

The July Issue (8. 1. 2005)

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DSME IR Report

PR & IR Team





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1. Stock Price Trend

1. Stock price trend of DSME (As of closing price of Aug. 1, 2005)

	Aug. 1	Highest of the year	Lowest of the year
Stock Price(Won)	20,900	22,850(June 9)	15,150(Jan. 3)
Total market price (Bn. won)	4,000	4,373	2,915
Foreigners' ratio(%)	37.17%	39.14%(Mar. 21)	36.88%(July 12)

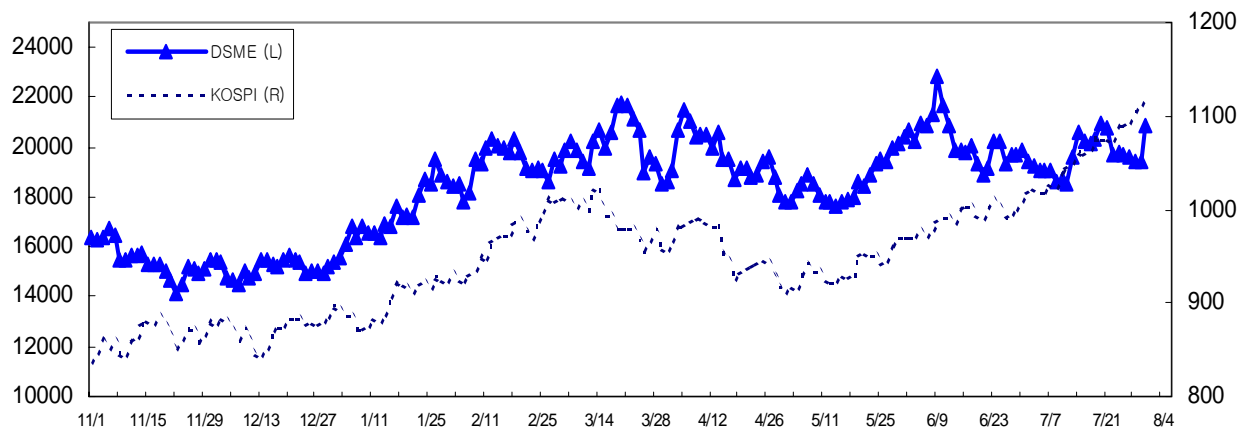
2. GDS Trend (As of closing price of July 29, 2005)

Issued Price	GDS Price	KRW/USD	Par Value(A)	Original Share Price(B)	(B-A)
\$15.64	\$37.75	1,028.30	₩19,409	₩19,400	-₩9


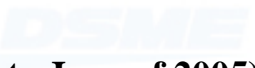
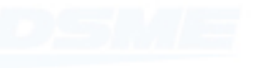
3. Stock price trend (As of closing price of Aug. 1, 2005)

Unit: Won

Unit: Point



2. Financial Performance

 □ Income Statement(Jan to June of 2005)

(Unit: Bn Won. %)

Section	Jan ~ May	%	June	%	Jan ~ June	%
	Sales	1,824.6	100.0	465.4	100.0	2,290.0
Cost of Sales	1,922.3	105.4	439.3	94.4	2,361.6	103.1
Gross Profit	-97.7	-5.4	26.1	5.6	-71.6	-3.1
Administrative expense	80.6		18.4		99.0	
Operating Income	-178.3	-9.8	7.7	1.7	-170.6	-7.4
Non-operating Income	179.0		-6.0		173.0	
Non-operating expense	53.3		7.9		61.2	
Ordinary Income	-52.6	-2.9	-6.2	-1.3	-58.8	-2.6
Income Tax	-13.5		-2.0		-15.5	
Net Income	-39.1	-2.1	-4.2	-0.9	-43.3	-1.9

* The results of June are applied at the Base Rate of W1,024.4 to US\$1 and these figures are not audited yet.

2. Financial Performance







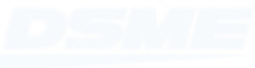

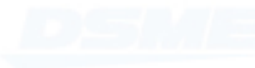

 □ Income Statement(1Q vs 2Q of 2005)

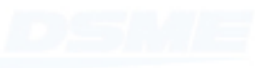
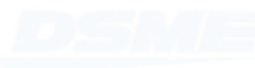
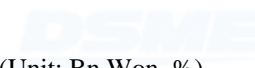
(Unit: Bn Won. %)

Section	1Q 2005(A)		2Q 2005(B)		(B/A) %
		%		%	
Sales	1,041.3	100.0	1,248.7	100.0	19.9
Cost of Sales	1,140.5	109.5	1,221.1	97.8	7.1
Gross Profit	-99.2	-9.5	27.6	2.2	Changed to positive
Administrative Expenses	52.4	-	46.6	-	-
Operating Income	-151.6	-14.6	-19.0	-1.5	Decreased in loss
Non-operating Income	136.6	-	36.4	-	-
Non-operating Expense	27.0	-	34.2	-	-
Ordinary Income	-42.0	-4.0	-16.8	-1.3	Decreased in loss
Income Tax	-10.6	-	-4.9	-	-
Net Income	-31.4	-3.0	-11.9	-1.0	Decreased in loss

* The results are applied at the Base Rate of W1,024.3 to US\$1 for 1Q2005 and W1,024.4 to US\$1 for 2Q2005 and these figures are not audited yet.

