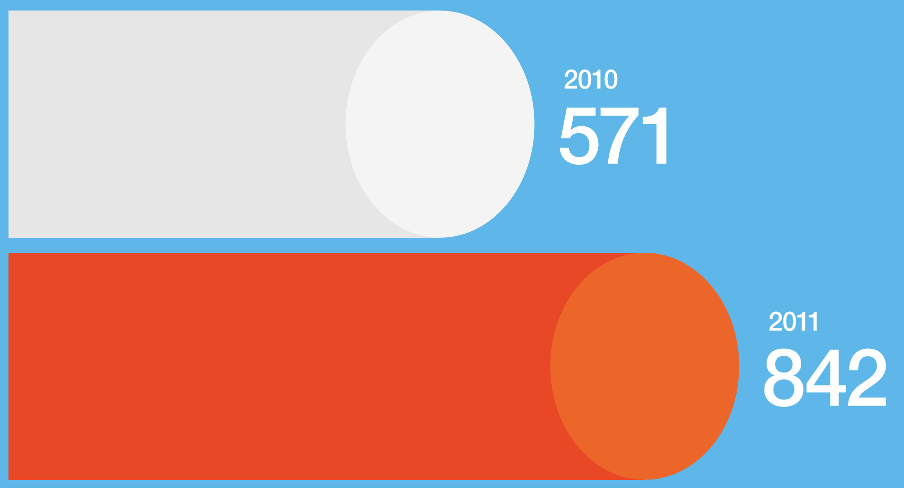
Sales Revenue Growth

+30.3%

From a profitability perspective, our higher operating margin boosted operating income by 47.5% to a new high of KRW 842 billion.

Operating Income

In KRW Billions



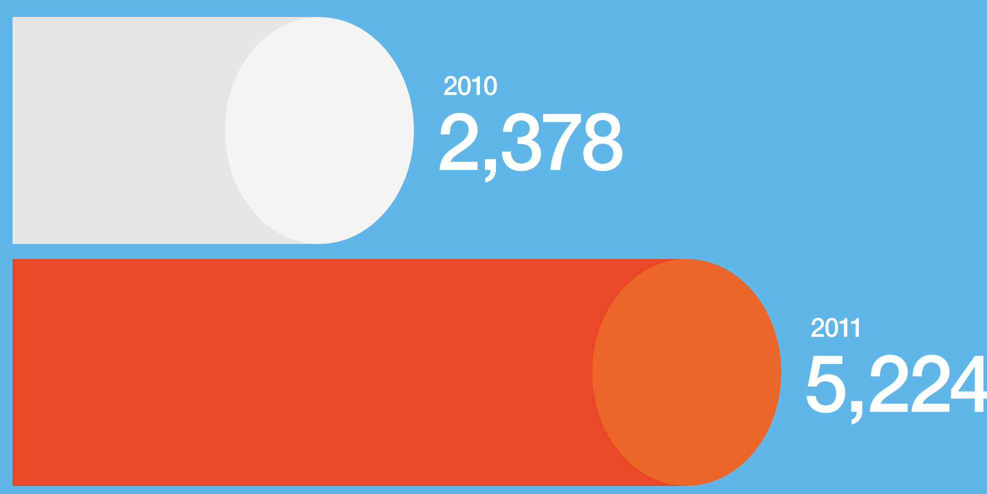
Operating Income Growth

+47.5%

From a corporate value perspective, a rapid re-evaluation of our intrinsic value by the market helped our market cap grow 119.7% in 2011 to KRW 5,224 billion at year-end.

