

07 IMPROVING FINANCIAL SOUNDNESS

Sang-Woo Jeon
Accounting Team
Head Office
Kumho Petrochemical

2010 LIABILITY COMPOSITION

(in KRW billions)

Reduction of current liabilities compared to 2009

2,555.4

960.5

1,694.9

Non-Current Liabilities

Current Liabilities

-17.7%

2010 EBITDA

(in KRW billions)

468.3

2010 CAPEX

(in KRW billions)

173.3

Our borrowings declined to KRW 1,745.9 billion at the end of 2010, a significant improvement over the close of 2009 when net borrowings stood at KRW 2,153.5 billion and the debt-to-equity ratio was 498%. For the most part, the major projects we have been aggressively pursuing in recent years wrapped up during the year. Our total planned investments for 2011 are expected to be around KRW 100 billion. We plan to use the estimated KRW 500 billion EBITDA earnings from the sale of our equity stakes in Asiana Airlines and Daewoo Engineering & Construction to steadily pay down our borrowings as we aim to reduce our debt-to-equity ratio to the 150% level by 2013 to secure a solid financial structure.