

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2012 and 2011

(In millions of won)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
Cash flows from operation activities			
Cash generated from operation activities	32	₩ 341,717	860,227
Interest received		11,335	8,638
Interest paid		(107,455)	(124,533)
Dividends received		25,757	19,154
Income tax paid		(25,874)	(95,075)
Net cash provided by operating activities		<u>245,481</u>	<u>668,411</u>
Cash flows from investing activities			
Cash from sales of short-term loans		-	10,113
Proceeds from sales of short-term financial instruments		22,000	-
Proceeds from sales of long-term financial instruments		1,177	-
Proceeds from sales of available-for-sale financial assets		4,966	51,928
Cash from sales of long-term loans		432	551
Proceeds from sales of property, plant and equipment		449	275
Proceeds from sales of intangible assets		1,485	368
Increase in short-term loans		(210)	(9)
Increase in sales of short-term financial instruments		(21,571)	(5,000)
Increase in sales of long-term financial instruments		(3)	-
Acquisition of available-for-sale financial assets		(1,675)	(61)
Acquisition of investments in associates		(7,117)	(6,963)
Acquisition of property, plant and equipment		(368,760)	(291,083)
Acquisition of intangible assets		(4,296)	(4,368)
Increase in long-term loans		(635)	(666)
Increase in other assets		(17)	-
Net cash used in investing activities		<u>(373,775)</u>	<u>(244,914)</u>
Cash flows from financing activities			
Proceeds from short-term borrowings		2,439,634	1,833,786
Proceeds from issuance of bonds		458,308	99,568
Proceeds from long-term borrowings		472,485	255
Repayments of short-term borrowings		(2,955,485)	(1,731,712)
Repayments of current portion of long-term borrowings		(447,279)	(211,249)
Repayments of bonds		(43,594)	(36,129)
Repayments of long-term borrowings		-	(5,850)
Dividends paid		(55,947)	(23,006)
Capital increase of non-controlling interests involved		-	5,196
Payment of transaction costs related to issuance of shares		-	178
Net cash from used in financing activities		<u>(131,877)</u>	<u>(68,963)</u>
Effect of exchange rate fluctuations on cash held		<u>1,322</u>	<u>(205)</u>
Net increase in cash and cash equivalents		(258,849)	354,329
Cash and cash equivalents at 1 January		505,090	150,761
Cash and cash equivalents at 31 December	₩	<u>246,241</u>	<u>505,090</u>

See accompanying notes to the consolidated financial statements