

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

For the years ended December 31, 2008 and 2007

(In thousands of Won)

	2008	2007
<b>Cash flows from operating activities</b>		
Net income	₩ 2,256,664,845	1,736,060,331
Adjustments for:		
Depreciation	347,327,963	351,718,296
Accrual for severance benefits	230,151,603	198,841,279
Accrual for allowance for doubtful accounts	35,565,244	12,877,187
Loss on foreign currency translation	117,775,185	8,329,771
Loss on disposition of property, plant and equipment	57,568,485	33,263,439
Equity in net loss of equity accounted investees	151,574,109	6,643,654
Amortization of development costs	41,423,910	38,181,230
Loss on valuation of foreign exchange forward contracts	2,966,525,406	59,199,240
Accrual for foreseeable losses on construction contracts	65,158,129	-
Gain on foreign currency translation	-	105,249
Gain on foreign currency translation	(137,571,569)	(11,252,407)
Equity in net income of equity method accounted investees	(771,497,568)	(489,179,298)
Gain on valuation of foreign exchange forward contracts	(1,713,371,925)	(234,959,971)
Gain on reversal of provision	(1,421,861)	(6,392,055)
Others, net	(28,132,693)	(48,750,885)
	<u>3,617,739,263</u>	<u>1,654,685,060</u>
Changes in assets and liabilities:		
Change in trade accounts and notes receivable	(1,724,001,640)	(256,285,468)
Change in accounts receivable-other	(16,578,847)	66,031,312
Change in accrued income	(28,203,930)	(24,969,810)
Change in advanced payments	(552,953,561)	61,724,429
Change in inventories	(1,144,075,525)	9,557,776
Change in foreign exchange forward contracts	(990,190,623)	303,208,956
Change in trade accounts payable	854,632,361	312,601,393
Change in accounts payable-other	49,677,150	(3,826,357)
Change in advances from customers	2,459,903,477	1,768,443,574
Change in accrued expenses	(24,520,129)	60,504,616
Change in income tax payable	1,494,792	287,846,165
Change in long-term accrued expenses	(1,029,342)	(1,239,893)
Change in deposits for retirement and severance benefits	(37,269,107)	(142,655,720)
Payments of retirement and severance benefits	(169,062,230)	(143,195,698)
Change in deferred income tax assets	(42,217,698)	(70,990,353)
Change in deferred income tax liabilities	18,379,478	161,765,351
Others, net	110,987,270	72,803,493
<b>Net cash provided by operating activities</b>	<u>2,382,711,159</u>	<u>4,116,008,826</u>

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

For the years ended December 31, 2008 and 2007

(In thousands of Won)

	2008	2007
<b>Cash flows from investing activities</b>		
Withdrawal of short-term financial instruments	₩ 2,390,621,000	1,030,621,000
Disposition of short-term investment securities	2,382,649,007	1,178,453,619
Disposition of long-term investment securities	13,355,791	17,193,951
Disposition of equity method accounted investments	70,937	6,585,516
Disposition of long-term financial instruments	2,004,095	539,893
Disposition of other non-current assets	4,523,174	1,721,898
Disposition of property, plant and equipment	83,417,532	18,924,381
Acquisition of short-term financial instruments	(1,912,945,045)	(2,950,621,000)
Acquisition of short-term investment securities	(1,960,000,000)	(1,424,000,000)
Acquisition of long-term investment securities	(136,397,826)	(246,507,801)
Acquisition of equity method accounted investments	(148,056,640)	(133,347,454)
Acquisition of long-term financial instruments	(6,003,410)	(367,473)
Acquisition of other non-current assets	(35,805,532)	(9,563,269)
Acquisition of property, plant and equipment	(1,791,434,120)	(910,854,533)
Acquisition of intangible assets	(69,711,129)	(54,750,934)
<b>Net cash used in investing activities</b>	<u>(1,183,712,166)</u>	<u>(3,475,972,206)</u>
<b>Cash flows from financing activities</b>		
Increase in long-term borrowings	1,689,006	282,600
Repayment of current portion of long-term borrowings and other long-term liabilities	(187,640,000)	(341,960)
Payment of cash dividends	(466,600,920)	(161,233,640)
Acquisition of treasury stock	(832,711,781)	(344,907,695)
<b>Net cash used in financing activities</b>	<u>(1,485,263,695)</u>	<u>(506,200,695)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(286,264,702)	133,835,925
Cash and cash equivalents at beginning of year	953,756,858	819,920,933
<b>Cash and cash equivalents at end of year</b>	<u>₩ 667,492,156</u>	<u>953,756,858</u>

See accompanying notes to non-consolidated financial statements.