Market Capitalization

In KRW Billions

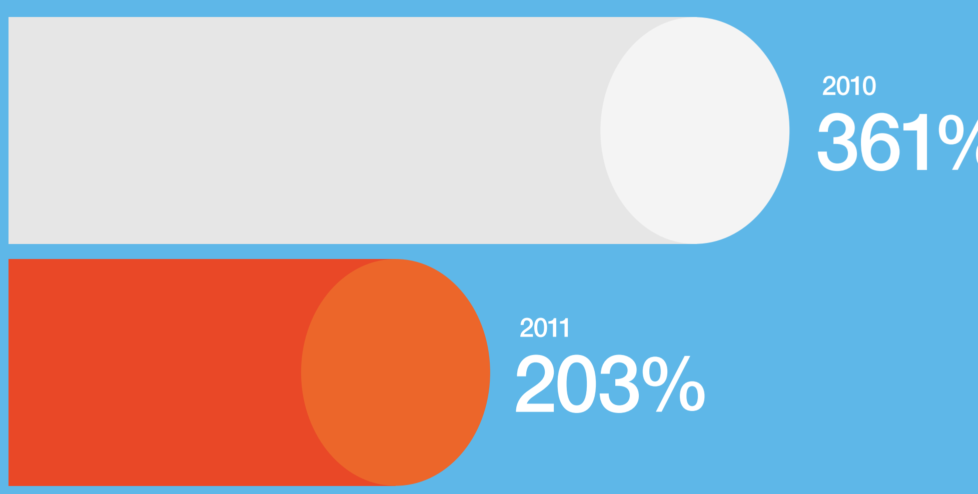


Market Capitalization Growth

+119.7%

From a financial soundness perspective, debt declined and equity rose as our debt-to-equity ratio fell 158 percentage points to 203%.

Debt-to-Equity Ratio

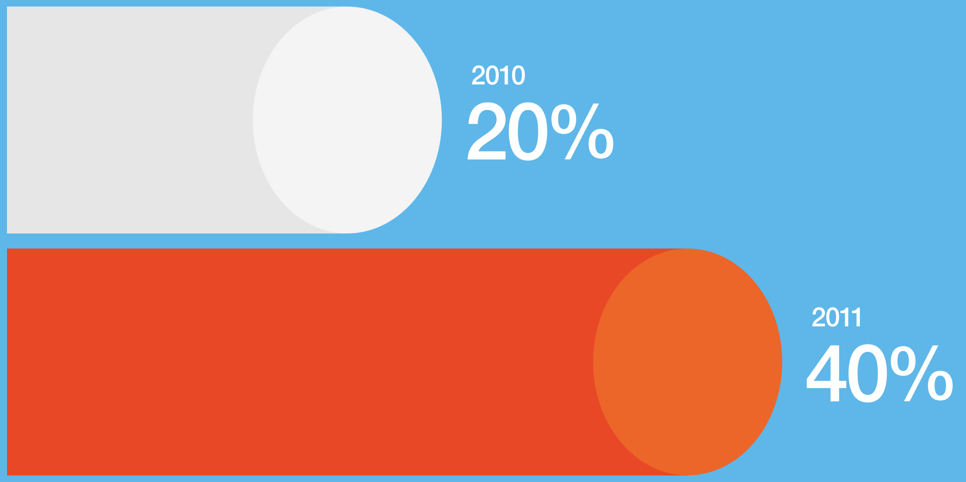


Debt-to-Equity Ratio Change

-158 pp

From a shareholder value perspective, we declared a cash dividend of KRW 2,000-per-share for a face-value yield of 40%, 20 percentage points higher than the previous year.

Dividend



Dividend Change

+20pp

So, what enabled this amazing performance?

Was it the world's top production capacity and market leadership in synthetic rubbers? Superior product competitiveness? A focus on the customer? A favorable market environment? Enhanced financial soundness? Resolved uncertainty? Of course, all of these things have laid the foundation for today's KKPC. But even with all these positives, there's one thing that without which this remarkable growth would have been impossible.

