

SSANGYONG MOTOR COMPANY  
BALANCE SHEETS  
AS OF JUNE 30, 2007 AND DECEMBER 31, 2006

<u>ASSETS</u>	Korean won		Translation into U.S. Dollars (Note 2)	
	2007	2006	2007	2006
	(In thousands)		(In thousands)	
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents (Note 15)	₩ 73,921,447	₩ 133,741,387	\$ 79,760	\$ 144,304
Short-term financial instruments (Note 3)	4,848,167	4,577,074	5,231	4,939
Available-for-sale securities (Note 5)	12,084	1,048,505	13	1,131
Trade receivables, net of allowance for doubtful accounts of ₩2,736,186 thousand in 2007 and ₩2,569,481 thousand in 2006, and present value discount of ₩107,499 thousand in 2007 and ₩213,716 thousand in 2006 (Notes 12 and 15)	194,038,653	176,181,101	209,364	190,096
Short-term loans, net of allowance for doubtful accounts of ₩35,612 thousand in 2007 and ₩22,983 thousand in 2006 (Note 6)	3,078,729	1,797,041	3,322	1,939
Other receivables, net of allowance for doubtful accounts of ₩3,335,512 thousand in 2007 and ₩3,173,866 thousand in 2006 (Notes 15 and 20)	12,084,865	25,298,111	13,039	27,296
Advanced payments, net of allowance for doubtful accounts of ₩234,158 thousand in 2007 and ₩22,526 thousand in 2006	25,182,739	9,003,444	27,172	9,715
Prepaid expenses	8,090,278	2,661,899	8,729	2,872
Inventories, net of allowance for valuation of ₩9,181,385 thousand in 2007 and ₩11,817,991 thousand in 2006 (Notes 2, 4 and 7)	272,500,288	334,715,482	294,023	361,152
Derivative assets (Note 22)	1,734,529	2,540,053	1,872	2,741
Other current assets, net of allowance for doubtful accounts of ₩679 thousand in 2007 and ₩81 thousand in 2006	397,868	3,486,934	427	3,762
	<u>595,889,647</u>	<u>695,051,031</u>	<u>642,952</u>	<u>749,947</u>
<b>NON-CURRENT ASSETS:</b>				
Long-term financial instruments (Note 3)	9,000	9,000	10	10
Available-for-sale securities (Note 5)	563,217	1,404,167	608	1,515
Equity securities using the equity method (Note 5)	2,126,690	2,241,605	2,295	2,419
Long-term loans, net of allowance for doubtful accounts of ₩270,970 thousand in 2007 and ₩292,784 thousand in 2006 (Note 6)	25,375,132	27,084,146	27,379	29,223
Long-term trade receivables, net of allowance for doubtful accounts of ₩3,599 thousand in 2007 and ₩5,853 thousand in 2006, and present value discount of ₩34,091 thousand in 2007 and ₩96,423 thousand in 2006 (Note 12)	322,183	483,018	348	521
Guarantee deposits, net of allowance for doubtful accounts of ₩294,106 thousand in 2007 and ₩333,492 thousand in 2006	32,658,558	36,561,563	35,238	39,449
Advances for employee contribution	10,640,420	10,086,200	11,481	10,883
Other investments in properties (Note 9)	272,316	2,737,552	294	2,954
Property, plant and equipment, net (Notes 7, 8 and 9)	1,459,015,942	1,507,794,423	1,574,251	1,626,882
Intangible assets (Notes 10 and 16)	76,503,430	67,842,110	82,546	73,200
	<u>1,607,486,888</u>	<u>1,656,243,784</u>	<u>1,734,450</u>	<u>1,787,056</u>
Total Assets	<u>₩ 2,203,376,536</u>	<u>₩ 2,351,294,815</u>	<u>\$ 2,377,402</u>	<u>\$ 2,537,003</u>

(Continued)

