

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2005 AND DECEMBER 31, 2004

<u>ASSETS</u>	Korean won	
	<u>2005</u>	<u>2004</u>
	(In thousands)	
CURRENT ASSETS:		
Cash and cash equivalents (Notes 3 and 20)	₩ 982,446,742	₩ 358,213,436
Short-term financial instruments	174,126,014	394,126,014
Short-term investment securities (Note 5)	58,588,513	126,681,848
Trade accounts and notes receivable, net of allowance for doubtful accounts of ₩80,485,777 thousand as of June 30, 2005 and ₩78,174,167 thousand as of December 31, 2004 (Notes 16, 19 and 20)	1,824,408,069	2,095,916,883
Accounts receivable-other, net of allowance for doubtful accounts of ₩183,553,253 thousand as of June 30, 2005 and ₩161,967,038 thousand as of December 31, 2004 (Notes 19 and 20)	230,263,206	281,529,043
Inventories (Note 4)	1,378,754,737	1,137,136,741
Advanced payments, net of allowance for doubtful accounts of ₩3,133,225 thousand as of June 30, 2005 and ₩2,307,841 thousand as of December 31, 2004	161,494,053	56,606,978
Accrued income	20,626,673	6,357,361
Foreign exchange forward contracts (Note 11)	216,535,469	255,759,978
Deferred income tax assets (Note 17)	55,422,605	-
Other current assets	<u>115,849,938</u>	<u>90,377,688</u>
Total current assets	<u>5,218,516,019</u>	<u>4,802,705,970</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net (Notes 7, 9, 11 and 21)	4,259,171,668	4,326,631,978
Long-term investment securities (Note 5)	177,174,307	159,266,137
Investment securities accounted for using the equity method (Note 6)	1,053,139,858	1,023,448,611
Long-term trade accounts and notes receivable, net of allowance for doubtful accounts of ₩2,223,999 thousand as of June 30, 2005 and ₩2,487,034 thousand as of December 31, 2004 (Note 20)	220,175,886	246,216,362
Long-term financial instruments (Notes 3 and 20)	6,670,878	6,613,882
Intangible assets (Notes 8 and 21)	174,575,868	160,983,579
Deferred income tax assets (Note 17)	76,652,876	159,276,388
Other investment assets	<u>48,739,174</u>	<u>44,471,543</u>
Total non-current assets	<u>6,016,300,515</u>	<u>6,126,908,480</u>
Total Assets	<u>₩ 11,234,816,534</u>	<u>₩ 10,929,614,450</u>

(Continued)

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS OF JUNE 30, 2005 AND DECEMBER 31, 2004

	Korean won	
	2005	2004
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
(In thousands)		
CURRENT LIABILITIES:		
Current maturities of long-term debt, net of discount of ₩189,713 thousand as of June 30, 2005 and ₩980,721 thousand as of December 31, 2004 (Notes 9 and 20)	₩ 493,847,120	₩ 660,973,248
Trade accounts and notes payable (Notes 19 and 20)	1,166,785,353	893,641,280
Accounts payable-other (Notes 19 and 20)	79,944,027	136,914,174
Advances from customers	5,228,658,365	5,040,601,881
Income tax payable	13,020,757	7,665,065
Foreign exchange forward contracts (Note 11)	49,990,061	-
Other current liabilities	<u>358,286,252</u>	<u>189,956,743</u>
Total current liabilities	<u>7,390,531,935</u>	<u>6,929,752,391</u>
LONG-TERM LIABILITIES:		
Debentures and long-term borrowings (Notes 9 and 20)	376,833	767,939
Accrued severance benefits, net of severance insurance deposits and others of ₩808,791,478 thousand as of June 30, 2005 and ₩838,246,030 thousand as of December 31, 2004 (Note 10)	230,708,316	167,694,266
Long-term accrued expenses (Note 12)	181,546,047	172,135,546
Other long-term liabilities	<u>38,388,589</u>	<u>38,730,645</u>
Total long-term liabilities	<u>451,019,785</u>	<u>379,328,396</u>
Total Liabilities	<u>7,841,551,720</u>	<u>7,309,080,787</u>
SHAREHOLDERS' EQUITY:		
Capital stock - common stock (Note 1)	380,000,000	380,000,000
Capital surplus (Note 13)	2,771,383,687	2,771,383,687
Appropriated retained earnings (Note 14)	492,811,543	542,684,044
Retained earnings before appropriations (Net loss of ₩53,489,988 thousand for the six months ended June 30, 2005 and net income of ₩36,719,496 thousand for the year ended December 31, 2004)	(53,489,982)	30,744,325
Capital adjustments (Notes 5, 6, 11 and 15)	<u>(197,440,434)</u>	<u>(104,278,393)</u>
Total Shareholders' Equity	<u>3,393,264,814</u>	<u>3,620,533,663</u>
Total Liabilities and Shareholders' Equity	<u>₩ 11,234,816,534</u>	<u>₩ 10,929,614,450</u>

See accompanying notes to non-consolidated financial statements.

