

SSANGYONG MOTOR COMPANY

BALANCE SHEETS

AS OF DECEMBER 31, 2004 AND 2003

<u>ASSETS</u>	Korean Won		Translation into U.S. Dollars	
	2004	2003	2004	2003
	(In thousands)		(In thousands)	
CURRENT ASSETS:				
Cash and cash equivalents	₩ 11,078,494	₩ 128,910,039	\$10,614	\$123,501
Short-term financial instruments	57,658,756	66,311,888	55,239	63,529
Trading securities	-	927,375	-	888
Available-for-sale securities	1,578	-	2	-
Trade receivables	212,678,355	216,177,048	203,754	207,106
Short-term loans	1,527,319	2,705,532	1,463	2,592
Other receivables	32,144,842	17,877,710	30,796	17,127
Advanced payments	56,697,686	44,848,861	54,318	42,967
Prepaid expenses	4,442,680	3,948,840	4,256	3,783
Inventories	364,799,842	316,822,038	349,492	303,528
Other current assets	1,432,969	3,770,057	1,373	3,612
	<u>742,462,521</u>	<u>802,299,388</u>	<u>711,307</u>	<u>768,633</u>
NON-CURRENT ASSETS:				
Long-term financial instruments	16,000	16,000	15	15
Available-for-sale securities	1,574,499	1,607,739	1,509	1,540
Equity securities using the equity method	1,924,494	-	1,844	-
Long-term loans	33,514,335	28,557,986	32,108	27,360
Long-term trade receivables	6,200	538,946	6	517
Guarantee deposits	38,748,813	36,078,901	37,123	34,565
Group severance insurance deposits	-	6,952,696	-	6,661
Advance for employee contribution	7,012,370	5,530,380	6,718	5,298
Deferred tax assets	184,047,415	228,838,866	176,325	219,236
Other investments in properties	623,206	1,885,153	597	1,806
Property, plant and equipment	1,513,529,133	1,334,148,967	1,450,018	1,278,165
Intangible assets	86,740,011	83,209,076	83,100	79,718
	<u>1,867,736,476</u>	<u>1,727,364,710</u>	<u>1,789,363</u>	<u>1,654,881</u>
Total Assets	<u>₩2,610,198,997</u>	<u>₩2,529,664,098</u>	<u>\$ 2,500,670</u>	<u>\$ 2,423,514</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Trade payables	₩ 465,203,428	₩ 374,746,348	\$ 445,683	\$ 359,021
Short-term borrowings	58,956,512	17,458,047	56,483	16,726
Other payables	202,957,883	233,023,162	194,441	223,245
Advances from customers	6,468,733	6,084,742	6,197	5,829
Withholdings	14,251,610	25,629,589	13,653	24,554
Accrued expenses	36,802,429	26,314,875	35,258	25,211
Current-portion of long-term debt	79,328,495	118,882,992	76,000	113,894
Accrued warranties and product liabilities	54,640,809	48,583,717	52,348	46,545
Other current liabilities	<u>1,550,674</u>	<u>2,335,082</u>	<u>1,486</u>	<u>2,237</u>
	<u>920,160,573</u>	<u>853,058,554</u>	<u>881,549</u>	<u>817,262</u>

LONG-TERM LIABILITIES:

Long-term deb	246,557,785	284,824,102	236,212	272,872
Accrued severance indemnities	158,548,702	142,260,214	151,896	136,291
Accrued warranties and product liabilities	50,934,508	43,492,793	48,797	41,668
Other long-term liabilities	<u>13,600,990</u>	<u>-</u>	<u>13,030</u>	<u>-</u>
	<u>469,641,985</u>	<u>470,577,109</u>	<u>449,935</u>	<u>450,831</u>
Total Liabilities	<u>1,389,802,558</u>	<u>1,323,635,663</u>	<u>1,331,484</u>	<u>1,268,093</u>

SHAREHOLDERS' EQUITY:

