

Hyundai Heavy Industries Co., Ltd.  
Statements of Cash Flows

For the six-month periods ended June 30, 2009 and 2008  
(unaudited)

(In thousands of Won)

	2009	2008
<b>Cash flows from operating activities</b>		
Net income	₩ 891,341,792	1,097,512,337
Adjustments for:		
Depreciation	192,095,088	166,182,287
Accrual for severance benefits	57,083,989	93,922,262
Accrual for allowance for doubtful accounts	8,949,984	11,125,363
Loss on foreign currency translation	29,843,143	60,670,276
Loss on disposition of property, plant and equipment	14,685,807	39,778,483
Equity in net loss of equity accounted investees	96,562,718	57,287,332
Amortization of development costs	21,448,039	20,343,863
Loss on valuation of foreign exchange forward contracts	2,070,085,094	344,229,233
Accrual for foreseeable losses on construction contracts	-	2,881,047
Gain on foreign currency translation	(27,620,513)	(69,200,330)
Equity in net income of equity method accounted investees	(204,785,187)	(384,222,798)
Gain on valuation of foreign exchange forward contracts	(792,751,296)	(349,350)
Gain on reversal of provision	(1,378,628)	(1,528,160)
Gain on reversal of foreseeable losses on construction contracts	(63,781,715)	-
Others, net	7,787,029	(33,154,657)
	2,299,565,344	1,405,477,188
Changes in assets and liabilities:		
Trade accounts and notes receivable	(556,239,813)	(429,787,143)
Accounts receivable - other	(38,413,197)	(67,517,349)
Accrued income	574,387	(37,618,760)
Advanced payments	(274,622,232)	(183,795,244)
Inventories	160,858,746	(394,800,978)
Foreign exchange forward contracts	(1,623,373,532)	(183,477,720)
Trade accounts payable	(541,496,325)	339,127,434
Accounts payable - other	(71,525,638)	(21,468,208)
Advances from customers	(194,235,508)	1,827,633,294
Accrued expenses	294,898,964	259,002,263
Income tax payable	(317,571,603)	(75,402,505)
Long-term accrued expenses	-	1,050,000
Deposits for severance benefits	32,317,794	33,000,695
Payments of severance benefits	(46,666,816)	(51,540,726)
Deferred income tax assets	81,980,927	(38,406,274)
Deferred income tax liabilities	(15,510,272)	103,981,396
Others, net	15,265,111	(11,389,780)
<b>Net cash provided by operating activities</b>	<u>(794,193,663)</u>	<u>2,474,067,583</u>

Hyundai Heavy Industries Co., Ltd.  
Statements of Cash Flows, Continued

For the six-month periods ended June 30, 2009 and 2008  
(unaudited)

(In thousands of Won)

	2009	2008
<b>Cash flows from investing activities</b>		
Withdrawal of short-term financial instruments	₩ 1,227,092,470	1,510,500,000
Disposal of short-term investment securities	102,966,108	1,552,097,449
Disposal of long-term investment securities	52,127,456	1,844,997
Disposal of equity method accounted investments	19,773	70,937
Disposal of long-term financial instruments	11,947,520	2,004,095
Disposal of other non-current assets	245,057	3,498,549
Disposal of property, plant and equipment	1,370,866	5,638,089
Acquisition of short-term financial instruments	(19,852,600)	(862,257,210)
Acquisition of short-term investment securities	-	(1,490,000,000)
Acquisition of long-term investment securities	(2,297,462)	(123,760,627)
Acquisition of equity method accounted investments	(81,196,769)	(118,738,241)
Acquisition of long-term financial instruments	(43,008)	(195,430)
Acquisition of other non-current assets	(8,023,998)	(5,028,265)
Acquisition of property, plant and equipment	(847,453,786)	(763,828,055)
Acquisition of intangible assets	(34,417,662)	(33,318,679)
<b>Net cash provided by investing activities</b>	<u>402,483,965</u>	<u>(321,472,391)</u>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	911,472,430	-
Issuance from bonds payable	298,797,600	-
Proceeds from long-term borrowings	120,947	-
Repayment of short-term borrowings	(492,088,000)	-
Payment of cash dividends	(299,667,280)	(466,600,920)
Acquisition of treasury stock	-	(832,711,781)
<b>Net cash provided by financing activities</b>	<u>418,635,697</u>	<u>(1,299,312,701)</u>
<b>Net increase in cash and cash equivalents</b>	26,925,999	853,282,491
Cash and cash equivalents at beginning of year	667,492,156	953,756,858
<b>Cash and cash equivalents at end of year</b>	<u>₩ 694,418,155</u>	<u>1,807,039,349</u>

See accompanying notes to financial statements.