



Performance in 2006 & Key Goals for 2007

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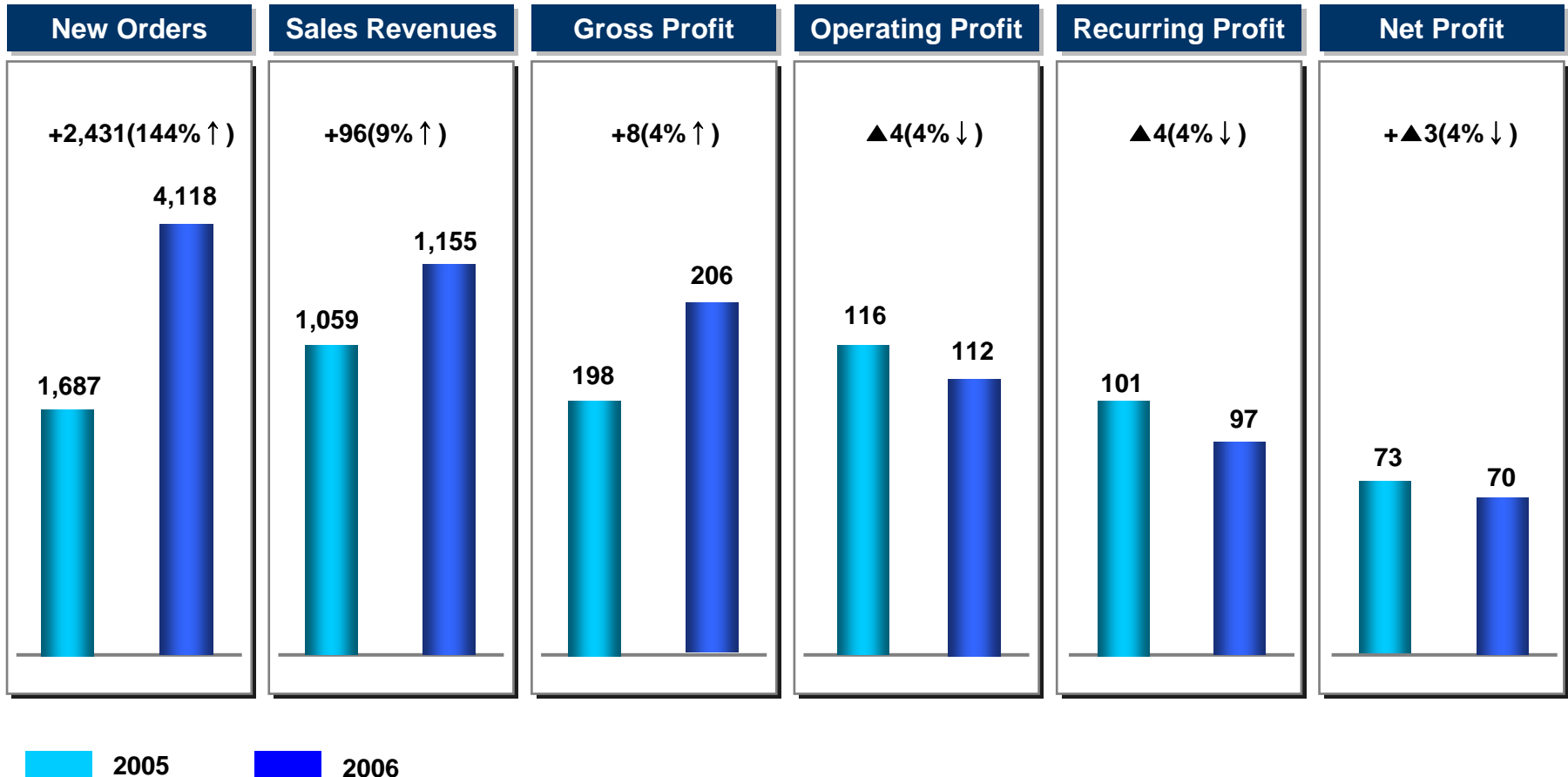
Performance in 2006

