

SSANGYONG MOTOR COMPANY  
BALANCE SHEETS  
AS OF SEPTEMBER 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 (Notes 15 and 24)	₩ 234,307,383	₩ 133,741,387	\$ 254,488	\$ 145,261
Short-term financial instruments (Notes 3 and 15)	104,698,031	4,577,074	113,716	4,971
Available-for-sale securities (Note 5)	12,233	1,048,505	13	1,139
Trade receivables, net of allowance for doubtful accounts of ₩ 2,569,963 thousand in 2007 and ₩ 2,569,481 thousand in 2006, and present value discount of ₩ 74,561 thousand in 2007 and ₩ 213,716 thousand in 2006 (Notes 12, 15 and 20)	177,615,522	176,181,101	192,914	191,356
Short-term loans, net of allowance for doubtful accounts of ₩ 30,655 thousand in 2007 and ₩ 22,983 thousand in 2006 (Note 6)	3,034,867	1,797,041	3,296	1,952
Other receivables, net of allowance for doubtful accounts of ₩ 2,561,528 thousand in 2007 and ₩ 3,173,866 thousand in 2006 (Notes 15 and 20)	13,586,875	25,298,111	14,757	27,477
Advanced payments, net of allowance for doubtful accounts of ₩ 217,545 thousand in 2007 and ₩ 22,526 thousand in 2006	22,975,498	9,003,444	24,954	9,779
Prepaid expenses	10,476,227	2,661,899	11,379	2,891
Inventories, net of allowance for valuation of ₩ 9,753,994 thousand in 2007 and ₩ 11,817,991 thousand in 2006 (Notes 2, 4 and 7)	281,649,217	334,715,482	305,908	363,545
Derivative assets (Note 22)	8,523,556	2,540,053	9,258	2,759
Other current assets, net of allowance for doubtful accounts of ₩ 26,778 thousand in 2007 and ₩ 81 thousand in 2006	3,200,149	3,486,934	3,476	3,787
	<u>860,079,558</u>	<u>695,051,031</u>	<u>934,159</u>	<u>754,917</u>
<b>NON-CURRENT ASSETS:</b>				
Long-term financial instruments (Note 3)	9,000	9,000	10	10
Available-for-sale securities (Note 5)	563,255	1,404,167	612	1,525
Equity securities using the equity method (Note 5)	2,096,732	2,241,605	2,277	2,435
Long-term loans, net of allowance for doubtful accounts of ₩ 282,928 thousand in 2007 and ₩ 292,784 thousand in 2006 (Note 6)	26,129,766	27,084,146	28,380	29,417
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 ₩ 30,451 thousand in 2007 and ₩ 96,423 thousand in 2006 (Note 12)	325,823	483,018	354	525
Guarantee deposits, net of allowance for doubtful accounts of ₩ 282,434 thousand in 2007 and ₩ 333,492 thousand in 2006	31,501,981	36,561,563	34,215	39,711
Advances for employee contribution	10,904,950	10,086,200	11,844	10,955
Other investments in properties (Note 9)	280,907	2,737,552	305	2,971
Property, plant and equipment, net (Notes 7, 8 and 9)	1,435,890,512	1,507,794,423	1,559,564	1,637,661
Intangible assets (Note 10)	78,161,633	67,842,110	84,894	73,685
	<u>1,585,864,559</u>	<u>1,656,243,784</u>	<u>1,722,455</u>	<u>1,798,895</u>
Total Assets	<u>₩ 2,445,944,117</u>	<u>₩ 2,351,294,815</u>	<u>\$ 2,656,614</u>	<u>\$ 2,553,812</u>

(Continued)

