

SsangYong Motor Company
BALANCE SHEETS
AS OF DECEMBER 31, 2002 AND 2001

| | Korean Won | | Translation into U.S. Dollar | |
|--|------------------------|------------------------|---------------------------------|--------------------|
| | 2002 | 2001 | 2002 | 2001 |
| | (In thousands) | | (In thousands) | |
| ASSETS | | | | |
| CURRENT ASSETS : | | | | |
| Cash and cash equivalents | \ 173,005,645 | \ 34,219,048 | \$144,123 | \$28,506 |
| Short-term financial instruments | 49,388,947 | 12,618,947 | 41,144 | 10,512 |
| Trade receivables, net of allowance for doubtful accounts of \ 222,173,549 thousand in 2002 and \ 212,784,676 thousand in 2001, and present value discount of \ 85,647 thousand in 2002 and \ 800,853 thousand in 2001 | 230,459,666 | 270,299,623 | 191,986 | 225,175 |
| Other receivables, net of allowance for doubtful accounts of \ 79,889,595 thousand in 2002 and \ 76,050,600 thousand in 2001 | 21,942,922 | 44,752,991 | 18,280 | 37,281 |
| Inventories | 192,267,397 | 156,945,932 | 160,169 | 130,745 |
| Other current assets, net of allowance for doubtful | 21,952,211 | 12,531,740 | 18,287 | 10,440 |
| | <u>689,016,788</u> | <u>531,368,281</u> | <u>573,989</u> | <u>442,659</u> |
| NON-CURRENT ASSETS : | | | | |
| Long-term financial instruments | 14,500 | - | 12 | - |
| Long-term other receivables, net of present value discount of \ 4,004,071 thousand in 2002 and \ 8,909,859 thousand in 2001 | 36,495,929 | 45,090,141 | 30,403 | 37,563 |
| Investment securities | 2,769,134 | 5,152,988 | 2,307 | 4,293 |
| Long-term loans, net of allowance for doubtful accounts \ 11,693,076 thousand in 2002 and \ 11,194,864 thousand in 2001 | 29,979,290 | 9,063,104 | 24,974 | 7,550 |
| Guarantee deposits, net of allowances for doubtful accounts of \ 1,983,633 thousand in 2002 and \ 2,743,807 thousand in 2001 | 29,555,708 | 37,109,243 | 24,622 | 30,914 |
| Property, plant and equipment, net | 1,330,104,405 | 1,363,826,359 | 1,108,051 | 1,136,143 |
| Other | 79,511,513 | 82,999,453 | 66,238 | 69,143 |
| | <u>1,508,430,479</u> | <u>1,543,241,288</u> | <u>1,256,607</u> | <u>1,285,606</u> |
| Total Assets | <u>\ 2,197,447,267</u> | <u>\ 2,074,609,569</u> | <u>\$1,830,596</u> | <u>\$1,728,265</u> |
| CURRENT LIABILITIES : | | | | |
| Trade payables | \ 390,028,059 | \ 406,383,105 | \$324,915 | \$338,540 |
| Short-term borrowings | 100,235,243 | 224,316,294 | 83,502 | 186,868 |
| Other payables | 264,820,353 | 271,071,736 | 220,610 | 225,818 |
| Current-portion of long-term debt, net of present value discount of \ 24,531 thousand in 2002 and \ 541,387 thousand in 2001 | 91,778,929 | 41,291,509 | 76,457 | 34,398 |
| Other current liabilities | 90,548,271 | 56,899,565 | 75,431 | 47,400 |
| | <u>937,410,855</u> | <u>999,962,209</u> | <u>780,915</u> | <u>833,024</u> |
| LONG-TERM LIABILITIES : | | | | |
| Debentures, net of discount on debentures of \ 97,758 thousand in 2002 and \ 612,129 thousand in 2001 | 2,494,242 | 7,946,878 | 2,078 | 6,620 |
| Long-term debt, net of present value discount of \ 8,761,547 thousand in 2002 and \ 21,134,010 thousand in 2001 | 405,047,180 | 614,603,833 | 337,427 | 511,999 |
| Accrued severance indemnities | 133,001,913 | 132,458,757 | 110,798 | 110,346 |
| Accrued warranties and product liabilities | 103,092,785 | 72,697,362 | 85,882 | 60,561 |
| Other | 50,000 | - | 41 | - |
| | <u>643,686,120</u> | <u>827,706,830</u> | <u>536,226</u> | <u>689,526</u> |
| Total liabilities | <u>1,581,096,975</u> | <u>1,827,669,039</u> | <u>1,317,141</u> | <u>1,522,550</u> |
| SHAREHOLDERS' EQUITY : | | | | |
| Capital stock | 604,023,100 | 190,404,440 | 503,185 | 158,617 |
| Capital surplus | 15,440,281 | - | 12,863 | - |
| Retained earning (accumulated deficit) | | | | |
| (Net income of \ 320,425,028 thousand in 2002 and \ 9,177,513 thousand in 2001 | - | (1,101,335,682) | - | (917,474) |
| Capital adjustments | | | | |
| Discount on stock issuance | - | (31,381,406) | - | (26,142) |
| Debt to be swapped for equity | - | 1,192,365,553 | - | 993,307 |
| Valuation loss on investments | (3,107,523) | (3,103,802) | (2,589) | (2,586) |
| | <u>(5,566)</u> | <u>(8,573)</u> | <u>(4)</u> | <u>(7)</u> |
| Total Shareholders' Equity | <u>616,350,292</u> | <u>246,940,530</u> | <u>513,455</u> | <u>205,715</u> |
| Total Liabilities and Shareholders' Equity | <u>\ 2,197,447,267</u> | <u>\ 2,074,609,569</u> | <u>\$1,830,596</u> | <u>\$1,728,265</u> |