1. Highlights
2. New Orders
3. Order Backlogs
4. Sales Revenues
5. Gross Profit
6. Net Profit
7. Dividends

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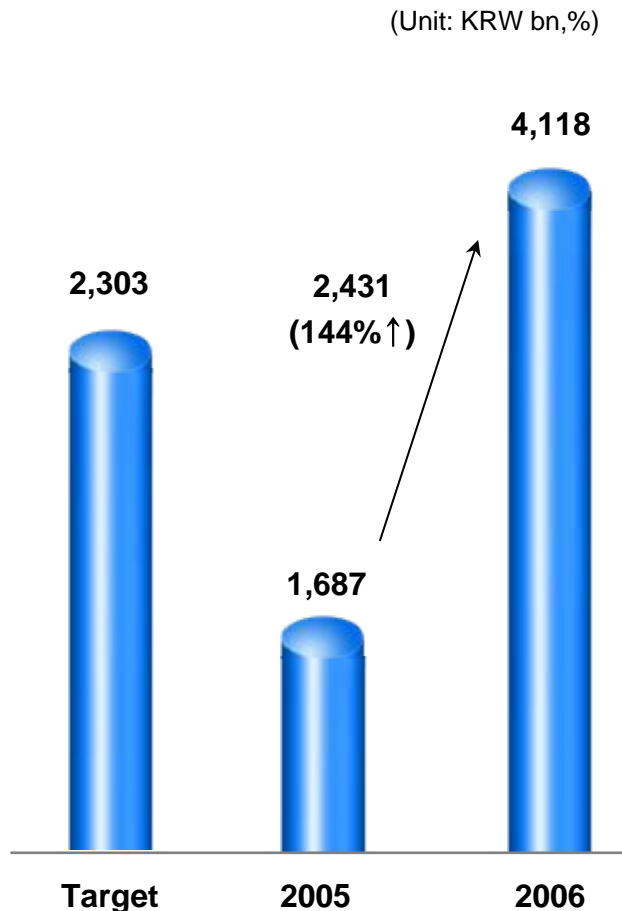
1. Highlights

(Unit : KRW bn,%)



2. New Orders

- New orders increased by 144% YoY due to abundant Redevelopment orders in the housing division.



• New Orders by division

(Unit: KRW bn,%)

	2005	2006	Growth rate	Comp. ratio
Civil	325	273	▲ 16%	7%
Environment	98	113	+15%	3%
Housing	1,014	3,642	+259%	88%
Architecture	224	48	▲ 78%	1%
Plant	26	42	+59%	1%
Total	1,687	4,118	+144%	

- New orders break-down in housing division
 - Redevelopment W3,075bn, Reconstruction W224bn
 - In-house Projects W206bn
 - Private/Public Contracts W136bn

[Regional break-down in Redevelopment orders]

(Unit: %)

	Seoul Kyunggi	Daegu	Busan Daejoen	Etc.
Percentage	22	26	19	13

3. Order Backlogs

- **Backlogs at the end of 2006 : W7.5tr (6.5x annual sales '06)**

- Backlogs of Redevelopment(W3.9tr) and Reconstruction(w1.5tr) consist of 73% of total backlogs