2. Financial Performance




 □ Income Statement(1H2005 vs 1H2004)

(Unit: Bn Won. %)

Section	1H 2005(A)		1H 2004(B)		(A/B) %
		%		%	
Sales	2,290.0	100.0	2,315.4	100.0	-1.1
Cost of Sales	2,361.6	103.1	2,062.3	89.1	14.5
Gross Profit	-71.6	-3.1	253.1	10.9	Changed to Negative
Administrative Expenses	99.0	-	99.4	-	-
Operating Income	-170.6	-7.4	153.7	6.6	Changed to Negative
Non-operating Income	173.0	-	150.9	-	-
Non-operating Expense	61.2	-	36.2	-	-
Ordinary Income	-58.8	-2.6	268.4	11.6	Changed to Negative
Income Tax	-15.5	-	76.8	-	-
Net Income	-43.3	-1.9	191.6	8.3	Changed to Negative

* The results are applied at the Base Rate of W1,152.5 to US\$1 for 2004 and W1,024.4 to US\$1 for 2005 and these figures are not audited yet.

2. Financial Performance








 ■ Balance Sheet

(Unit: W in Bn.)

Section		June 2005 (A)	Dec. 2004 (B)	(A-B)
	Current Assets	2,634.4	2,725.9	-91.5
	Fixed Assets	2,457.8	2,652.5	-194.7
	Total Assets	5,092.2	5,378.4	-286.2
	Borrowings	560.0	583.0	-23.0
	Other Liabilities	3,108.0	3,038.7	69.3
	Total Liabilities	3,668.0	3,621.7	46.3
	Total Shareholders' Equity	1,424.2	1,756.7	-332.5
	Total Liabilities & Shareholder's Equity	5,092.2	5,378.4	-286.2

* The results are applied at the Base Rate of W1,024.4 to US\$1 for 2005 and W1,043.8 to US\$1 for 2004 and these figures are not audited yet.

3. New Order & Backlogs

▣ Order received (As of June 30 2005)

(Unit: Number, Thousand G/T)

Item Ship Type	New Orders in 2005		Order Backlogs	
	Units	Thousand G/T	Units	Thousand G/T
LNGC	-	-	27	2,782
Tanker	6	960	34	3,602
Containership	8	632	27	2,269
Bulk Carrier	-	-	8	685
Others	5	225	28	1,213
Total Com. Ships	19	1,817 (about US\$2.1bn)	124	10,551 (about US\$11.7bn)
Offshore plant	1	(about US\$990mn)	8	(about US\$2.3bn)
Special ship	-	-	3	(about US\$180mn)
Total	20	1,817 (about US\$3.1bn)	135	10,551 (about US\$14.1bn)

* Delivered ships in June 2005 – 1 Tanker, 1 Containership, 1 Bulker, 1 Destroyer: Total 4 units

4. News & Issues

▣ DSME to Lend Know-How and Brand to Oman (June 27)

Our company announced that it has agreed to cooperate with the Omani government to build and run a repair dock in the Middle East country. The new facility will be the biggest of its kind in the region.

'It is meaningful that a foreign government appreciates our 30-year know-how and brand value in the field of shipbuilding. The Omani government's plan to seek balanced development of its land and our mid to long-term vision of establishing a global network were a fortuitous coincidence,' said a representative of our company.

The President & CEO, Mr. S. L. Jung, signed the contract with the Omani Minister of National Economy, Ahmed Bin Abdalnabi Macki, in Seoul on 27th of June.

According to the contract, the government of Oman can consult our company in regard to building the repair dock and running the facility on commission under our name.

Our company said it will be able to not only earn a profit directly from providing a consulting service and from lending its brand, but also it will offer quality repairing service to clients who navigate in the region.

The new repair dock will be big enough to facilitate VLCC's.

Oman, Korea's second-largest provider of natural gas, has a great demand for ship repair services, as it is located at the entrance of the Arabian Gulf.

The Omani government had requested us since March to participate in the project that is designed to expand social infrastructure and create jobs to liven up the underdeveloped region.

In May, our company announced its aim to reach sales of 20 trillion won by establishing a global network. We currently run a shipyard in Mangalia, Romania, and plan to build a block plant in China.

4. News & Issues

▣ 4,500-ton class Destroyer delivered (June 30)

Our company has announced that it delivered a 4,500 ton class destroyer called 'Dae Jo Young Ham,' bearing our Hull No. 7026, on 30th of June. The destroyer was named after King Dae Jo Young.

Approximately 350 people were in attendance, including Commodore, Mr. T. Y. Lee and Senior Executive Vice President & CPO of our company, Mr. K. S. Kim.

This ship, which can perform anti-aircraft, anti-ship and anti-submarine operations has been designed and constructed with our own technologies. The destroyer, which is 149.5 meters long, 9.5 meters deep and 17.4 meters wide can sail at about 30 knots. Approximately 320 crewmembers will operate the ship's wide variety of military gear and armaments such as, a 5-inch gun, close-in weapon system, guided missiles and torpedoes. Two helicopters can also be facilitated.

▣ Received New Orders for 2 Ships (July 1)

Our company has recently acquired 2 new ships; one 150,900 CBM LNG-RV(LNG Regasification Vessel) for Belgium based Exmar N.V. and one 84,000 CBM VLGC(Very Large Gas Carrier) for Greek based Maran Gas Maritime Inc. This represents a noteworthy 350 million USD in order combined.

LNG-RV is a newly developed LNGC with many additional features such as a mooring system, regasification system, and discharging system tailored for use with an underwater pipeline.

In the shipbuilding industry, only we can build LNG-RV. The greater merit of this vessel is that it can supply LNG directly into the consumer pipelines without the huge investment needed to construct LNG reception terminals. The vessel is literally its own LNG terminal. Therefore, the LNG-RV with these distinct advantages is expected to be a key player in the expanding LNG market.

5. Contact Line



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