

SAMSUNG ELECTRONICS CO., LTD.

STATEMENTS OF CASH FLOWS
for the years ended December 31, 1998 and 1997

	In Thousands of			
	Korean Won		U.S. Dollar (Note 3)	
	1998	1997	1998	1997
Cash flows from operating activities:				
Net income	₩ 313,216,038	₩ 123,504,909	\$ 259,500	\$ 102,324
Items not involving cash flows:				
Depreciation and amortization	3,564,704,835	3,051,141,146	2,953,359	2,527,872
Provision for severance benefits	278,123,847	109,072,654	230,426	90,367
Loss on disposal of property, plant and equipment	43,697,330	26,792,411	36,203	22,197
Loss on disposal of investments in subsidiaries and affiliated companies	190,521,622	1,416,553	157,847	1,174
Gain on disposal of investments in subsidiaries and affiliated companies	(78,075,469)	(9,021,458)	(64,686)	(7,474)
Loss on foreign currency translation	64,162,045	285,948,927	53,158	236,909
Gain on foreign currency translation	(75,031,139)	(209,466,751)	(62,163)	(173,543)
Other	(19,291,808)	147,877,613	(15,983)	122,516
	<u>4,282,027,301</u>	<u>3,527,266,004</u>	<u>3,547,661</u>	<u>2,922,342</u>
Cash provided by operating activities:				
Accounts and notes receivable	793,593,412	(1,127,275,330)	657,492	(933,948)
Inventory	731,640,901	(161,761,679)	606,165	(134,020)
Accrued income	(3,381,572)	1,079,205	(2,801)	894
Advance payment	88,680,695	(22,188,219)	73,472	(18,383)
Guarantee deposits	162,798,340	(168,446,519)	134,879	(139,558)
Accounts and notes payable	77,407,639	249,883,421	64,132	207,028
Accrued expenses	(175,928,823)	424,971,148	(145,757)	352,089
Income taxes payable	33,070,957	4,685,879	27,399	3,882
Payment of severance benefits	(578,445,789)	(70,088,204)	(479,243)	(58,068)
Other	(65,511,357)	125,657,948	(54,276)	104,108
	<u>5,345,951,704</u>	<u>2,783,783,654</u>	<u>4,429,123</u>	<u>2,306,366</u>

Continued;

The accompanying notes are an integral part of these statements.

SAMSUNG ELECTRONICS CO., LTD.

STATEMENTS OF CASH FLOWS, Continued
for the years ended December 31, 1998 and 1997

	In Thousands of			
	Korean Won		U.S. Dollar (Note 3)	
	1998	1997	1998	1997
Cash used in investing activities:				
Proceeds form sale of				
marketable securities	₩ 191,042,944	₩ 528,270,377	\$ 158,279	\$ 437,672
Acquisition of marketable securities	(254,507,970)	(554,330,468)	(210,860)	(459,263)
Proceeds from disposal of property, plant and equipment	62,890,485	20,842,796	52,105	17,268
Acquisition of property, plant and equipment	(1,645,610,565)	(2,542,946,267)	(1,363,389)	(2,106,832)
Proceeds form sale of investments in subsidiaries and affiliated companies	106,700,178	37,091,441	88,401	30,730
Acquisition of investments in subsidiaries and affiliated companies	(1,842,969,455)	(548,874,765)	(1,526,901)	(454,743)
Decrease in noncurrent deposits and other assets	1,079,806,546	381,897,457	894,620	316,402
Increase in noncurrent deposits and other assets	(900,817,374)	(909,332,725)	(746,328)	(753,382)
Increase in deferred charges	(1,162,296,579)	(776,765,405)	(962,963)	(643,550)
Other	117,544,623	(186,973,691)	97,386	(154,908)
	<u>(4,248,217,167)</u>	<u>(4,551,121,250)</u>	<u>(3,519,650)</u>	<u>(3,770,606)</u>
Cash provided by (used in) financing activities:				
Proceeds from short-term borrowings	1,688,223,932	3,247,391,734	1,398,694	2,690,465
Repayment of short-term borrowings	(2,757,026,220)	(2,778,036,371)	(2,284,197)	(2,301,604)
Proceeds from long-term debt	3,007,406,802	1,794,501,364	2,491,638	1,486,745
Repayment of long-term debt	(2,733,063,289)	(561,803,917)	(2,264,344)	(465,455)
Proceeds from foreign currency notes and bonds	-	559,644,754	-	463,666
Increase in deferred charges	(10,263,238)	(14,405,595)	(8,503)	(11,935)

Continued;

The accompanying notes are an integral part of these statements.

SAMSUNG ELECTRONICS CO., LTD.

STATEMENTS OF CASH FLOWS, Continued
for the years ended December 31, 1998 and 1997

	In Thousands of			
	Korean Won		U.S. Dollar (Note 3)	
	1998	1997	1998	1997
Repayment of current maturities of long-term debt	₩ (1,293,807,566)	₩ (500,798,426)	\$ (1,071,920)	\$ (414,911)
Issuance of common stock	894,630,000	235,677,002	741,201	195,259
Payments of dividends	(59,969,415)	(64,312,238)	(49,685)	(53,283)
Other	(13,544,112)	253,604,574	(11,221)	210,111
	<u>(1,277,413,106)</u>	<u>2,171,462,881</u>	<u>(1,058,337)</u>	<u>1,799,058</u>
Net (decrease) increase in cash and bank deposits	(179,678,569)	404,125,285	(148,864)	334,818
Cash and bank deposits at beginning of year	<u>1,367,157,250</u>	<u>963,031,965</u>	<u>1,132,690</u>	<u>797,872</u>
Cash and bank deposits at end of year	₩ 1,187,478,681	₩ 1,367,157,250	\$ 983,826	\$ 1,132,690
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