- **Order Backlogs by division**

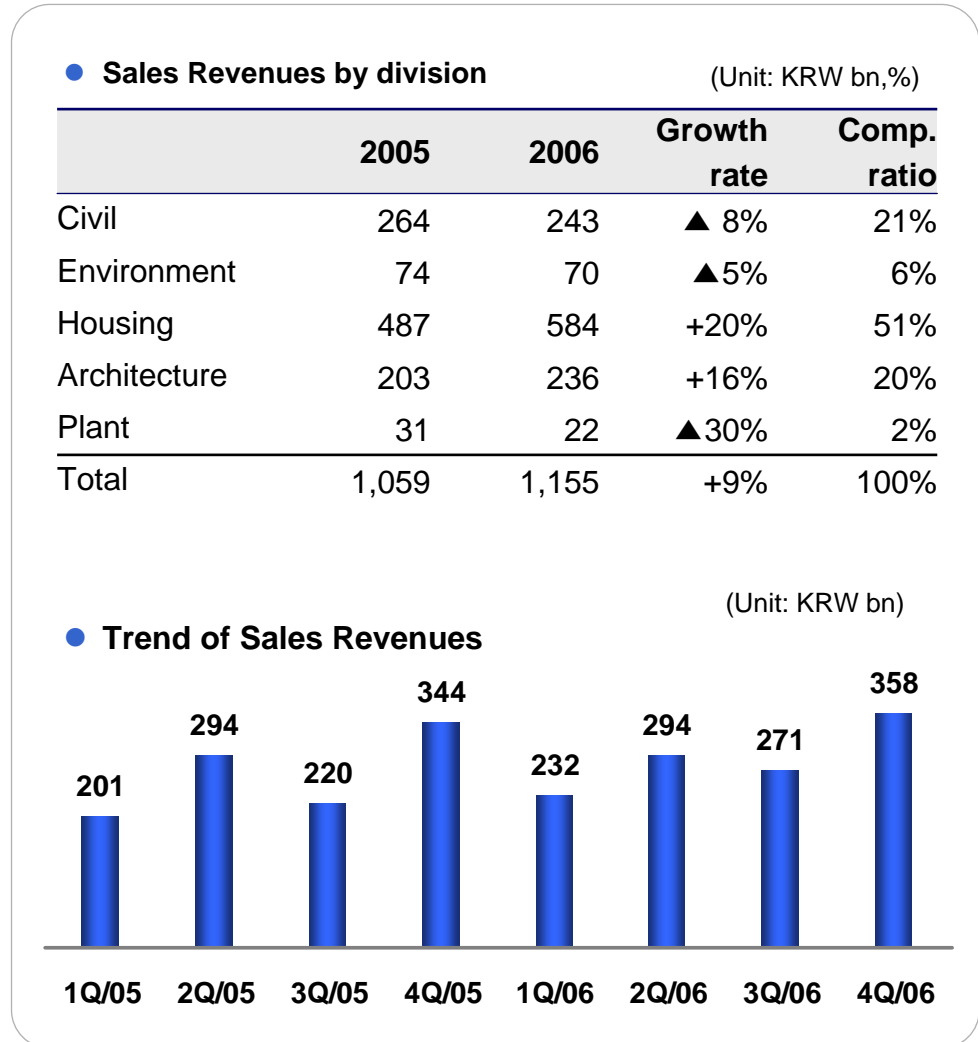
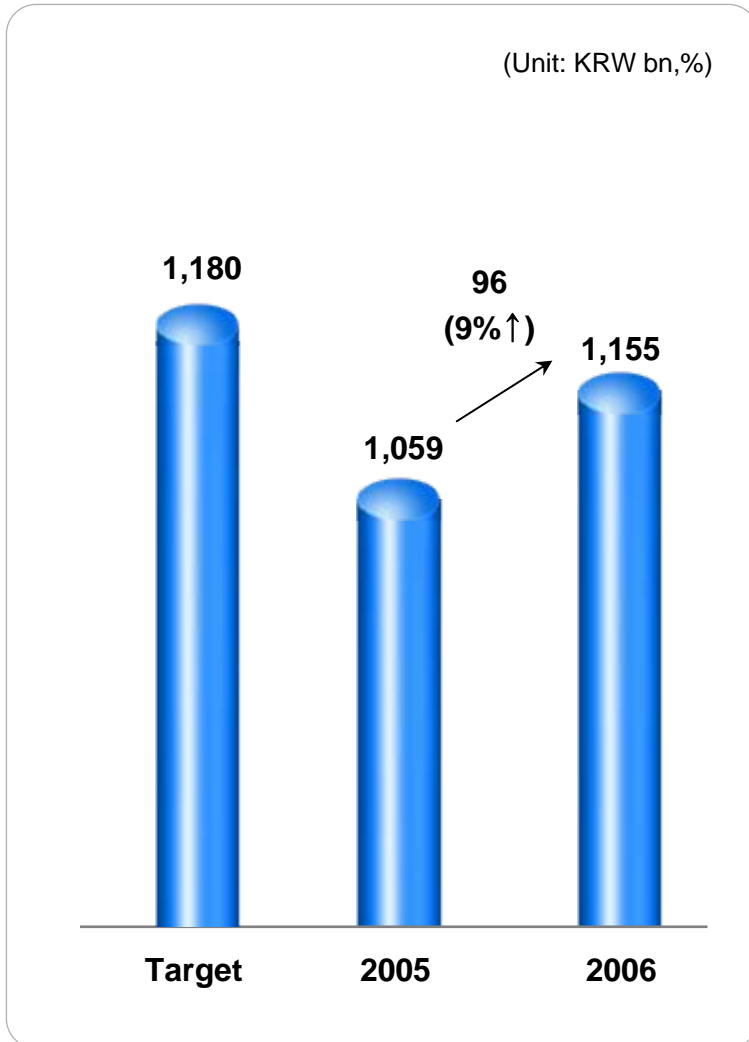
(Unit: KRW bn,%)