SSANGYONG MOTOR COMPANY  
BALANCE SHEETS (CONTINUED)  
AS OF JUNE 30, 2007 AND DECEMBER 31, 2006

	Korean won		Translation into U.S. Dollars (Note 2)	
	2007	2006	2007	2006
	(In thousands)		(In thousands)	
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>				
<b>CURRENT LIABILITIES:</b>				
Trade payables (Notes 15 and 20)	₩ 365,297,401	₩ 523,523,282	\$ 394,149	\$ 564,872
Short-term borrowings (Notes 11 and 15)	76,952,434	70,924,116	83,030	76,526
Other payables (Notes 15 and 23)	161,656,237	197,411,866	174,424	213,004
Advances from customers	17,007,057	7,800,240	18,350	8,416
Withholdings	12,114,939	18,328,153	13,072	19,776
Accrued expenses ( Note 15)	38,474,156	25,188,676	41,513	27,178
Accrued warranties and product liabilities (Notes 12 and 13)	51,529,535	47,071,684	55,599	50,789
Derivative liabilities (Note 22)	2,602,525	6,250,007	2,808	6,744
Other current liabilities	3,975,602	3,820,827	4,291	4,122
	<u>729,609,886</u>	<u>900,318,851</u>	<u>787,236</u>	<u>971,427</u>
<b>LONG-TERM LIABILITIES:</b>				
Bond, net of present value discount of ₩508,990 thousand in 2007 and ₩651,688 thousand in 2006 (Notes 11 and 12)	299,491,009	299,348,312	323,145	322,991
Accrued severance indemnities, net of National Pension Fund of ₩1,385,156 thousand in 2007 and ₩1,790,672 thousand in 2006, and severance insurance deposits of ₩5,175,188 thousand in 2007 and ₩5,635,518 thousand in 2006 (Note 2)	169,489,570	165,377,040	182,876	178,439
Accrued warranties and product liabilities (Notes 12 and 13)	60,603,841	55,495,518	65,390	59,879
Other long-term liabilities	3,283,264	5,413,856	3,543	5,841
	<u>532,867,684</u>	<u>525,634,726</u>	<u>574,954</u>	<u>567,150</u>
<b>Total Liabilities</b>	<u>1,262,477,570</u>	<u>1,425,953,577</u>	<u>1,362,190</u>	<u>1,538,577</u>
<b>SHAREHOLDERS' EQUITY:</b>				
Capital stock (Note 14)	604,023,100	604,023,100	651,730	651,730
Capital surplus (Note 14)	15,440,281	15,440,281	16,660	16,660
Accumulated other comprehensive income:				
Gain on valuation of available-for-sale securities (Note 5, 18 and 20)	1,284	90,434	-	-
Exchange differences on translation (credit) of financial statements of operations outside Korea (Notes 5 and 20)	32,093	-	-	-
Exchange differences on translation (debit) of financial statements of operations outside Korea (Notes 5 and 20)	(248,304)	(339,884)	-	-
Retained earnings (Net income of ₩15,523,205 thousand for the six months ended June 30, 2007 and ₩103,360,186 thousand for the year ended December 31, 2006) (Note 14)	321,650,512	306,127,307	347,055	330,306
<b>Total Shareholders' Equity</b>	<u>940,898,966</u>	<u>925,341,238</u>	<u>1,015,212</u>	<u>998,426</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>₩ 2,203,376,536</u>	<u>₩ 2,351,294,815</u>	<u>\$ 2,377,402</u>	<u>\$ 2,537,003</u>

See accompanying notes to the financial statements.

SSANGYONG MOTOR COMPANY  
STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006

	Korean won				Translation into U.S. Dollars (Note 2)			
	2007		2006		2007		2006	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
	(In thousands, except per share amounts)				(In thousands, except per share amounts)			
SALES (Notes 20 and 27)	₩ 799,293,875	₩ 1,633,159,338	₩ 777,308,245	₩ 1,502,961,486	\$ 862,423	\$ 1,762,149	\$ 838,701	\$ 1,621,668
COST OF SALES (Notes 2 and 20)	<u>651,417,316</u>	<u>1,316,564,343</u>	<u>619,551,582</u>	<u>1,234,883,634</u>	<u>702,867</u>	<u>1,420,548</u>	<u>668,485</u>	<u>1,332,417</u>
GROSS PROFIT	147,876,559	316,594,995	157,756,663	268,077,852	159,556	341,600	170,217	289,251
SELLING AND ADMINISTRATIVE EXPENSES (Note 17)	<u>135,200,664</u>	<u>275,972,241</u>	<u>142,476,146</u>	<u>278,054,777</u>	<u>145,879</u>	<u>297,770</u>	<u>153,729</u>	<u>300,016</u>
OPERATING INCOME (LOSS)	<u>12,675,895</u>	<u>40,622,754</u>	<u>15,280,517</u>	<u>(9,976,925)</u>	<u>13,677</u>	<u>43,831</u>	<u>16,487</u>	<u>(10,765)</u>
OTHER INCOME (EXPENSES):								
Interest income	1,469,886	2,506,965	1,583,321	3,859,997	1,586	2,705	1,708	4,165
Interest expense	(6,183,994)	(11,831,671)	(10,675,608)	(19,923,906)	(6,672)	(12,766)	(11,519)	(21,498)
Reversal of allowance for doubtful accounts, net	214,275	(75,071)	339,052	1,048,590	231	(81)	366	1,131
Gain on disposal of available-for-sale securities, net	142,964	147,351	1,695	2,010	154	159	2	2
Gain (loss) using the equity method, net (Note 5)	(226,730)	(649,376)	61,923	18,347	(245)	(701)	67	20
Gain (loss) on disposal of investments, net (Note 9)	2,445,673	7,923,302	(5,734)	(203,306)	2,639	8,549	(6)	(219)
Loss on disposal of property, plant and equipment, net	(79,456)	(513,824)	(190,367)	(1,657,851)	(86)	(554)	(205)	(1,789)