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

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	(In thousands)		(In thousands)	
<b>CURRENT LIABILITIES:</b>				
Trade payables (Notes 15 and 20)	₩ 391,169,273	₩ 523,523,282	\$ 424,861	\$ 568,614
Short-term borrowings (Notes 11 and 15)	56,641,691	70,924,116	61,520	77,033
Other payables (Notes 15, 20 and 23)	151,637,843	197,411,866	164,698	214,415
Advances from customers (Note 20)	9,987,681	7,800,240	10,848	8,472
Withholdings	10,372,780	18,328,153	11,266	19,907
Accrued expenses (Note 15)	27,221,524	25,188,676	29,566	27,358
Current portion of debentures, net of present value discount of ₩29,215 thousand in 2007 (Note 11)	149,970,785	-	162,888	-
Accrued warranties and product liabilities (Notes 12 and 13)	52,744,905	47,071,684	57,288	51,126
Derivative liabilities (Note 22)	9,269,865	6,250,007	10,068	6,788
Other current liabilities	<u>4,046,459</u>	<u>3,820,827</u>	<u>4,396</u>	<u>4,150</u>
	<u>863,062,806</u>	<u>900,318,851</u>	<u>937,399</u>	<u>977,863</u>
<b>LONG-TERM LIABILITIES:</b>				
Debentures, net of present value discount of ₩406,580 thousand in 2007 and ₩651,688 thousand in 2006 (Notes 8 and 11)	149,593,420	299,348,312	162,478	325,131
Convertible bonds, net of conversion right adjustment of ₩86,748,980 thousand in 2007, and discount on bonds of ₩3,707,254 thousand in 2007, and premium on bond redemption of ₩61,106,185 thousand in 2007 (Note 11)	222,001,951	-	241,123	-
Accrued severance indemnities, net of National Pension Fund of ₩1,232,331 thousand in 2007 and ₩1,790,672 thousand in 2006, and severance insurance deposits of ₩5,004,037 thousand in 2007 and ₩5,635,518 thousand in 2006	171,145,575	165,377,040	185,886	179,621
Accrued warranties and product liabilities (Notes 12 and 13)	65,208,684	55,495,518	70,825	60,275
Other long-term liabilities	<u>3,373,264</u>	<u>5,413,856</u>	<u>3,664</u>	<u>5,880</u>
	<u>611,322,894</u>	<u>525,634,726</u>	<u>663,976</u>	<u>570,908</u>
Total Liabilities	<u>1,474,385,700</u>	<u>1,425,953,577</u>	<u>1,601,375</u>	<u>1,548,771</u>

(Continued)

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

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Korean won		Translation into U.S. Dollars (Note 2)	
	2007	2006	2007	2006
	(In thousands)		(In thousands)	
<b>SHAREHOLDERS' EQUITY:</b>				
Capital stock (Note 14)	₩ 604,023,100	₩ 604,023,100	\$ 656,048	\$ 656,048
Capital surplus (Note 14)	44,914,324	15,440,281	48,783	16,770
Accumulated other comprehensive income (loss):				
Gain on valuation of available-for-sale securities (Notes 5, 17 and 19)	1,420	90,434	1	98
Capital changes due to investment securities using the equity method (Notes 5 and 19)	10,083	-	11	-
Negative capital changes due to investment securities using the equity method (Notes 5 and 19)	(239,433)	(339,884)	(260)	(369)
Retained earnings (Net income of ₩16,721,616 thousand for the nine months ended September 30, 2007 and net loss of ₩195,961,754 thousand for the year ended December 31, 2006) (Note 14)	<u>322,848,923</u>	<u>306,127,307</u>	<u>350,656</u>	<u>332,494</u>
Total Shareholders' Equity	<u>971,558,417</u>	<u>925,341,238</u>	<u>1,055,239</u>	<u>1,005,041</u>
Total Liabilities and Shareholders' Equity	<u>₩ 2,445,944,117</u>	<u>₩ 2,351,294,815</u>	<u>\$ 2,656,614</u>	<u>\$ 2,553,812</u>

See accompanying notes to the financial statements.

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

	Korean won				Translation into U.S. Dollars (Note 2)			
	2007		2006		2007		2006	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
	(In thousands, except per share amounts)				(In thousands, except per share amounts)			
SALES (Notes 2, 20 and 25)	₩ 745,450,960	₩ 2,378,610,298	₩ 604,385,551	₩ 2,107,347,038	\$ 809,657	\$ 2,583,480	\$ 656,441	\$ 2,288,853
COST OF SALES (Notes 2 and 20)	<u>598,367,636</u>	<u>1,914,931,979</u>	<u>471,663,308</u>	<u>1,706,546,943</u>	<u>649,905</u>	<u>2,079,865</u>	<u>512,288</u>	<u>1,853,532</u>
GROSS PROFIT	147,083,324	463,678,319	132,722,243	400,800,095	159,752	503,615	144,154	435,321
SELLING AND ADMINISTRATIVE EXPENSES (Note 16)	<u>130,582,329</u>	<u>406,265,886</u>	<u>115,741,727</u>	<u>393,796,505</u>	<u>141,830</u>	<u>441,258</u>	<u>125,710</u>	<u>427,714</u>
OPERATING INCOME	<u>16,500,995</u>	<u>57,412,433</u>	<u>16,980,516</u>	<u>7,003,590</u>	<u>17,922</u>	<u>62,357</u>	<u>18,443</u>	<u>7,607</u>
OTHER INCOME (EXPENSES):								
Interest income	4,306,506	6,813,471	1,258,837	5,118,834	4,677	7,400	1,367	5,560
Interest expense	(9,964,433)	(21,796,104)	(11,223,323)	(31,147,229)	(10,823)	(23,673)	(12,190)	(33,830)
Reversal of allowance for doubtful accounts (bad debt expense), net	960,219	596,464	(1,733,142)	(684,552)	1,043	648	(1,882)	(744)
Gain (loss) on disposal of available-for-sale securities, net	-	147,351	(97,995)	(95,985)	-	160	(106)	(104)
Gain (loss) on valuation of securities using the equity method, net (Note 5)	(16,820)	(666,195)	73,706	92,053	(18)	(724)	80	100
Gain (loss) on disposal of investments, net (Note 9)	(1,354)	7,921,948	177,378	(25,928)	(1)	8,604	193	(28)
Loss on disposal of property, plant and equipment, net	(429,523)	(943,347)	(124,454)	(1,782,305)	(467)	(1,025)	(135)	(1,936)

