

# KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

In millions of won

	2017	2016
<b>Cash flows from operation activities:</b>		
Cash generated from operation activities	₩ 488,542	370,541
Interest received	1,730	1,056
Interest paid	(64,850)	(63,629)
Dividends received	16,457	14,422
Income tax paid	(20,832)	(25,634)
<b>Net cash provided by operating activities</b>	<b>421,047</b>	<b>296,756</b>
<b>Cash flows from investing activities:</b>		
Increase in short-term financial instruments	(4,000)	(23,000)
Proceeds from sales of short-term financial instruments	14,000	5,000
Increase in long-term financial instruments	(10,598)	-
Proceeds from sales of long-term financial instruments	3	-
Increase in long-term loans	(383)	(608)
Collection of long-term loans	211	286
Acquisition of property, plant and equipment	(105,974)	(272,707)
Proceeds from sales of property, plant and equipment	5,182	1,640
Acquisition of intangible assets	(832)	(1,648)
Proceeds from sales of intangible assets	79	120
Acquisition of investments in subsidiaries	-	(1,880)
Acquisition of held-for-trading financial assets	-	(252)
Acquisition of available-for-sale financial assets	(3,400)	(7)
Proceeds from sales of available-for-sale financial assets	72	31,336
Proceeds from sales of non-current assets held for sale	-	4,187
Proceeds from sales of other investments	-	28
Acquisition of other investments	(370)	-
Increase in cash due to change in scope of consolidation	(13)	6,828
<b>Net cash used in investing activities</b>	<b>(106,023)</b>	<b>(250,677)</b>

In millions of won

	2017	2016
<b>Cash flows from financing activities:</b>		
Net repayments of short-term borrowings	(59,747)	258,640
Proceeds from issuance of bonds	217,905	111,706
Proceeds from long-term borrowings	147,540	84,480
Repayments of current portion of long-term borrowings	(541,476)	(310,760)
Repayments of long-term borrowings	(15,612)	(12,270)
Repayments of other payables	(220)	-
Payments of derivative instruments	(3,034)	-
Dividends paid	(22,094)	(22,470)
Capital increase from non-controlling interests	84	-
Increase of parent's ownership interests	-	(5,686)
Proceeds from sales of parent's ownership interests	-	1
Payment for share issuance costs	(22)	(53)
<b>Net cash provided by(used in) financing activities</b>	<b>(276,676)</b>	<b>103,588</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(895)</b>	<b>18</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>37,453</b>	<b>149,685</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>196,977</b>	<b>47,292</b>
<b>Cash and cash equivalents at end of year</b>	<b>₩ 234,430</b>	<b>196,977</b>