

HYUNDAI HEAVY INDUSTRIES CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

	Korean won	
	2007	2006
	(In thousands)	
Cash flows from operating activities:		
Net income	<u>₩ 788,521,498</u>	<u>₩ 215,266,596</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for severance benefits	85,025,215	85,453,496
Provision for doubtful accounts	15,348,344	11,951,999
Amortization of development costs	18,577,314	12,530,178
Depreciation	178,277,144	172,256,569
Provision for foreseeable losses on construction contracts	-	14,630,731
Loss on foreign currency translation	3,167,999	26,201,847
Loss on impairment of long-term investment securities	98,676	336,686
Loss on valuation of investment securities accounted for using the equity method	745,651	8,069,075
Loss on disposal of property, plant and equipment	20,775,812	3,966,556
Additional payment of income tax	-	118,420,797
Loss on valuation of foreign exchange forward contracts	2,655,504	8,710,505
Gain on foreign currency translation	(4,361,986)	(22,820,029)
Gain on valuation of investment securities accounted for using the equity method	(234,116,983)	(113,529,761)
Gain on valuation of foreign exchange forward contracts	(189,797,491)	(241,535,831)
Gain on reversal of provision	(27,008,711)	-
Others	5,374,151	11,248,576
	<u>(125,239,361)</u>	<u>95,891,394</u>

(Continued)

HYUNDAI HEAVY INDUSTRIES CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

	Korean won	
	2007	2006
	(In thousands)	
Changes in operating assets and liabilities:		
Decrease in trade accounts and notes receivable	₩ 43,224,948	₩ 35,256,172
Increase in accounts receivable-other	(67,804,870)	(84,024,175)
Increase in accrued income	(23,182,234)	(12,309,308)
Decrease (Increase) in advanced payments	121,012,788	(147,722,795)
Decrease in foreign exchange forward contracts	249,761,965	231,422,917
Decrease in inventories	31,287,326	37,193,691
Decrease in long-term notes receivable in foreign currency	-	19,754,695
Increase (Decrease) in trade accounts payable	151,335,106	(22,929,010)
Increase (Decrease) in accounts payable-other	(40,070,916)	125,961,152
Increase in advances from customers	667,040,895	188,050,841
Increase in accrued expenses	201,383,671	103,947,527
Increase in income tax payable	82,468,832	56,582,022
Decrease in long-term accrued expenses	(1,239,893)	(50,090,852)
Payments of severance benefits	(40,638,568)	(42,865,786)
Decrease (Increase) in deposits for severance benefits	(73,017,526)	29,170,699
Decrease (Increase) in deferred income tax assets	(12,262,864)	5,474,278
Decrease in deferred income tax liabilities	43,065,136	62,227,364
Others, net	<u>43,551,559</u>	<u>(172,279,388)</u>
	<u>1,375,915,355</u>	<u>362,820,044</u>
Net cash provided by operating activities	<u>2,039,197,492</u>	<u>673,978,034</u>
Cash flows from investing activities:		
Withdrawal of short-term financial instruments	310,500,000	160,500,000
Disposal of short-term investment securities	524,367,518	20,772,623
Disposal of long-term investment securities	7,190,063	19
Disposal of investment securities accounted for using the equity method	4,811,498	149,843,470
Disposal of long-term financial instruments	539,893	20,000,000
Disposal of other non-current assets	932,067	607,030
Disposal of property, plant and equipment	6,598,654	3,308,862
Acquisition of short-term financial instruments	(1,120,500,000)	(500,000)

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NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

	Korean won	
	2007	2006
	(In thousands)	
Acquisition of short-term investment securities	₩ (480,000,000)	₩ (40,000,000)
Acquisition of long-term financial instruments	(184,465)	(20,182,163)
Acquisition of long-term investment securities	(3,017,700)	(232,324)
Acquisition of investment securities accounted for using the equity method	(108,981,317)	(408,319,068)
Acquisition of property, plant and equipment	(274,198,907)	(212,606,688)
Acquisition of intangible assets	(27,404,214)	(30,947,374)
Acquisition of other non-current assets	(4,351,242)	(535,275)
Net cash used in investing activities	(1,163,698,152)	(358,290,888)
Cash flows from financing activities:		
Repayment of current maturities of long-term borrowings and other long-term liabilities	(341,960)	(372,639)
Payment of cash dividends	(161,233,640)	(96,740,184)
Acquisition of treasury stock	(344,907,695)	-
Net cash used in financing activities	(506,483,295)	(97,112,823)
Net increase in cash and cash equivalents	369,016,045	218,574,323
Cash and cash equivalents at the beginning of the period	819,920,933	444,514,550
Cash and cash equivalents at the end of the period	₩ 1,188,936,978	₩ 663,088,873

See accompanying notes to non-consolidated financial statements.