

2006 at a Glance



31st in ENR Rankings GS Engineering & Construction was ranked 31st on the Top 225 Global Contractors list by Engineering News-Record, a leading US journal for the construction industry. The ranking is based on the 2005 sales performance.



“Best-Managed Company” by AsiaMoney Asia Money included GS Engineering & Construction among Korea’s best managed companies, along with Samsung Electronics and Humax. The selection was based on the company’s solid financials and outstanding performance even after separating from the LG Group. The financial journal also pointed out that GS E&C has been recognized for a superior corporate governance structure each year since 2000.



Prizes for Best CFO, Financial Innovation Korea Association for Chief Financial Officers (KCFO) awarded President & CFO Myung-Soo Huh with the 2006 Best CFO Prize and named GS E&C as one of the nation’s best for financial innovation in 2006. The honors were presented in recognition of the company’s solid financial structure, excellent business performance and management innovation programs.



The Forbes Asian Fab 50 Forbes magazine listed GS Engineering & Construction as one of the Asia-Pacific’s fifty most promising publicly traded companies with revenues or market capitalization of at least \$5 billion. Criteria for selection include long-term profitability, sales and earnings growth as well as projected earnings and stock-price gains, and GS E&C’s impressive performance was supported by a shareholder-first policy. Other Korean companies on the list include Samsung Fire & Marine, Daewoo Shipbuilding & Marine, Hyundai Mobis and LG Corp.



Massive Aromatics Plant in Oman GS Engineering & Construction and LG International Corp. jointly signed a US\$1.21 billion engineering, procurement and construction contract with Aromatics LLC (AOL) of Oman to build an aromatics plant. This is the largest single order ever won by GS E&C, and when completed, will be the largest plant of its kind in the world, capable of producing 800,000 tons of paraxylene and 200,000 tons of benzene a year. Production is scheduled to begin in August 2009.



Industry’s First TPMS Development of the Total Project Management System was completed in June; the system began to be used at construction sites in October and was operable at all domestic sites by February 2007. The TPMS makes GS E&C the first Korean construction company that can manage processes and expenses on a daily basis. This capability lowers operating costs, makes subcontractors more accountable and enhances the win-win relationship between the prime contractor and the subcontractors. Subcontractors can work with GS E&C on an equal footing, improving the way meetings are conducted and enhancing managerial transparency.



Korea's Most Respected Company

Korean Management Association Consulting (KMAC) selected GS E&C as "Korea's Most Respected Company" in the Construction category. The company scored particularly well in asset utilization rate, customer satisfaction programs and environmental protection activities.



Design Subsidiary in India

Indian authorities granted GS E&C permission to establish a local design subsidiary on May 30, with the official opening held in September. The operation will initially help the company win new orders locally. Over the mid-/long term, the subsidiary will be developed into a center for overseas design work and will help to improve cost competitiveness.



CMMI Maturity Level 4

GS E&C, in collaboration with LG CNS, was appraised at Maturity Level 4 within Capability Maturity Model Integration. CMMI is the successor of the Compatibility Maturity Model, developed between 1987 and 1997 by the Carnegie-Mellon Software Engineering Institute with US Air Force funding. The original goal was to create an objective tool for selecting software subcontractors. Capability Maturity Model Integration today provides organizations with the essential elements for assessing and improving IT system quality. There are five maturity levels, each encompassing a predefined set of process areas. By being appraised at CMMI Maturity Level 4, GS E&C is internationally recognized for having an excellent IT organization and system. Only around ten Korean companies (LG CNS among them) have reached Maturity Level 4, and GS E&C is the only domestic builder on the list.



Grand Prize at Apartment Awards

Apartments built by GS E&C were declared the best among seventy new complexes nationwide to win the Grand Prize at Hankyung Wow-TV's fourth annual Korean Model Apartment Awards. Fifteen complexes were honored with Korean Model Apartment Awards on this night, and the Gaepo-dong Xi Apartments took the top prize by scoring exceptionally well on architectural beauty, environment-friendly landscaping, and voluntary residential community.



Employees Asked to Volunteer

GS E&C contributes funds to social service institutions as well as to universities and other academic organizations. Company President & CEO Kab-Ryul Kim has also encouraged all employees to become involved in community service programs: "Society is both the foundation and the stage for corporate activities, and enterprises are obligated to hold society be strong. GS E&C puts customer value first, and in this same spirit, we will do more for society as a whole."

A "MATURITY LEVEL" is a defined evolutionary plateau of process improvement. Each maturity level stabilizes an important part of the organization's processes. Maturity levels, which belong to the staged representation, apply to an organization's overall maturity. There are five maturity levels, numbered 1 through 5. Each maturity level comprises a predefined set of process areas.