

Hyundai Heavy Industries Co., Ltd.
 Non-Consolidated Statements of Cash Flows
 (unaudited)

For the six-month periods ended June 30, 2010 and 2009

(In thousands of Won)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Net income	₩ 1,836,726,997	891,341,792
Adjustments for:		
Depreciation	215,418,501	192,095,088
Accrual for retirement and severance benefits	62,804,000	57,083,989
Accrual for allowance for doubtful accounts	123,188,728	8,949,984
Loss on foreign currency translation	40,086,800	29,843,143
Loss on disposal of property, plant and equipment	196,103	14,685,807
Loss on valuation of equity method investments	21,655,547	96,562,718
Amortization of development costs	23,952,075	21,448,039
Loss on valuation of foreign exchange forward contracts	1,106,052,192	2,070,085,094
Accrual for foreseeable losses on construction contracts	11,358,201	-
Gain on foreign currency translation	(99,870,178)	(27,620,513)
Gain on valuation of equity method investments	(582,072,603)	(204,785,187)
Gain on valuation of foreign exchange forward contracts	(535,112,815)	(792,751,296)
Reversal of allowance for doubtful accounts	(844,733)	(1,378,628)
Reversal of foreseeable losses on construction contracts	-	(63,781,715)
Others, net	28,381,142	7,787,029
	<u>2,251,919,957</u>	<u>2,299,565,344</u>
Changes in assets and liabilities:		
Accounts and notes receivable - trade	(869,075,610)	(556,239,813)
Accounts receivable - other	(26,296,352)	(38,413,197)
Accrued income	(56,002,899)	574,387
Advance payments	146,459,234	(274,622,232)
Inventories	310,137,182	160,858,746
Foreign exchange forward contracts	(534,060,994)	(1,623,373,532)
Accounts and notes payable – trade	89,313,185	(541,496,325)
Accounts payable - other	2,987,024	(71,525,638)
Advances from customers	(1,204,936,972)	(194,235,508)
Accrued expenses	298,841,564	294,898,964
Income tax payable	196,536,532	(317,571,603)
Deposit for severance benefit insurance	25,633,370	32,317,794
Payment of retirement and severance benefits	(38,325,427)	(46,666,816)
Deferred tax assets	(1,145,506)	81,980,927
Deferred tax liabilities	73,352,745	(15,510,272)
Others, net	25,503,471	15,265,111
Net cash provided by (used in) operating activities	<u>690,840,504</u>	<u>(794,193,663)</u>

See accompanying notes to non-consolidated financial statements.

Hyundai Heavy Industries Co., Ltd.
 Non-Consolidated Statements of Cash Flows, Continued
 (unaudited)

For the six-month periods ended June 30, 2010 and 2009

(In thousands of Won)

	2010	2009
Cash flows from investing activities		
Disposal of short-term financial instruments	₩ 49,033,003	1,227,092,470
Disposal of short-term investment securities	-	102,966,108
Disposal of long-term financial instruments	-	11,947,520
Disposal of long-term investment securities	19,543,862	52,127,456
Disposal of equity method investments	-	19,773
Disposal of long-term loans	1,751,400	-
Disposal of other non-current assets	360,278	245,057
Disposal of property, plant and equipment	2,760,287	1,370,866
Acquisition of short-term financial instruments	(45,500,000)	(19,852,600)
Acquisition of long-term financial instruments	-	(43,008)
Acquisition of long-term investment securities	(18,500,936)	(2,297,462)
Acquisition of equity method investments	(24,756,517)	(81,196,769)
Acquisition of other non-current assets	(4,828,575)	(8,023,998)
Acquisition of property, plant and equipment	(157,557,084)	(847,453,786)
Acquisition of intangible assets	(31,661,138)	(34,417,662)
Net cash provided by (used in) investing activities	<u>(209,355,420)</u>	<u>402,483,965</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	1,209,418,140	911,472,430
Proceeds from debentures	-	298,797,600
Proceeds from long-term borrowings	-	120,947
Repayment of short-term borrowings	(1,506,649,553)	(492,088,000)
Dividends paid	(212,174,207)	(299,667,280)
Net cash provided by (used in) financing activities	<u>(509,405,620)</u>	<u>418,635,697</u>
Net increase (decrease) in cash and cash equivalents	(27,920,536)	26,925,999
Cash and cash equivalents at beginning of year	<u>632,578,218</u>	<u>667,492,156</u>
Cash and cash equivalents at end of year	₩ <u><u>604,657,682</u></u>	<u><u>694,418,155</u></u>

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