

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2005 AND 2004

	<u>Korean won</u> <u>2005</u>	<u>Korean won</u> <u>2004</u>
	(in thousands)	
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents (Notes 3 and 21)	₩444,514,550	₩358,213,436
Short-term financial instruments	184,126,014	394,126,014
Short-term investment securities (Note 5)	20,776,448	126,681,848
Trade accounts and notes receivable, net of allowance for doubtful accounts of ₩52,362,787 thousand in 2005 and	2,276,108,071	2,095,916,883
Accounts receivable-other, net of allowance for doubtful accounts of ₩182,055,776 thousand in 2005 and ₩161,967,038 thousand in 2004 (Notes	244,615,919	281,529,043
Inventories (Note 4)	1,148,317,437	1,137,136,741
Advanced payments, net of allowance for doubtful accounts of ₩4,099,087 thousand in	287,752,506	56,606,978
Accrued income	6,539,835	6,357,361
Foreign exchange forward contracts (Note 11)	246,768,569	255,759,978
Deferred income tax assets (Note 18)	5,474,278	-
21)	<u>303,508,856</u>	<u>223,076,901</u>
Total current assets	<u>5,168,502,483</u>	<u>4,935,405,183</u>
NON-CURRENT ASSETS:		
and 22)	4,286,543,141	4,326,631,978
Long-term investment securities (Note 5)	553,169,451	159,266,136
equity method		
(Note 6)	1,150,538,105	1,023,448,611
Long-term trade accounts and notes receivable, net of allowance for doubtful accounts of ₩1,984,850 thousand in 2005 and ₩2,487,034	196,500,217	246,216,362
Long-term financial instruments (Notes 3 and 21)	6,775,068	6,613,882
Intangible assets (Notes 8 and 22)	191,142,413	160,983,579
Deferred income tax assets (Note 18)	-	159,276,388
Other investment assets (Notes 20 and 21)	<u>39,937,237</u>	<u>44,471,543</u>
Total non-current assets	<u>6,424,605,632</u>	<u>6,126,908,479</u>
Total Assets	<u>₩11,593,108,115</u>	<u>₩11,062,313,662</u>

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS OF DECEMBER 31, 2005 AND 2004

	<u>Korean won</u> <u>2005</u>	<u>Korean won</u> <u>2004</u>
	(in thousands)	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Current maturities of long-term borrowings and other long-term liabilities, net of discount of ₩980,721 thousand in 2004 (Notes 9 and 21)	₩372,639 1,108,899,843	₩660,973,248 893,641,281
Accounts payable-other (Note 21)	88,868,629	136,914,174
Advances from customers (Note 17)	5,701,603,630	5,040,601,881
Accrued expenses	207,777,063	162,071,520
Income tax payable (Note 18)	13,946,921	7,665,065
Foreign exchange forward contracts (Note 11) (Note 21)	25,862,517 <u>233,168,366</u>	- <u>160,584,436</u>
Total current liabilities	<u>7,380,499,608</u>	<u>7,062,451,605</u>
LONG-TERM LIABILITIES:		
Debentures and long-term borrowings, net of discounts of ₩1,122,534 thousand in 2005	201,850,105	767,938
Accrued severance benefits, net of severance insurance deposits and others of ₩867,585,305 thousand in 2005 and	151,250,487	167,694,266
Long-term accrued expenses (Note 12)	47,064,964	172,135,546
Deferred income tax liabilities (Note 18)	10,047,955	-
Other long-term liabilities (Note 20)	<u>40,857,986</u>	<u>38,730,645</u>
Total long-term liabilities	<u>451,071,497</u>	<u>379,328,395</u>
Total Liabilities	<u>7,831,571,105</u>	<u>7,441,780,000</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 income of ₩183,314,079 thousand in 2005 and ₩36,719,496 thousand in 2004)	183,314,085	30,744,325
Capital adjustments (Notes 5, 6, 11 and 15)	<u>-65,972,305</u>	<u>-104,278,394</u>

Total Shareholders' Equity	<u>3,761,537,010</u>	<u>3,620,533,662</u>
Total Liabilities and Shareholders' Equity	<u>₩11,593,108,115</u>	<u>₩11,062,313,662</u>

See accompanying notes to non-consolidated financial statements.