Civil	Environment	Housing	Architecture	Plant	Total
970 (13%)	165 (2%)	5,963 (79%)	380 (5%)	28 (1%)	7,506 (100%)

- Orderers : Redevelopment 66%, Reconstruction 26%, Private/Public Contracts 5%, In-house Projects 3%
 - Region: Seoul/Kyunggi-do 25%, Daegu 18%, Busan 23%, Daejeon 10%, etc 24%

4. Sales Revenues

- Sales revenues increased by 9% YoY mainly due to outstanding performance from the housing division.

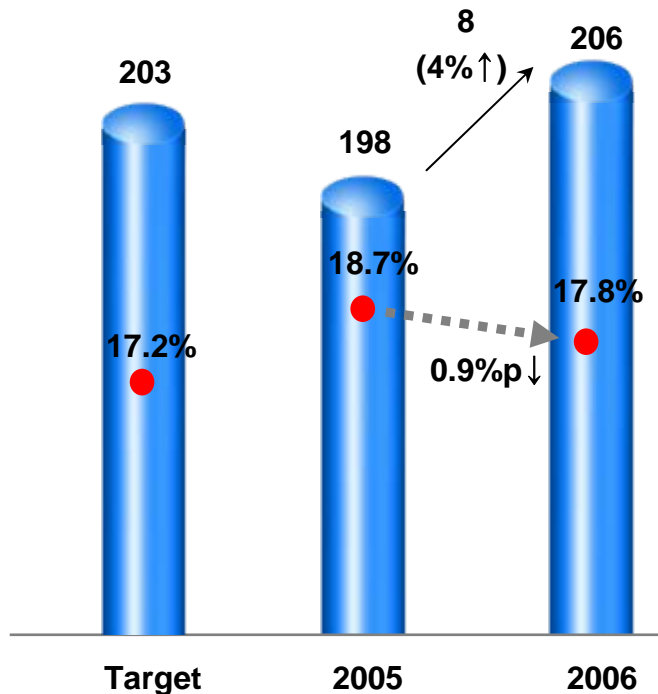


5. GP Margin

- GP margin decreased by 0.9% YoY due to the rise of COGS-to-sales ratio in Architecture division.

● GP Margin

(Unit: KRW bn,%)



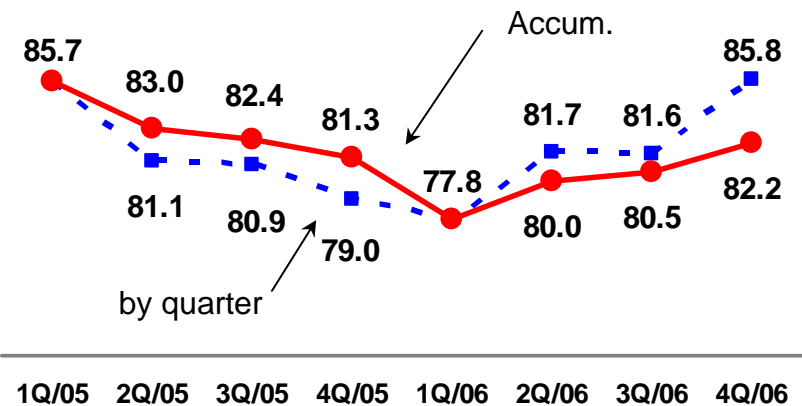
● GP Margin by division

(unit : %)

