

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2002 AND JUNE 30, 2003

("See Independent Accountants' Review Report")

<u>ASSETS</u>	<u>Korean Won</u>		Translation into U.S. dollars (Note 2)
	<u>December 31, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2003</u>
	(in millions)		(in thousands)
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Note 2)	₩ 17,837	₩ 362,335	\$ 303,692
Short-term financial instruments (Note 3)	23,586	25,144	21,074
Short-term investment securities (Notes 2 and 6)	-	2,697	2,260
Marketable securities (Notes 2 and 8)	33,671	-	-
Trade accounts and notes receivable, net of allowance for doubtful accounts of ₩50,508 million and ₩54,945 million as of December 31, 2002 and June 30, 2003, respectively (Notes 2, 4, 14 and 23)	2,480,848	2,499,756	2,095,177
Other accounts receivable, net of allowance for doubtful accounts of ₩118,066 million and ₩136,845 million as of December 31, 2002 and June 30, 2003, respectively (Note 15)	459,479	450,048	377,209
Inventories (Notes 2 and 5)	653,091	801,294	671,607
Advanced payments, net of allowance for doubtful accounts of ₩435 million and ₩414 million as of December 31, 2002 and June 30, 2003, respectively	80,089	92,154	77,239
Accrued income	1,420	18,022	15,105
Other current assets	87,892	21,010	17,611
Total current assets	3,837,913	4,272,460	3,580,974
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment, net (Note 9)	4,373,994	4,340,752	3,638,213
Long-term investment securities (Notes 2 and 6)	-	369,360	309,580
Investment securities accounted for using the equity method (Note 7)	765,181	866,366	726,147
Investments (Notes 2 and 8)	346,334	-	-
Long-term financial instruments, net of present value discounts of ₩4,674 million and ₩3,590 million as of December 31, 2002 and June 30, 2003, respectively (Notes 3 and 4)	45,322	46,383	38,876
Intangible assets (Note 10)	137,965	140,942	118,131
Deferred income tax assets (Note 21)	192,702	142,309	119,276
Other assets	44,296	109,470	91,753
Total non-current assets	5,905,794	6,015,582	5,041,976
Total Assets	₩ 9,743,707	₩10,288,042	\$ 8,622,950

(Continued)

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS OF DECEMBER 31, 2002 AND JUNE 30, 2003

("See Independent Accountants' Review Report")

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean Won</u>		<u>Translation into U.S. dollars (Note 2)</u>
	<u>December 31, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2003</u>
	(in millions)		(in thousands)
<b>CURRENT LIABILITIES:</b>			
Trade accounts and notes payable (Note 23)	₩ 890,434	₩ 658,938	\$ 552,290
Short-term borrowings (Notes 2 and 11)	787,360	508,730	426,393
Current maturities of long-term borrowings and other long-term liabilities, net of discount of ₩5,986 million and ₩2,608 million as of December 31, 2002 and June 30, 2003, respectively (Notes 2 and 12)	1,125,773	608,637	510,131
Advances from customers	1,967,508	3,589,504	3,008,552
Income tax payable	34,208	-	-
Other current liabilities	149,175	256,538	215,020
Total current liabilities	4,954,458	5,622,347	4,712,386
<b>LONG-TERM LIABILITIES:</b>			
Debentures and long-term borrowings, net of discounts of ₩19,022 million and ₩10,967 million as of December 31, 2002 and June 30, 2003, respectively (Notes 2 and 12)	1,557,002	1,247,034	1,045,204
Accrued severance benefits, net of severance insurance deposits and others of ₩701,137 million and ₩684,563 million as of December 31, 2002 and June 30, 2003, respectively (Note 13)	197,613	259,410	217,425
Other long-term liabilities	25,320	29,472	24,703
Total long-term liabilities	1,779,935	1,535,916	1,287,332
Total Liabilities	6,734,393	7,158,263	5,999,718
Commitments and contingencies (Note 14)			
<b>SHAREHOLDERS' EQUITY:</b>			
Capital stock - Common stock (Note 1)	380,000	380,000	318,498
Capital surplus (Note 17)	2,727,880	2,727,880	2,286,380
Appropriated retained earnings (Note 18)	629,995	629,995	528,032
Un-appropriated retained earnings	-	111,351	93,329
Capital adjustments (Note 19)	(728,561)	(719,447)	(603,007)
Total Shareholders' Equity	3,009,314	3,129,779	2,623,232
Total Liabilities and Shareholders' Equity	₩ 9,743,707	₩10,288,042	\$ 8,622,950

See accompanying notes to non-consolidated financial statements.