(Continued)

SSANGYONG MOTOR COMPANY  
STATEMENTS OF OPERATIONS (CONTINUED)  
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	Korean won				Translation into U.S. Dollars (Note 2)			
	2007		2006		2007		2006	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
	(In thousands, except per share amounts)				(In thousands, except per share amounts)			
Reversal (loss) on impairment of property, plant and equipment, net (Notes 2 and 9)	₩ (9,499)	₩ 1,396,954	₩ (667,759)	₩ (705,885)	\$ (10)	\$ 1,507	\$ (720)	\$ (762)
Gain (loss) on foreign currency transactions, net	(2,640,102)	(1,935,279)	(929,910)	3,408,515	(2,849)	(2,088)	(1,003)	3,678
Gain (loss) on foreign currency translation, net (Note 15)	1,700,329	273,549	(250,269)	(1,012,278)	1,835	295	(270)	(1,092)
Reparation for product warranty expenses	2,117,825	3,929,852	1,587,809	3,619,965	2,285	4,240	1,713	3,906
Depreciation expense on assets not in use	(50,963)	(101,926)	(51,498)	(103,500)	(55)	(110)	(56)	(112)
Fees earned	4,168,087	4,202,017	26,848,987	27,015,720	4,497	4,534	28,970	29,149
Donations	(91,000)	(117,297)	(92,000)	(604,095)	(98)	(127)	(99)	(652)
Gain (loss) on derivative valuation, net (Note 22)	2,799,355	806,423	(6,702,097)	(7,908,384)	3,020	870	(7,231)	(8,533)
Gain (loss) on derivative transactions, net (Note 22)	(946,304)	(1,214,003)	609,780	609,780	(1,021)	(1,310)	658	658
Loss on disposal of trade receivables	(10,644,090)	(24,365,673)	(4,057,705)	(8,055,849)	(11,485)	(26,290)	(4,378)	(8,692)
Others, net (Note 2)	(555,757)	(5,448,026)	(19,930,365)	(16,887,577)	(599)	(5,877)	(21,506)	(18,220)
	<u>(6,369,501)</u>	<u>(25,065,733)</u>	<u>(12,520,745)</u>	<u>(17,479,707)</u>	<u>(6,873)</u>	<u>(27,045)</u>	<u>(13,510)</u>	<u>(18,860)</u>
INCOME (LOSS) BEFORE INCOME TAX	<u>6,306,394</u>	<u>15,557,021</u>	<u>2,759,772</u>	<u>(27,456,632)</u>	<u>6,804</u>	<u>16,786</u>	<u>2,978</u>	<u>(29,625)</u>
INCOME TAX EXPENSE (BENEFITS) (Note 18)	<u>35,940</u>	<u>33,816</u>	<u>(2,989,079)</u>	<u>(9,865,611)</u>	<u>38</u>	<u>37</u>	<u>(3,225)</u>	<u>(10,645)</u>
NET INCOME (LOSS)	<u>₩ 6,270,454</u>	<u>₩ 15,523,205</u>	<u>₩ 5,748,851</u>	<u>₩ (17,591,021)</u>	<u>\$ 6,766</u>	<u>\$ 16,749</u>	<u>\$ 6,203</u>	<u>\$ (18,980)</u>
NET INCOME (LOSS) PER SHARE (Note 19)	<u>₩ 52</u>	<u>₩ 128</u>	<u>₩ 48</u>	<u>₩ (146)</u>	<u>\$ 0.06</u>	<u>\$ 0.14</u>	<u>\$ 0.05</u>	<u>\$ (0.16)</u>

See accompanying notes to the financial statements.