	2005	2006	g/l
Civil	17.3	18.4	+ 1.1
Environment	13.6	12.9	▲0.7
Housing	22.7	21.9	▲0.8
Architecture	14.9	9.7	▲5.2
Plant	7.3	6.8	▲0.5
Total	18.7	17.8	▲0.9

● Trend of COGS-to-sales ratio

(unit : %)

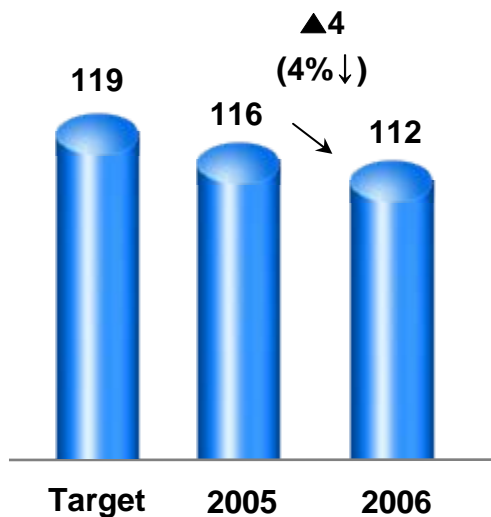


6. Net Profit

- Net profit decreased by 4% YoY due to the rise of COGS-to-sales ratio.

(Unit: KRW bn,%)

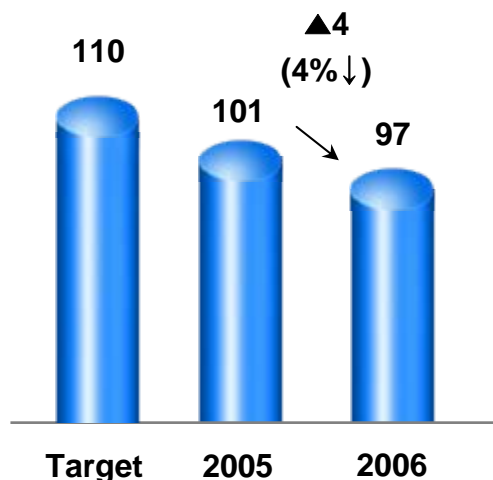
• OP



	2005	2006	g/l
GP	198	206	+8
SG&A	82	94	+12
OP	116	112	▲43

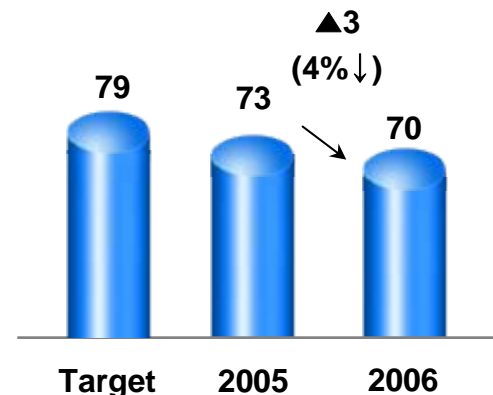
- Break-down - increase in SG&A
- bad debt expenses +4,
- service fees +2, etc

• RP



	2005	2006	g/l
OP	116	112	▲43
Non-OP	16	16	-
Non-OE	31	31	-
(Interest)	(13)	(17)	(+4)
RP	101	97	▲4

