

KUMHO PETROCHEMICAL CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

| | 2009 | 2008 |
|-----------------------------------------------------------|-----------------------------|------------|
| | (In millions of Korean won) | |
| CASH FLOWS FROM OPERATING ACTIVITIES : | | |
| Net loss | (₩614,839) | (₩19,746) |
| Expenses not involving cash payments: | | |
| Depreciation | 88,736 | 61,629 |
| Provision for severance indemnities | 10,946 | 9,339 |
| Bad debt expense | 1,690 | 633 |
| Amortization | 13,952 | 10,537 |
| Amortization of bond discounts (interest expense) | 1,191 | 1,401 |
| Amortization of present value discount (interest expense) | 864 | - |
| Other bad debt expense | 10,267 | 72 |
| Loss on foreign currency translation | 2,866 | 75,863 |
| Loss on disposal of property, plant and equipment | 1,463 | 6,689 |
| Loss on impairment of intangible assets | 3,807 | 12,501 |
| Equity in loss of associates | 771,821 | 200,886 |
| Loss on disposal of accounts receivable - trade | - | 280 |
| Loss on disposal of available-for-sale securities | - | 1 |
| Loss on valuation of derivatives | 9,641 | 12,692 |
| Loss on disposal of other non-current assets | 24 | - |
| Loss on impairment of other non-current assets | 235 | 6,596 |
| Loss on disposal of equity method investment securities | 3,376 | 4,807 |
| Loss on impairment of equity method investment securities | 93,687 | - |
| Sub-total | 1,013,666 | 403,746 |
| Income not involving cash receipts: | | |
| Gain on foreign currency translation | (12,194) | (14,748) |
| Reversal of allowance for doubtful accounts | - | (389) |
| Gain on disposal of property, plant and equipment | (124) | - |
| Gain on disposal of equity method investment securities | (1) | (45,047) |
| Gain on valuation of derivatives | (721) | (68,490) |
| Equity in income of associates | (38,299) | (31,750) |
| Miscellaneous income | (471) | - |
| Sub-total | (₩51,810) | (₩160,424) |

(Continued)

KUMHO PETROCHEMICAL CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

| | 2009 | 2008 |
|-----------------------------------------------------|-----------------------------|------------|
| | (In millions of Korean won) | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable - trade | ₩35,322 | (₩146,590) |
| Accounts receivable - other | 5,078 | 286 |
| Accrued income | 2 | (33) |
| Advanced payments | (2,077) | 486 |
| Prepaid expenses | (3,446) | (146) |
| Prepaid taxes | (267) | - |
| Inventories | 48,009 | (111,917) |
| Derivative instruments assets | 29,306 | 43 |
| Deferred income tax assets | (112,678) | (15,153) |
| Accounts payable - trade | 49,476 | 18,781 |
| Accounts payable - other | 31,515 | 1,605 |
| Advanced receipts | 1,337 | (1,774) |
| Withholdings | 2,120 | (1,523) |
| Withholding taxes | 129 | (151) |
| Accrued expenses | (5,429) | 1,525 |
| Income tax payable | (24,473) | (10,796) |
| Unearned income | (14) | (14) |
| Deposits for severance benefits | 1,176 | 1,826 |
| Transfer to the National Pension Fund | 127 | 89 |
| Payment of severance indemnities | (16,349) | (7,734) |
| Long-term other accounts payable | 652 | - |
| Deferred income tax liabilities | (110,454) | (14,847) |
| Derivative instruments liabilities | (10,696) | 1,288 |
| Succession of provision for severance indemnities | 12 | 145 |
| Dividends received from associates | 16,420 | 26,626 |
| Sub-total | (65,302) | (257,978) |
| Net Cash Provided by (Used in) Operating Activities | ₩281,715 | (₩34,402) |

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KUMHO PETROCHEMICAL CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

| | 2009 | 2008 |
|----------------------------------------------------|-----------------------------|------------|
| | (In millions of Korean won) | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash inflows from investing activities: | | |
| Collection of short-term loans | ₩546 | ₩103 |
| Disposal of long-term financial instruments | 55 | 3 |
| Disposal of available-for-sale securities | - | 2 |
| Disposal of equity method investment securities | 1,641 | 41,586 |
| Disposal of property, plant and equipment | 456 | - |
| Decrease in guarantee deposits | 1,112 | 4,702 |
| Collection of long-term loans | 218 | 736 |
| Decrease in other deposits | 402 | 271 |
| Sub-total | 4,430 | 47,403 |
| Cash outflows for investing activities: | | |
| Acquisition of short-term financial instruments | (2,632) | - |
| Extension of short-term loans | (25,762) | (205) |
| Acquisition of equity method investment securities | (169,276) | (70,777) |
| Acquisition of property, plant and equipment | (264,146) | (334,781) |
| Acquisition of intangible assets | (4,550) | (6,205) |
| Increase in guarantee deposits | (2,837) | (7,454) |
| Extension of long-term loans | (115) | (375) |
| Acquisition of available-for-sale securities | (1,560) | (2,448) |
| Increase in other deposits and investments | (1,926) | (9,169) |
| Sub-total | (472,804) | (431,394) |
| Net Cash Used in Investing Activities | (₩468,374) | (₩383,991) |

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KUMHO PETROCHEMICAL CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

| | 2009 | 2008 |
|------------------------------------------------------------------|-----------------------------|-------------|
| | (In millions of Korean won) | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash inflows from financing activities: | | |
| Proceeds from short-term borrowings | ₩1,464,929 | ₩1,886,531 |
| Issuance of short-term bonds payable | 139,734 | - |
| Issuance of bonds payables | 50,000 | 231,184 |
| Proceeds from long-term borrowings | 116,389 | 440,751 |
| Others | 117 | 1,051 |
| Sub-total | 1,771,169 | 2,559,517 |
| Cash outflows for financing activities : | | |
| Repayment of short-term borrowings | (1,002,570) | (1,893,012) |
| Repayment of current portion of other long-term accounts payable | (1,217) | (901) |
| Repayment of current portion of long-term borrowings | (498,267) | (164,092) |
| Repayment of guarantee deposits withheld | (15) | (25) |
| Repayment of bonds payables | - | (33,000) |
| Decrease in consideration for exchange rights | - | (1) |
| Repayment of long-term borrowings | - | (32,100) |
| Payment of dividends | (17,293) | (17,292) |
| Sub-total | (1,519,362) | (2,140,423) |
| Net cash provided by financing activities | 251,807 | 419,094 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 65,148 | 701 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 12,089 | 11,388 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | ₩77,237 | ₩12,089 |

See accompanying notes to non-consolidated financial statements.