

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2002 AND 2003

("See Independent Accountants' Review Report")

	<u>Korean Won</u>		<u>Translation into U.S. dollars (Note 2)</u>
	<u>Six months ended June 30, 2002</u>	<u>Six Months Ended June 30, 2003</u>	<u>Six Months Ended June 30, 2003</u>
	(in millions, except per share amount)		(in thousands, except per share amount)
Sales (Notes 20 and 23)	₩ 3,798,704	₩ 3,842,444	\$ 3,220,555
Cost of sales (Notes 20 and 23)	<u>3,232,989</u>	<u>3,364,972</u>	<u>2,820,361</u>
Gross profit	565,715	477,472	400,194
Selling and administrative expenses (Note 24)	<u>274,542</u>	<u>308,401</u>	<u>258,487</u>
Operating income	291,173	169,071	141,707
Non-operating income:			
Interest and dividend income (Note 4)	58,619	35,689	29,913
Gain on foreign currency transactions	41,121	68,879	57,731
Gain on foreign currency translation	57,986	3,611	3,027
Gain on valuation of investments using the equity method of accounting (Note 7)	16,335	104,240	87,369
Gain on disposal of marketable securities	15	-	-
Gain on disposal of investments	126	-	-
Others	<u>19,458</u>	<u>14,723</u>	<u>12,340</u>
	193,660	227,142	190,380
Non-operating expenses:			
Interest expense	141,045	110,119	92,296
Loss on foreign currency transactions	65,790	77,540	64,990
Loss on foreign currency translation	41,281	6,101	5,114
Loss on disposal of property, plant and equipment	1,745	4,105	3,441
Loss on disposal of investments (Note 6)	127	186	156
Loss on impairment of investments (Note 6)	22,520	8,335	6,986
Others	<u>50,114</u>	<u>29,043</u>	<u>24,343</u>
	<u>322,622</u>	<u>235,429</u>	<u>197,326</u>
Ordinary income	162,211	160,784	134,761
Extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>
Net income before income tax	162,211	160,784	134,761
Income tax expense (Note 21)	<u>58,772</u>	<u>50,108</u>	<u>41,998</u>
Net income	<u>₩ 103,439</u>	<u>₩ 110,676</u>	<u>\$ 92,763</u>
Earnings per common share (Note 22)	<u>₩ 1,956</u>	<u>₩ 2,094</u>	<u>\$ 1.76</u>
Ordinary income per share (Note 22)	<u>₩ 1,956</u>	<u>₩ 2,094</u>	<u>\$ 1.76</u>

See accompanying notes to non-consolidated financial statements