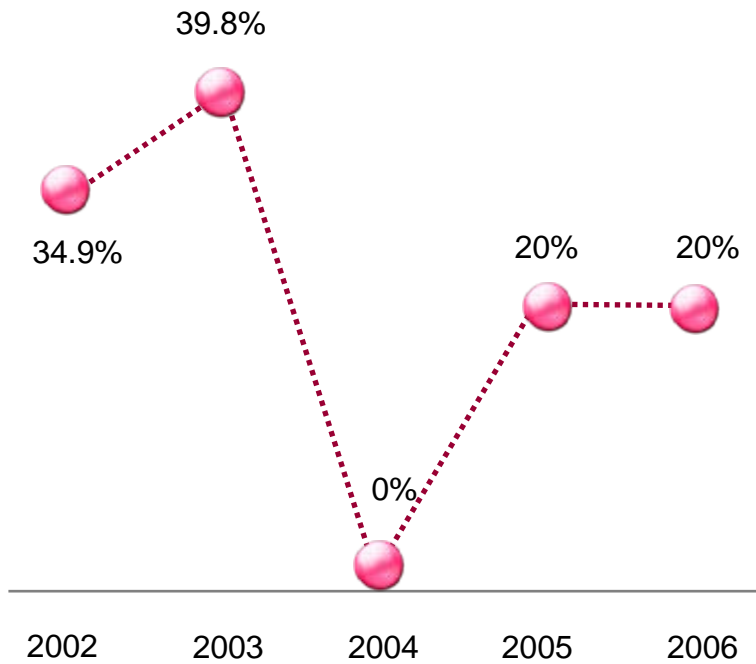
• NP



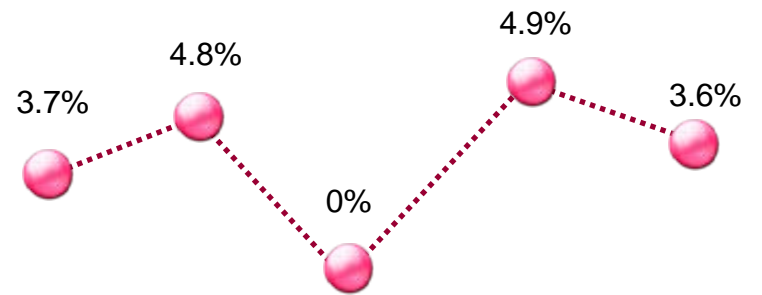
	2005	2006	g/l
RP	101	97	▲4
Tax	28	27	▲1
NP	73	70	▲3

7. Dividends

● Payout ratio

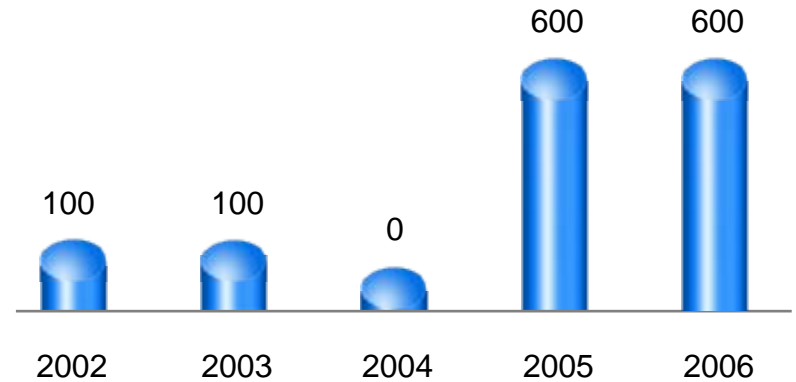


● Yield



● DPS

(Unit : KRW)



※ Based on common stocks



Appendix

- Kolon Group Overview
- Major Shareholders of KOLON E&C
- EFMC
- Bio-Ethanol Projects
- Financial Status - Balance Sheet
- Financial Status - Income Statement

- Total 27 affiliated companies and 17 overseas subsidiaries

	<u>Company</u>	<u>Business Area</u>
Chemicals / Material Manufacturing	<ul style="list-style-type: none"> • Kolon Industries, Inc. • Kolon Chemical Co., Ltd. • Kolon Glotech, Inc. • Kolon Pharmaceuticals, Inc. • NeoView Kolon Co., Ltd. • KTP Industries, Inc. & others 	<p>film, electronic materials, industrial materials, textile chemical resin & polymer automotive textile, (BMW distribution) pharmaceuticals Organic Light Emitting Diode (OLED) panel engineering plastics</p>
Construction / Environmental & Services	<ul style="list-style-type: none"> • Kolon Engineering & Construction Co., Ltd. • Kolon I'Networks Corp. • Mauna Ocean Development Co.,Ltd. & others 	<p>residential & commercial construction, environmental / civil engineering IT services, international trading with a global network resort (Condominium & Golf course)</p>
Fashion / Distribution & etc.	<ul style="list-style-type: none"> • FnC Kolon Corp. • Kolon Fashion Corp. • Kolon Wellcare Co., Ltd. & etc. 	<p>sports / fashion garments men's business suit & casual wear wellness and pharmaceutical products distribution</p>