SsangYong Motor Company
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

| | Korean Won | | Translation into U.S. Dollar | |
|--|----------------------|----------------------|--|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| | (In thousands) | | (In thousands, except per share amounts) | |
| SALES | \ 3,417,338,191 | \ 2,326,693,545 | \$2,846,833 | \$1,938,265 |
| COST OF SALES | <u>2,589,560,592</u> | <u>1,854,626,310</u> | <u>2,157,248</u> | <u>1,545,007</u> |
| GROSS PROFIT | 827,777,599 | 472,067,235 | 689,585 | 393,258 |
| SELLING AND ADMINISTRATIVE EXPENSES | <u>509,411,234</u> | <u>319,603,623</u> | <u>424,368</u> | <u>266,248</u> |
| OPERATING INCOME | <u>318,366,365</u> | <u>152,463,612</u> | <u>265,217</u> | <u>127,010</u> |
| OTHER INCOME (EXPENSES) : | | | | |
| Interest income | 12,905,625 | 4,553,540 | 10,751 | 3,793 |
| Interest expense | (68,470,185) | (177,705,105) | (57,039) | (148,038) |
| Bad debt expense-others, net | (1,666,441) | (27,711,967) | (1,388) | (23,086) |
| Loss on disposal of marketable securities | (16,261) | (73,397) | (14) | (61) |
| Loss on valuation of marketable securities, net | (78,643) | (501) | (66) | - |
| Loss on valuation of inventories | (1,172,425) | (194,835) | (977) | (162) |
| Gain (loss) on disposal of investment | 2,587 | (649,655) | 2 | (541) |
| Recovery of impairment losses on investment securities | - | 1,991,539 | - | 1,659 |
| Loss on disposal of property, plant and equipment, net | (1,361,797) | (1,719,671) | (1,134) | (1,433) |
| Impairment loss on property, plant and equipment, net | (4,832,552) | - | (4,026) | - |
| Gain on foreign currency transactions, net | 4,286,574 | 9,379,801 | 3,571 | 7,814 |
| Gain (loss) on foreign currency translations, net | (4,854,078) | 1,432,527 | (4,044) | 1,193 |
| Product warranty expenses | (7,951,748) | - | (6,624) | - |
| Reparation for product warranty expenses | 16,983,956 | 6,835,492 | 14,148 | 5,694 |
| Loss on futures transactions, net | (32,764) | - | (27) | - |
| Depreciation expense on assets not in use | (466,450) | (589,564) | (389) | (491) |
| Loss on disposal of trade receivables | - | (1,383,203) | - | (1,152) |
| Fees earned | 2,101,650 | 1,065,610 | 1,751 | 888 |
| Donations | (3,114,137) | (1,002,536) | (2,594) | (835) |
| Others, net | <u>11,870,580</u> | <u>21,195,930</u> | <u>9,889</u> | <u>17,658</u> |
| | <u>(45,866,509)</u> | <u>(164,575,995)</u> | <u>(38,210)</u> | <u>(137,100)</u> |
| ORDINARY INCOME (LOSS) | 272,499,856 | (12,112,383) | 227,007 | (10,090) |
| EXTRAORDINARY INCOME (LOSS) | | | | |
| Gain on liabilities exempted | 47,788,979 | 24,753,094 | 39,811 | 20,620 |
| Gain on insurance settlement | 89,465 | 1,911,441 | 75 | 1,592 |
| Gain on asset contributed | 46,728 | 7,812 | 39 | 7 |
| Other extraordinary loss | - | (5,382,451) | - | (4,484) |
| | <u>47,925,172</u> | <u>21,289,896</u> | <u>39,925</u> | <u>17,735</u> |
| INCOME BEFORE INCOME TAX | 320,425,028 | 9,177,513 | 266,932 | 7,645 |
| INCOME TAX EXPENSE | - | - | - | - |
| NET INCOME | <u>\ 320,425,028</u> | <u>\ 9,177,513</u> | <u>\$266,932</u> | <u>\$7,645</u> |
| ORDINARY INCOME (LOSS) PER SHARE | <u>\ 2,485</u> | <u>(\ 3,181)</u> | <u>\$2.07</u> | <u>(\$2.65)</u> |
| EARNINGS PER SHARE | <u>\ 2,922</u> | <u>\ 2,410</u> | <u>\$2.43</u> | <u>\$2.01</u> |
| DILUTED ORDINARY LOSS PER SHARE | <u>\ 0</u> | <u>(\ 3,181)</u> | <u>\$0.00</u> | <u>(\$2.65)</u> |
| DILUTED EARNINGS PER SHARE | <u>\ 0</u> | <u>\ 1,837</u> | <u>\$0.00</u> | <u>\$1.53</u> |