

# HYUNDAI HEAVY INDUSTRIES CO., LTD.

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2000 and 1999

	In Thousands of			
	Korean Won		U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Cash flows from operating activities:				
Net income	\ (161,533,162)	\ 322,844,076	\$ (128,231)	\$ 256,286
Items not involving operating cash flows:				
Depreciation	281,780,193	282,951,353	223,688	224,618
Bad debts expense	3,213,386	15,000,000	2,551	11,908
Provision for severance benefits	102,149,015	98,574,096	81,090	78,252
Loss on disposal of marketable securities	15,268,130	20,201,924	12,120	16,037
Loss on valuation of marketable securities	25,159,567	2,803,500	19,973	2,226
Loss on foreign exchange translation	64,365,634	19,655,693	51,096	15,603
Equity in investee loss	314,728,971	94,100,128	249,844	74,700
Loss on disposal of investments	222,869,695	2,947,540	176,923	2,340
Loss on disposal of property, plant and equipment	6,152,864	14,820,164	4,884	11,765
Amortization of development costs	36,081,185	26,655,469	28,643	21,160
Gain on disposal of marketable securities	(746)	(53,983,660)	(1)	(42,854)
Gain on disposal of property, plant and equipment	(476,170)	(1,323,684)	(378)	(1,051)
Gain on foreign exchange translation	(23,851,176)	(23,849,000)	(18,934)	(18,932)
Gain on disposal of investments	(5,150,047)	(324,043,267)	(4,088)	(257,238)
Others	81,564,881	46,518,283	64,748	36,927
	1,123,855,382	221,028,539	892,159	175,461
Changes in operating assets and liabilities :				
Accounts and notes receivable	129,005,292	123,460,058	102,410	98,008
Decrease in accrued income and other receivables	(355,146,110)	26,145,408	(281,929)	20,755
Advance payment and prepaid expenses	(59,925,375)	38,342,382	(47,571)	30,438
Inventories	(154,324,965)	115,578,832	(122,509)	91,751
Accounts and notes payables	106,252,799	48,306,238	84,348	38,347
Advanced from customers	269,103,829	(273,521,358)	213,625	(217,132)
Accrued income tax and deferred income tax credits	(232,480,237)	73,048,874	(184,552)	57,989
Payment of severance allowance	(42,904,916)	(46,856,256)	(34,060)	(37,196)
Others	60,891,778	(4,671,024)	48,338	(3,708)
	(279,527,905)	99,833,154	(221,900)	79,252
	682,794,315	643,705,769	542,028	510,999

The accompanying notes are an integral part of these statements.

Continued;

# HYUNDAI HEAVY INDUSTRIES CO., LTD.

## STATEMENTS OF CASH FLOWS, Continued For the years ended December 31, 2000 and 1999

	In Thousands of			
	Korean Won		U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Cash Flows from Investing Activities:				
Disposal of financial instruments	\ -	\ 84,283,571	\$ -	\$ 66,908
Disposal of marketable securities	87,209,142	334,484,103	69,230	265,527
Decrease in long-term loans	68,912,432	65,438	54,705	52
Disposal of investment securities	391,758,449	981,310,900	310,993	779,004
Disposal of property, plant and equipment	9,381,908	13,406,583	7,448	10,643
Decrease in other investments	15,426,229	74,661,156	12,246	59,269
Acquisition of financial instruments	(158,936,096)	(30,300,000)	(126,170)	(24,053)
Acquisition of marketable securities	(116,549,132)	(111,991,537)	(92,521)	(88,903)
Acquisition of investment securities	(515,492,761)	(1,008,750,433)	(409,219)	(800,786)
Increase in long-term loans	-	(73,589,272)	-	(58,418)
Acquisition of property, plant and equipment	(139,155,300)	(85,907,122)	(110,467)	(68,196)
Acquisition of other investments	(85,111,693)	(33,124,592)	(67,565)	(26,296)
Increase in construction in-progress	(45,629,323)	(189,061,318)	(36,222)	(150,085)
Expenditures for development costs	(47,128,577)	(42,741,739)	(37,412)	(33,932)
	(535,314,722)	(87,254,262)	(424,954)	(69,266)
Cash Flows from Financing Activities:				
Increase in short-term borrowings	1,861,601,173	121,179,705	1,477,813	96,197
Issuance of debentures	644,860,006	524,590,623	511,916	416,441
Increase in long-term borrowings	415,353,728	845,184,726	329,724	670,941
Equity offerings	-	1,007,474,410	-	799,773
Retirement of short-term borrowings	(1,461,428,484)	(735,520,342)	(1,160,140)	(583,885)
Retirement of current maturities of other long-term liabilities	(644,005,490)	(1,179,555,349)	(511,237)	(936,378)
Retirement of debentures	(20,860,952)	(386,217,211)	(16,560)	(306,595)
Retirement of long-term borrowings	(282,985,090)	(743,957,706)	(224,645)	(590,583)
Acquisition of treasury stocks	(568,576,906)	-	(451,359)	-
Payment of dividends	(76,000,000)	(25,901,998)	(60,332)	(20,561)
	(132,042,015)	(572,723,142)	(104,820)	(454,650)
Net increase in cash and cash equivalents	15,437,578	(16,271,635)	12,254	(12,917)
Cash and cash equivalents at beginning of the year	37,620,935	53,892,570	29,865	42,782
Cash and cash equivalents at end of the year	\ 53,058,513	\ 37,620,935	\$ 42,119	\$ 29,865

The accompanying notes are an integral part of these statements.