Major Shareholders of KOLON E&C

(Estimates as of Dec 2006)

Shareholder	Stake ('000 shrs)	%
Kolon Industry	3,499	15.5
BBH-GMOEMGMKTFD	2,038	9.0
COSMO ASSET MGT.	2,031	9.0
Allianz Global Investors	2,005	8.9
FnC Kolon	1,202	5.3
Oh-woon Cultural fund	732	2.9
Min Gyong-jo	313	1.4
Lee Dong-chan	301	1.3
Treasury stock	127	0.6
Free Float	10,368	45.8
Total	22,616	100

※ Based on common stocks

- Kolon Group's ownership percentage: 27%
- Foreign shareholders' ownership percentage: 24.7% (as of May 8, 2007)

- Kolon E&C has acquired EFMC at the price of W52.5bn in Feb. 2007, which is the key building block of the vision of Kolon Group , ‘The Global Top 10 Water Treatment Company’.

- **Environmental Facilities Management Corporation**

- Founded as a subsidiary by EMC in 1997 (Environmental Management Corporation)
- Korea’s No.1 company in operating Sewage Treatment Plants
- Retains many experts and technical know-how in the water treatment industry

- **Sales & Profit**

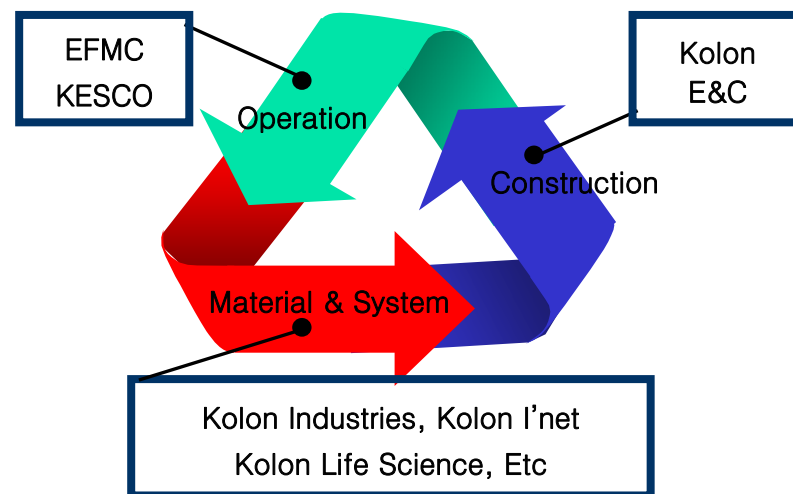
- Sales CAGR('02 ~'06) : 30.1%

(Unit: KRW bn)

	2002	2003	2004	2005	2006(P)
Sales	36.6	41.7	51.4	57.7	86.1
GP	7.5	8.0	9.6	7.9	17.0
NP	2.5	2.9	3.5	3.7	7.2

- **The Vision for Water Treatment Industry**

“ **Global Top 10 Water Treatment Company** “
(Total System & Service Provider)



- **Future Sales Projection (Environmental Business Division of Kolon Group)**

(Unit: KRW bn)

	2006	2008(P)	2010(P)	2015(P)
Sales	68	300	800	2,000

- We are pursuing Bio-Ethanol Plant Projects aggressively as a new promising strategic business.

- **Bio-Ethanol Market Trend**

- Back-ground

- High Oil Price
- The effectuation of Kyoto Protocol



The Size Of Bio-Ethanol Industry is Expanding

- Trend of world Bio-Ethanol yields

(Unit : bn liter)

	2000	2005	2010(P)
Yield	18	35	58

- Situation in main countries

- The use of Bio-Ethanol fuels is compulsory under the law in USA, EU, Japan and other countries.

