

# KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

**For the years ended December 31, 2011 and 2010**

*(In millions of won)*

	2011	2010 (Unaudited)
<b>Cash flows from operation activities</b>		
Cash generated from operation activities	₩ 861,329	588,048
Interest received	8,638	5,319
Interest paid	(124,533)	(132,352)
Dividends received	19,154	9,847
Income tax paid	(95,075)	(25,826)
<b>Net cash provided by operating activities</b>	669,513	445,036
<b>Cash flows from investing activities</b>		
Proceeds from sales of long-term financial instruments	-	2
Cash from sales of short-term loans	10,114	405
Cash from sales of long-term loans	551	837
Proceeds from sales of long-term deposits	1,129	220
Proceeds from sales of available-for-sale financial assets	51,928	2,633
Proceeds from sales of investments in associates	-	183,595
Proceeds from sales of property, plant and equipment	275	29
Proceeds from sales of intangible assets	368	5,718
Increase in sales of short-term financial instruments	(5,000)	-
Increase in sales of long-term financial instruments	-	(1,142)
Increase in short-term loans	(9)	(3,488)
Increase in long-term loans	(666)	(1,240)
Increase in long-term deposits	(2,231)	(1,438)
Acquisition of available-for-sale financial assets	(61)	(62,609)
Acquisition of investments in associates	(6,963)	(1,444)
Acquisition of property, plant and equipment	(291,083)	(230,306)
Acquisition of intangible assets	(4,368)	(7,178)
<b>Net cash used in investing activities</b>	(246,016)	(115,406)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	1,833,786	1,891,387
Proceeds from long-term borrowings	255	211,131
Proceeds from issuance of bonds	99,568	532,947
Repayments of short-term borrowings	(1,731,712)	(2,033,230)
Repayments of long-term borrowings	(5,850)	(8,589)
Repayments of bonds	(36,129)	(174,820)
Repayments of current portion of long-term borrowings	(211,249)	(704,591)
Dividends paid	(23,006)	-
Capital increase of non-controlling interests involved	5,196	525
Payment of transaction costs related to issuance of shares	178	19
<b>Net cash from used in financing activities</b>	(68,963)	(285,221)
<b>Effect of exchange rate fluctuations on cash held</b>	(205)	261
<b>Net increase in cash and cash equivalents</b>	354,329	44,670
<b>Cash and cash equivalents at 1 January</b>	150,761	106,091
<b>Cash and cash equivalents at 31 December</b>	₩ 505,090	150,761