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SSANGYONG MOTOR COMPANY  
STATEMENTS OF OPERATIONS (CONTINUED)  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

	Korean won				Translation into U.S. Dollars (Note 2)			
	2007		2006		2007		2006	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
	(In thousands, except per share amounts)				(In thousands, except per share amounts)			
Reversal (loss) on impairment of property, plant and equipment, net (Note 9)	₩ (68,562)	₩ 1,328,392	₩ (4,565)	₩ (710,449)	\$ (74)	\$ 1,443	\$ (5)	\$ (772)
Gain (loss) on foreign currency transactions, net	(2,752,126)	(4,687,405)	(2,013,363)	1,395,152	(2,989)	(5,091)	(2,187)	1,515
Gain (loss) on foreign currency translation, net (Note 15)	(1,895,076)	(1,621,527)	2,641,978	1,629,700	(2,058)	(1,761)	2,870	1,770
Reparation for product warranty expenses	1,894,897	5,824,749	1,681,568	5,301,533	2,058	6,326	1,826	5,758
Depreciation expense on assets not in use	(48,018)	(149,944)	(51,069)	(154,569)	(52)	(163)	(55)	(168)
Fees earned	9,152,017	13,354,035	221,362	27,237,083	9,940	14,504	240	29,583
Donations	-	(117,297)	-	(604,095)	-	(127)	-	(656)
Gain (loss) on derivative valuation, net (Note 22)	(1,552,731)	(746,309)	2,822,812	(5,085,572)	(1,686)	(811)	3,066	(5,524)
Gain (loss) on derivative transactions, net (Note 22)	(1,938,374)	(3,152,377)	(43,067)	566,713	(2,105)	(3,424)	(47)	616
Loss on disposal of trade receivables (Note 2)	(12,838,688)	(37,204,362)	(1,634,920)	(9,690,769)	(13,944)	(40,409)	(1,776)	(10,525)
Others, net	(110,569)	(5,558,596)	(45,066,381)	(61,953,960)	(121)	(6,035)	(48,948)	(67,290)
	<u>(15,302,635)</u>	<u>(40,657,053)</u>	<u>(53,114,638)</u>	<u>(70,594,345)</u>	<u>(16,621)</u>	<u>(44,159)</u>	<u>(57,689)</u>	<u>(76,675)</u>
INCOME (LOSS) BEFORE INCOME TAX	1,198,360	16,755,380	(36,134,122)	(63,590,755)	1,302	18,199	(39,246)	(69,068)
INCOME TAX EXPENSE (BENEFITS) (Note 17)	(51)	33,764	11,613,677	1,748,065	-	37	12,614	1,898
NET INCOME (LOSS)	<u>₩ 1,198,411</u>	<u>₩ 16,721,616</u>	<u>₩ (47,747,799)</u>	<u>₩ (65,338,820)</u>	<u>\$ 1,302</u>	<u>\$ 18,162</u>	<u>\$ (51,860)</u>	<u>\$ (70,966)</u>
NET INCOME (LOSS) PER SHARE (Note 18)	<u>₩ 10</u>	<u>₩ 138</u>	<u>₩ (395)</u>	<u>₩ (541)</u>	<u>\$ 0.01</u>	<u>\$ 0.14</u>	<u>\$ (0.43)</u>	<u>\$ (0.59)</u>

See accompanying notes to the financial statements.