- **Our References in Korea**

Client	Capacity	Delivery
IL-SAN Trading Co.,Ltd.	66,000 liter/day	2005
Muhak Alcohol Co.,Ltd.	70,000 liter/day	1999
Changhea Ethanol Co.,Ltd.	50,000 liter/day	1997
PoongKook Alcohol, Industrial Co.,Ltd.	50,000 liter/day	1995

- **New Orders in 2007**

Client	Capacity/ Order Price	Site
OJSC Volgobioethanol	1,150,000 liter/day W223bn	Russia
MH Bio-energy Group	120,000 liter/day W11bn	Cambodia

※ Made a provisional contract with OJSC in Dec. 2006

- **Other Projects**

- Developing other Bio-Ethanol Projects in Indonesia, Vietnam and etc.

Financial Status - Balance Sheet (Summary)

(Unit : KRW bn)	2002	2003	2004	2005	2006
Current assets	427.1	412.5	391.9	487.4	656.9
Quick assets (A/R)	228.3	279.3	353.0	454.0	601.1
Inventories assets	198.8	133.2	38.9	33.3	55.8
Fixed assets	284.3	255.5	272.5	238.2	287.7
Investment assets	251.8	224.7	238.4	210.9	262.5
tangible assets	34.6	33.0	36.3	26.2	25.8
Intangible assets	△2.1	△2.2	△2.1	1.1	△0.6
Total assets	711.4	668.0	664.4	725.6	944.5
Current liabilities	328.3	305.6	318.9	375.3	417.9
Long-term liabilities	135.9	116.7	178.5	106.6	225.4
(Total borrowings)	(122.9)	(146.6)	(200.9)	(140.8)	(277.9)
Total liabilities	464.2	422.2	497.4	481.9	643.3
Capital stock	177.7	156.2	120.5	120.9	121.0
Capital surplus, etc	69.5	89.6	46.5	122.8	180.2
Total Equity	247.2	245.8	167.0	243.7	301.2

Financial Status - Income Statement (Summary)

(Unit : KRW bn)	2002	2003	2004	2005	2006
Operating Revenue	865.3	874.3	864.9	1,059.0	1,155.2
Cost of goods sold	733.9	743.3	757.4	860.6	949.1
(COGS-to-sales ratio)	(84.8%)	(85.0%)	(87.6%)	(81.3%)	(82.8%)
Gross profit	131.4	131.0	107.5	198.4	206.1
SG&A expenses	81.5	72.5	73.8	82.4	94.4
Operating profit	49.9	58.5	33.7	116.0	111.7
Non-operating profit	20.0	15.7	23.0	16.1	16.3
Non-operating expenses	50.1	56.1	119.5	30.8	30.6
(Interest expenses)	(20.5)	(12.0)	(15.4)	(12.8)	(16.7)
Recurring profit	19.8	18.1	△62.8	101.3	97.4
Net profit	12.4	11.3	△47.6	72.7	69.8

Financial Status - Income Statement by Quarter (Summary)

(Unit : KRW bn)	2005				2006			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales revenue	200.5	293.8	220.4	344.3	232.4	293.7	270.8	358.2
Cost of goods sold	171.9	238.4	178.4	271.9	180.8	239.9	221.1	307.3
(COGS-to-sales ratio)	(85.7%)	(81.1%)	(80.9%)	(79.0%)	(77.8%)	(81.7%)	(81.6%)	(85.8%)
Gross profit	28.6	55.4	42.0	72.4	51.6	53.8	49.7	50.9
SG&A expenses	14.4	16.4	16.8	34.8	24.8	15.1	21.0	33.4
Operating profit	14.2	39.0	25.2	37.6	26.8	38.7	28.7	17.5
Non-operating profit	3.4	2.5	1.9	8.3	4.1	6.4	3.9	1.9
Non-operating expenses	4.7	14.2	5.3	6.6	6.3	10.8	6.4	7.1
(Interest expenses)	(3.6)	(3.5)	(3.1)	(2.6)	(2.5)	(3.8)	(5.4)	(5.1)
Recurring profit	12.9	27.3	21.8	39.3	24.6	34.3	26.2	12.2
Net profit	9.2	19.6	15.7	28.2	18.7	24.8	18.8	7.5
Borrowings	211.3	200.6	160.6	140.8	150.8	248.0	319.2	277.9
Net borrowings	151.7	71.3	73.5	82.1	110.4	232.1	288.1	240.9

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Thank you