

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002 and 2001

	In Thousands of Korean Won	
	2002	2001
Cash flows from operating activities:		
Net loss	\ (245,379,867)	\ (78,120,821)
Adjustments to reconcile net income		
to net cash provided by operating activities :		
Depreciation	292,838,436	295,070,892
Bad debts expense	32,950,343	78,298,674
Provision for severance benefits	168,844,687	160,382,897
Amortization of discount on debentures	34,563,820	40,314,877
Loss on foreign currency translation	26,728,136	22,371,977
Loss on valuation of investments using the equity method of accounting	-	217,463,418
Loss on impairment of investments	442,328,512	60,411,943
Loss on disposal of investments	174,184,709	51,306,291
Loss on disposal of property, plant and equipment	5,092,600	6,608,181
Amortization of development costs	39,302,499	46,698,175
Gain on disposal of marketable securities	(131,494)	(5,593,425)
Gain on disposal of property, plant and equipment	(3,585,955)	(1,309,995)
Gain on foreign currency translation	(24,228,735)	(7,760,312)
Gain on disposal of investments	(255,531)	(9,144,221)
Gain on valuation of investments using the equity method of accounting	(22,982,975)	-
Others	42,278,918	35,189,493
	<u>\ 1,207,927,970</u>	<u>\ 990,308,865</u>

The accompanying notes are an integral part of these non-consolidated statements.

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HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued

For the years ended December 31, 2002 and 2001

	In Thousands of Korean Won	
	2002	2001
Changes in operating assets and liabilities :		
Decrease (increase) in trade accounts and notes receivable ₩	(546,730,964)	₩ 41,662,487
Decrease (increase) in accrued income and other receivables	122,430,737	(72,987,271)
Decrease (increase) in advance payment and prepaid expenses	(47,743,772)	31,167,475
Increase in inventories	(148,405,536)	(25,286,802)
Increase in trade accounts payable	78,711,929	75,694,755
Increase (decrease) in advances from customers	541,871,702	(362,484,526)
Decrease in accrued income tax and deferred income tax credits	(94,441,994)	(32,497,008)
Payments of severance benefits	(77,813,619)	(60,070,768)
Others	53,269,494	14,604,679
	<u>(118,852,023)</u>	<u>(390,196,979)</u>
Net cash provided by operating activities	<u>843,696,080</u>	<u>521,991,065</u>
Cash flows from investing activities:		
Disposal of financial instruments	\ 116,658,725	\ 84,123,483
Disposal of marketable securities	11,172,525	44,706,116
Disposal of investment securities	4,964,078	99,947,865
Disposal of property, plant and equipment	13,013,754	9,460,148
Disposal of other investments	3,825,430	1,080,311
Acquisition of financial instruments	(1,029,334)	-
Acquisition of marketable securities	(6,136,205)	(39,258,991)
Acquisition of investment securities	(224,619,255)	(87,699,916)
Acquisition of property, plant and equipment	(139,848,919)	(172,296,280)
Acquisition of other investments	(30,108,593)	(53,286,245)
Payments for construction in-progress	(200,085,697)	(182,218,421)
Expenditures for development costs	<u>(49,656,797)</u>	<u>(53,084,952)</u>
Net cash used in investing activities	<u>\ (501,850,288)</u>	<u>\ (348,526,882)</u>

The accompanying notes are an integral part of these non-consolidated statements.

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HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued

For the years ended December 31, 2002 and 2001

	In Thousands of Korean Won	
	2002	2001
Cash flows from financing activities:		
Proceeds from short-term borrowings	2,298,835,823	2,193,309,627
Issuance of debentures	1,067,138,826	975,227,744
Proceeds from long-term borrowings	477,585,155	408,664,411
Repayment of short-term borrowings	(2,686,618,200)	(2,341,265,128)
Repayment of current maturities of long-term borrowings and other long-term liabilities	(928,592,768)	(996,100,718)
Repayment of debentures	(225,137,616)	(18,862,568)
Repayment of long-term borrowings	(301,903,802)	(275,668,254)
Acquisition of treasury stocks	(61,472,196)	(77,419,906)
Payment of dividends	-	(58,252,346)
Net cash used in financing activities	(360,164,778)	(190,367,138)
Net decrease in cash and cash equivalents	(18,318,986)	(16,902,955)
Cash and cash equivalents at the beginning of the year	36,155,558	53,058,513
Cash and cash equivalents at the end of the year	₩ 17,836,572	₩ 36,155,558

The accompanying notes are an integral part of these non-consolidated statements.