

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	In Thousands of Korean Won	
	except per share amounts	
	2003	2002
Cash flows from operating activities:		
Net income (loss)	₩ 113,857,159	₩ -259,014,060
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for severance benefits	162,370,669	168,844,687
Provision for doubtful accounts	69,361,992	32,950,343
Amortization of development costs	36,367,216	39,302,499
Depreciation	302,853,135	292,838,436
Amortization of discount on debentures	14,531,521	34,563,820
Loss on foreign currency translation	4,628,493	26,728,135
Loss on impairment of investments	22,535,926	442,328,512
Loss on disposal of investments	186,183	174,184,709
Loss on disposal of property, plant and equipment	8,015,387	5,092,600
Loss on redemption of debentures	8,476,817	901,766
Gain on disposal of property, plant and equipment	-614,190	-3,585,955
Gain on foreign currency translation	-6,649,385	-24,228,735
Gain on valuation of investments using the equity method	-91,120,394	-17,149,740
Others	11,300,638	40,990,128
	542,244,008	1,213,761,205
Changes in operating assets and liabilities:		
Decrease (Increase) in trade accounts and notes receivable	11,375,569	-550,023,336
(Increase) Decrease in accounts receivable-other	-26,563,814	120,747,872
(Increase) Decrease in accrued income	-9,285,373	1,682,865
Decrease in advanced payments	22,088,787	19,824,991
Increase in inventories	-272,692,818	-148,405,536
(Increase) Decrease in long-term trade accounts and notes receivable	-388,683,325	3,292,372
Increase in trade accounts payable	123,431,836	96,355,756
Increase (Decrease) in accounts payable-other	26,250,073	-17,643,829
Increase in advances from customers	2,101,371,936	541,871,701
(Decrease) Increase in income tax payable	-37,676,569	30,367,830
Increase in long-term accrued expenses	13,837,330	12,972,550
Payments of severance benefits	-88,956,286	-77,813,619
Decrease (Increase) in deferred income tax assets	69,455,226	-129,981,415
Others, net	-69,249,481	-14,299,267
	1,474,703,091	-111,051,065
Net cash provided by operating activities	2,130,804,258	843,696,080

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	2003	2002
Cash flows from investing activities:		
Withdrawal of short-term financial instruments	\ 2,708,606,388	\ 116,658,725
Disposal of marketable securities	-	11,172,525
Withdrawal of long-term financial instruments	135,987,043	-
Disposal of investment securities	-	4,964,078
Disposal of short-term investment securities	5,494,137	-
Disposal of long-term investment securities	116,502,638	-
Disposal of investment securities accounted for using the equity method	36,489,652	-
Disposal of property, plant and equipment	12,464,812	13,013,754
Disposal of other investment assets	1,042,581	3,825,430
Acquisition of short-term financial instruments	-2,710,240,172	-
Acquisition of short-term investment securities	-5,380,000	-
Acquisition of marketable securities	-	-6,136,205
Acquisition of long-term financial instruments	-93,016,649	-1,029,334
Acquisition of investment securities	-	-224,619,255
Acquisition of long-term investment securities	-5,469,870	-
Acquisition of investment securities accounted for using the equity method	-18,524,860	-
Acquisition of property, plant and equipment	-286,390,045	-339,934,616
Payment of severance insurance deposits	-44,140,917	-23,991,864
Acquisition of intangible assets	-46,258,889	-49,656,797
Acquisition of other investment assets	-2,196,327	-6,116,729
Net cash used in investing activities	-195,030,478	-501,850,288
Cash flows from financing activities:		
Proceeds from short-term borrowings	3,034,727,640	2,298,835,823
Issuance of debentures	40,805,041	1,067,138,826
Proceeds from long-term borrowings	129,333,867	477,585,155
Disposal of treasury stock	370,046,757	-
Repayment of short-term borrowings	-3,671,995,497	-2,686,618,200
Repayment of current maturities of long-term borrowings and other long-term liabilities	-1,131,895,514	-928,592,768
Repayment of debentures	-400,538,195	-225,137,616
Repayment of long-term borrowings	-90,698,970	-301,903,802
Acquisition of treasury stock	-	-61,472,196
Net cash used in financing activities	-1,720,214,871	-360,164,778
Net increase (decrease) in cash and cash equivalents	215,558,909	-18,318,986
Cash and cash equivalents at the beginning of the year	17,836,572	36,155,558

Cash and cash equivalents at the end of the year (Note 29)

233,395,481

17,836,572