

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2004 AND DECEMBER 31, 2003

(See Independent Accountants' Review Report)

<u>ASSETS</u>	<u>Korean won (in thousands)</u>	
	<u>June 30, 2004</u>	<u>December 31, 2003</u>
CURRENT ASSETS:		
Cash and cash equivalents (Notes 3 and 22)	₩ 1,022,110,751	₩ 233,395,481
Short-term financial instruments	314,116,014	24,572,912
Short-term investment securities (Note 5)	99,538,923	2,701,795
Trade accounts and notes receivable, net of allowance for doubtful accounts of ₩63,696,942 thousand as of June 30, 2004 and ₩56,326,168 thousand as of December 31, 2003 (Notes 12, 18, 21 and 22)	1,934,611,000	2,516,528,272
Accounts receivable-other, net of allowance for doubtful accounts of ₩150,526,942 thousand as of June 30, 2004 and ₩145,520,018 thousand as of and December 31, 2003 (Notes 13, 21 and 22)	426,266,892	439,308,080
Inventories (Note 4)	1,145,479,748	927,897,784
Advanced payments, net of allowance for doubtful accounts of ₩2,373,812 thousand as of June 30, 2004 and ₩840,100 thousand as of December 31, 2003	74,567,962	57,503,575
Accrued income	20,533,250	10,705,557
Accrued gain on valuation of derivatives (Note 2)	40,179,159	-
Other current assets (Note 22)	<u>114,237,872</u>	<u>215,928,668</u>
Total current assets	<u>5,191,641,571</u>	<u>4,428,542,124</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net (Notes 7 and 23)	4,297,219,137	4,335,244,649
Long-term investment securities (Note 5)	122,386,171	342,797,429
Investment securities accounted for using the equity method (Note 6)	933,764,807	803,104,770
Long-term trade accounts and notes receivable, net of allowance for doubtful accounts of ₩2,989,954 thousand as of June 30, 2004 and ₩2,993,925 thousand as of December 31, 2003 (Notes 10 and 22)	296,005,421	333,104,806
Long-term financial instruments (Notes 3 and 22)	7,104,382	7,185,235
Intangible assets (Notes 8 and 23)	147,737,620	145,817,745
Deferred income tax assets (Note 19)	138,304,211	162,808,665
Other investment assets (Note 21)	<u>46,048,241</u>	<u>45,451,453</u>
Total non-current assets	<u>5,988,569,990</u>	<u>6,175,514,752</u>
Total Assets	<u>₩ 11,180,211,561</u>	<u>₩ 10,604,056,876</u>

(Continued)

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS OF JUNE 30, 2004 AND DECEMBER 31, 2003

(See Independent Accountants' Review Report)

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Korean won (in thousands)	
	June 30, 2004	December 31, 2003
CURRENT LIABILITIES:		
Short-term borrowings (Notes 9 and 22)	₩ 43,435,622	₩ 150,217,859
Current maturities of long-term debt, net of discount of ₩1,816,230 thousand as of June 30, 2004 and ₩2,642,788 thousand as of December 31, 2003 (Notes 10 and 22)	541,553,696	513,831,039
Trade accounts and notes payable (Notes 21 and 22)	876,050,616	883,000,039
Accounts payable-other (Notes 21 and 22)	122,783,461	157,158,844
Advances from customers	4,995,111,143	4,068,880,384
Income tax payable	1,321,494	807,880
Other current liabilities	172,387,626	193,804,513
Total current liabilities	6,752,643,658	5,967,700,558
LONG-TERM LIABILITIES:		
Debentures and long-term borrowings, net of discounts of ₩1,083,774 thousand as of June 30, 2004 and ₩4,162,155 thousand as of December 31, 2003 (Notes 10 and 22)	512,639,164	738,535,934
Accrued severance benefits, net of severance insurance deposits and others of ₩714,246,380 thousand as of June 30, 2004 and ₩740,389,710 thousand as of December 31, 2003 (Note 11)	298,246,382	231,774,908
Long-term accrued expenses (Note 13)	159,143,666	153,594,366
Other long-term liabilities	40,217,444	36,356,492
Total long-term liabilities	1,010,246,656	1,160,261,700
Total Liabilities	7,762,890,314	7,127,962,258
Commitments and contingencies (Note 12)		
SHAREHOLDERS' EQUITY:		
Capital stock - common stock (Note 1)	380,000,000	380,000,000
Capital surplus (Note 15)	2,771,383,687	2,771,383,687
Appropriated retained earnings (Note 16)	542,684,044	629,994,922
Unappropriated retained earnings (Net income of ₩73,647,639 thousand for the six month period ended June 30, 2004 and ₩113,857,159 thousand for the year ended December 31, 2003)	67,672,468	9,429,309
Capital adjustments (Note 17)	(344,418,952)	(314,713,300)
Total Shareholders' Equity	3,417,321,247	3,476,094,618
Total Liabilities and Shareholders' Equity	₩ 11,180,211,561	₩ 10,604,056,876

See accompanying notes to non-consolidated financial statements.