Capital stock	₩ 604,023,100	₩ 604,023,100	\$ 578,677	\$ 578,677
Capital surplus	15,440,281	15,440,281	14,792	14,792
Retained earnings (Net income of ₩11,388,737 thousand in 2004 and ₩589,695,819 thousand in 2003)	601,078,990	589,695,819	575,856	564,951
Capital adjustments:				
Gain (loss) on valuation of available-for-sale securities	67,327	(3,125,199)	65	(2,994)
Loss on disposal of treasury stock	-	(5,566)	-	(5)
Valuation loss using the equity method	<u>(213,259)</u>	<u>-</u>	<u>(204)</u>	<u>-</u>
Total Shareholders' Equity	<u>1,220,396,439</u>	<u>1,206,028,435</u>	<u>1,169,186</u>	<u>1,155,421</u>
Total Liabilities and Shareholders' Equity	<u>₩2,610,198,997</u>	<u>₩2,529,664,098</u>	<u>\$ 2,500,670</u>	<u>\$ 2,423,514</u>

SSANGYONG MOTOR COMPANY
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>Korean Won</u>		<u>Translation into U.S. Dollars</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
SALES	₩3,297,855,323	₩3,281,451,843	\$ 3,159,471	\$ 3,143,755
COST OF SALES	<u>2,665,962,860</u>	<u>2,475,695,548</u>	<u>2,554,094</u>	<u>2,371,810</u>
GROSS PROFIT	631,892,463	805,756,295	605,377	771,945
SELLING AND ADMINISTRATIVE EXPENSES	<u>600,849,611</u>	<u>516,179,828</u>	<u>575,637</u>	<u>494,520</u>
OPERATING INCOME	<u>31,042,852</u>	<u>289,576,467</u>	<u>29,740</u>	<u>277,425</u>
OTHER INCOME (EXPENSES):				
Interest income	8,431,539	16,920,237	8,078	16,210
Interest expense	(37,367,700)	(49,234,300)	(35,800)	(47,168)
Reversal of allowance for doubtful accounts	31,503,989	115,040,929	30,182	110,214
Loss on disposal of marketable securities	-	(6,647)	-	(6)
Gain on valuation of marketable securities	-	58,711	-	56
Loss on disposal of available-for-sale securities	(2,578,332)	-	(2,470)	-
Gain using the equity method	283,249	-	271	-
Loss on valuation of inventories	-	(2,664,428)	-	(2,553)
Loss on disposal of investment	(41,019)	(3,622,180)	(39)	(3,470)
Loss on disposal of property, plant and equipment	(12,342,038)	(4,734,678)	(11,824)	(4,536)
Impairment loss on property, plant and equipment	(3,021,785)	(12,293,449)	(2,895)	(11,778)
Recovery of impairment loss on property, plant and equipment	17,767,566	-	17,022	-
Gain (loss) on foreign currency transactions	2,208,550	(4,639,726)	2,116	(4,445)
Loss on foreign currency translation	(1,137,571)	(5,752,169)	(1,090)	(5,511)
Reparation for product warranty expenses	16,620,007	11,364,446	15,923	10,888
Depreciation expense on assets not in use	(174,022)	(251,442)	(167)	(241)
Fees earned	6,535,495	5,497,202	6,261	5,267
Gain on liabilities exempted	-	5,594,966	-	5,360
Donations	(1,013,460)	(1,066,969)	(971)	(1,022)
Others, net	(537,132)	(4,557,349)	(514)	(4,366)
	<u>25,137,336</u>	<u>65,653,154</u>	<u>24,083</u>	<u>62,899</u>
ORDINARY INCOME	56,180,188	355,229,621	53,823	340,324
EXTRAORDINARY INCOME				
Gain on liabilities exempted	-	5,627,332	-	5,391
INCOME BEFORE INCOME TAX	56,180,188	360,856,953	53,823	345,715
INCOME TAX EXPENSE (BENEFITS)	<u>44,791,451</u>	<u>(228,838,866)</u>	<u>42,912</u>	<u>(219,236)</u>
NET INCOME	<u>₩ 11,388,737</u>	<u>₩ 589,695,819</u>	<u>\$ 10,911</u>	<u>\$ 564,951</u>
ORDINARY INCOME PER SHARE	<u>₩ 94</u>	<u>₩ 4,849</u>	<u>\$ 0.09</u>	<u>\$ 4.65</u>
EARNINGS PER SHARE	<u>₩ 94</u>	<u>₩ 4,881</u>	<u>\$ 0.09</u>	<u>\$ 4.68</u>