

# NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(in millions of Korean won)

	2008	2007
<b>Cash flows from operating activities</b>		
Net income	₩ 1,002,585	₩ 686,205
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	423,241	466,558
Provision for severance benefits	64,433	63,634
Loss on foreign currency translation, net	179,613	3,158
Loss on disposal of trade accounts receivable	39,642	36,424
Impairment loss on investment securities	-	19
Loss (Gain) on valuation of equity-method investments, net	15,327	(167,995)
Gain on transactions of derivative instruments	(63,293)	-
Gain on valuation of derivative instruments, net	(48,807)	(2,342)
Loss on disposal of property, plant and equipment, net	6,315	26,061
Impairment loss on property, plant and equipment	18	12,407
Impairment loss on intangible assets	186	21,618
Reversal of negative goodwill	(39,170)	(39,170)
Reversal of bad debts allowance	(5,471)	(550)
Reversal of compensation expenses associated with stock options	(269)	-
Others, net	14,315	22,746
	586,080	442,568
<b>Changes in operating assets and liabilities</b>		
Increase in trade accounts and notes receivable	(211,554)	(91,086)
Increase in inventories	(348,301)	(180,158)
Dividends received	54,185	58,548
Insurance settlements received	76,836	-
Decrease in other accounts receivable	12,478	24,826
Decrease (increase) in accrued income	934	(382)
(Increase) decrease in advance payments	(6,052)	488
(Increase) decrease in prepaid expenses	(6,663)	205
Increase in deferred income tax assets	(15,318)	(25,283)
Increase in other current assets	(943)	(231)
(Decrease) increase in trade accounts and notes payable	(210,510)	58,995
(Decrease) increase in other accounts payable	(11,934)	17,219
Increase (decrease) in accrued expenses	16,296	(26,463)
Increase in income tax payable	119,979	139,800
(Decrease) increase in other current liabilities	(4,144)	14,377
Accrued severance benefits transferred from associated companies	610	608
Decrease in deferred income tax liabilities	(19,173)	(70,898)
Payment of severance benefits	(66,281)	(60,589)
Others, net	(151)	10,479
	(619,706)	(129,545)
Net cash provided by operating activities	968,959	999,228

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	2008	2007
<b>Cash flows from investing activities</b>		
Acquisition of short-term investments, net	₩ (41,891)	₩ (50,103)
Disposal of property, plant and equipment	28,230	21,519
Disposal of long-term guarantee deposits, net	4,311	4,543
Acquisition of property, plant and equipment	(773,356)	(450,671)
Acquisition of equity-method investments, net	(21,667)	(26,801)
Acquisition of intangible assets, net	(41,640)	(19,157)
Decrease in derivative instrument transaction debit	64,328	-
Others, net	(4,389)	(15,707)
Net cash used in investing activities	(786,074)	(536,377)
<b>Cash flows from financing activities</b>		
Repayment of short-term borrowings, net	-	(25,076)
Repayment of current maturities of long-term debts	(366,887)	(441,218)
Issuance of debentures	144,588	94,059
Payment of dividends	(166,995)	(72,907)
Proceeds from long-term debts, net	92,156	139,041
Disposal of treasury stock	21,513	-
Others, net	(398)	(509)
Net cash used in financing activities	(276,023)	(306,610)
<b>Cash flows from merger</b>	-	194,367
Net (decrease) increase in cash and cash equivalents	(93,138)	350,608
<b>Cash and cash equivalents</b>		
Beginning of the year	466,438	115,830
End of the year	₩ 373,300	₩ 466,438

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