

Kumho Petrochemical Co., Ltd.
Non-Consolidated Statements of Cash Flows

For the years ended December 31, 2010 and 2009

(In millions of won)

	2010	2009
Cash flows from operating activities		
Net income (loss)	₩ 471,418	(614,839)
Adjustments for:		
Depreciation	98,169	88,736
Accrual for retirement and severance benefits	7,871	10,946
Bad debt expense	599	1,690
Sales warranty expense	47	-
Amortization	10,546	13,052
Interest cost	12,141	2,055
Other bad debt expense	1,085	10,267
Gain on foreign currency translation	(727)	(9,328)
Loss on disposal of accounts receivable - trade	340	-
Loss on disposal of tangible assets	296	1,339
Loss on impairment of tangible assets	9,286	-
Loss on impairment of intangible assets	2,470	3,807
Gain (loss) on valuation of equity method accounted investments	(144,982)	733,521
Gain on disposal of available-for-sale securities	(76,438)	-
Loss on impairment of available-for-sale securities	1,500	-
Loss on valuation of derivatives	917	8,920
Loss (gain) on disposal of other non-current assets	(12,677)	24
Loss on impairment of other non-current assets	-	235
Loss (gain) on disposal of equity method accounted investments	(135,767)	3,375
Loss on impairment of equity method accounted investments	-	93,687
Reversal of allowance for doubtful accounts	(3,423)	-
Miscellaneous income	(884)	(471)
	241,787	347,016
Changes in assets and liabilities:		
Accounts and notes receivable - trade	(70,454)	35,324
Accounts and notes receivable - other	(18,765)	5,078
Other current assets	5,923	(5,888)
Current derivative instruments assets	15,696	29,306
Current deferred tax assets	19,653	(5,931)
Inventories	(49,282)	48,009
Other non-current assets	1,006	(2,464)
Deferred tax assets	43,214	(106,747)
Accounts and notes payable - trade	995	49,476
Accounts and notes payable - other	16,470	31,515
Other current liabilities	63,044	(26,246)
Current portion of long-term accounts and notes payable - other	(1,348)	(1,217)
Long-term deposit received	-	16
Current derivative instruments	(1,522)	(10,696)
Accrual for retirement and severance benefits, net	(14,742)	1,303
Payment of retirement and severance benefits	(11,864)	(16,349)
Transfer to reserve for retirement and severance benefits	515	12
Long-term accounts and notes payable - other	6,658	652
Deferred tax liabilities	-	(110,454)
Dividends received from associates	6,194	16,420
Net cash provided by operating activities	₩ 253,178	278,135

Kumho Petrochemical Co., Ltd.
Non-Consolidated Statements of Cash Flows

For the years ended December 31, 2010 and 2009

(In millions of won)

	2010	2009
Cash flows from investing activities		
Redemption of short-term loans	₩ 405	547
Decrease in financial instruments	4,104	-
Decrease in long-term financial instruments	-	55
Disposal of equity method accounted investments	187,975	1,641
Disposal of property, plant and equipment	10	456
Redemption of long-term loans	461	218
Increase in short-term financial instruments	(1,472)	(2,633)
Increase in short-term loans	(257)	(25,762)
Increase in long-term financial instruments	(3)	-
Acquisition of equity method accounted investments	(2,975)	(169,276)
Acquisition of property, plant and equipment	(174,874)	(264,147)
Acquisition of Intangible assets	(3,151)	(4,550)
Increase in long-term loans	(195)	(115)
Acquisition of available-for-sale securities	(61,848)	(1,560)
Increase of other non-current assets	(983)	(784)
Net cash used in investing activities	(52,803)	(465,910)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,316,902	1,464,929
Proceeds from issuance of short-term debentures	123,104	139,734
Proceeds from issuance of debentures	440,069	50,000
Proceeds from long-term borrowings	199,867	116,389
Increase in other current liabilities	-	1
Repayment of short-term borrowings	(1,432,123)	(1,002,570)
Repayment of short-term debentures	(202,046)	-
Repayment of current portion of other non-current liabilities	-	(498,267)
Repayment of current portion of long-term borrowings	(308,951)	-
Repayment of current portion of debentures	(307,626)	-
Dividends paid	-	(17,293)
Net cash provided by (used in) financing activities	(170,804)	252,923
Net increase in cash and cash equivalents	29,571	65,148
Cash and cash equivalents at beginning of year	77,237	12,089
Cash and cash equivalents at end of year	₩ 106,808	77,237

See accompanying notes to non-consolidated financial statements.