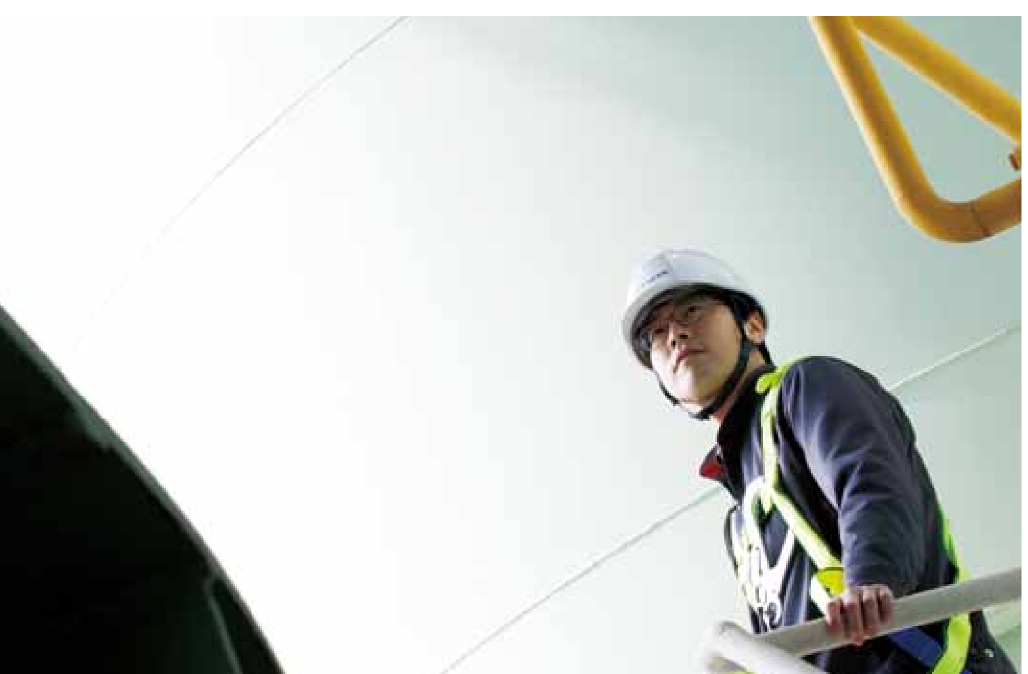
That one, indispensible thing is our passionate, united, and dedicated employees. It's been said that without great people, it's impossible to achieve great things. Sometimes the things that you can't see are a greater force for change and growth than the things you can. That's because every miracle ultimately starts in the heart.

Customer-Centric Management Every customer has unique needs. That's where everything we do starts. There's no one-size-fits-all solution because the success of each project or business is directly impacted by different requirements and circumstances. That's why building a relationship of trust with customers is our first rule in business.

Long-Term Perspective Only people who know where they're going can focus on how they're going to get there. For us, leadership isn't about coercive management. It's about sharing a vision and helping others achieve it by themselves.

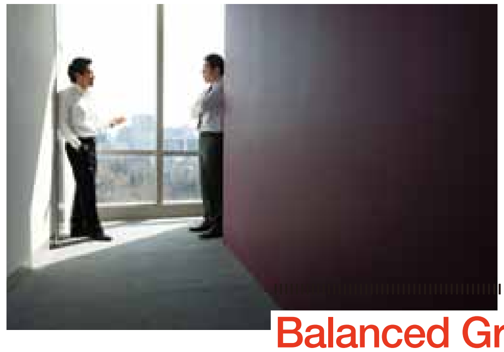
Continuous Improvement We're fired up about finding ways to make KKPC more efficient and effective. Continuous growth isn't just something we talk about. It's about everything we do.

Entrepreneurial Spirit Everybody asks why I enjoy my job so much. And I always give the same answer. It's because I have a great team to work with on challenging things, and I'm immersed in a work environment that fosters professional growth.



Ceaseless Innovation Is innovation only for cutting-edge high-tech businesses? Absolutely not. I think that the petrochemical sector is where innovation is most needed. The reason is because it takes ceaseless innovation to produce the tens of different raw materials that are converted through special processes into completely different substances, which are then used as materials in other industries.

True Leadership We're not satisfied with simply being the world leader in synthetic rubbers. Our goal is to be No. 1 in every product and every market. That's how we will become an industry-leading company in the truest sense.



Balanced Growth Our strategic goal at KKPC is to maintain the balance between two priorities—generating greater short-term profits for shareholders while steadily expanding investment in the future. These strategic action principles guide us at every stage, from managing capital and selling non-core assets, to deciding how our surplus earnings are allocated, enhancing our capabilities in our core businesses.