

SSANGYONG MOTOR COMPANY

BALANCE SHEETS

AS OF JUNE 30, 2009 AND DECEMBER 31, 2008

ASSETS	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In thousands)		(In thousands)	
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents (Notes 14 and 21)	₩ 127,841,989	₩ 77,500,410	\$ 99,511	\$ 60,326
Short-term financial instruments (Note 3)	3,201,569	5,428,999	2,492	4,226
Available-for-sale securities (Note 4)	68	956	-	1
Trade receivables, net of allowance for doubtful accounts of ₩2,166,601 thousand in 2009 and ₩1,382,624 thousand in 2008, and present value discount of ₩ 87,644 thousand in 2009 and ₩103,981 thousand in 2008 (Notes 11, 14 and 18)	65,499,309	112,742,539	50,984	87,758
Short-term loans, net of allowance for doubtful accounts of ₩43,533 thousand in 2009 and ₩40,254 thousand in 2008 (Note 5)	3,013,705	3,056,640	2,346	2,379
Other receivables, net of allowance for doubtful accounts of ₩4,661,352 thousand in 2009 and ₩3,583,099 thousand in 2008 (Notes 14 and 18)	23,848,361	33,055,686	18,563	25,730
Advanced payments, net of allowance for doubtful accounts of ₩ 274,849 thousand in 2009 and ₩103,598 thousand in 2008 (Note 18)	28,272,801	13,242,357	22,007	10,308
Prepaid expenses	1,642,286	1,904,529	1,278	1,482
Inventories, net of allowance for valuation of ₩ 66,607,662 thousand in 2009 and ₩49,718,302 thousand in 2008 (Notes 2 and 6)	262,421,585	366,531,785	204,267	285,305
Other current assets, net of allowance for doubtful accounts of ₩480 thousand in 2009 and ₩18 thousand in 2008	138,624	1,163,864	108	906
	<u>515,880,297</u>	<u>614,627,765</u>	<u>401,556</u>	<u>478,421</u>
<b>NON-CURRENT ASSETS:</b>				
Long-term financial instruments (Note 3)	6,000	9,000	5	7
Available-for-sale securities (Note 4)	560,000	560,000	436	436
Equity securities using the equity method (Note 4)	3,839,278	3,732,333	2,988	2,905
Long-term loans, net of allowance for doubtful accounts of ₩263,674 thousand in 2009 and ₩279,769 thousand in 2008 (Note 5)	25,037,534	26,682,971	19,489	20,770
Long-term trade receivables, net of allowance for doubtful accounts of ₩0 thousand in 2009 and ₩1,799 thousand in 2008, and present value discount of ₩0 thousand in 2009 and ₩16,014 thousand in 2008	-	162,123	-	126
Guarantee deposits, net of allowance for doubtful accounts of ₩188,016 thousand in 2009 and ₩249,423 thousand in 2008	22,127,565	28,215,027	17,224	21,962
Advances for employee contribution	9,565,650	12,362,880	7,446	9,623
Other investments in properties (Note 8)	30,424,007	16,085,618	23,682	12,521
Property, plant and equipment, net (Notes 6, 7 and 8)	834,027,736	867,756,226	649,200	675,454
Intangible assets (Note 9)	154,969,989	135,094,532	120,627	105,156
	<u>1,080,557,759</u>	<u>1,090,660,710</u>	<u>841,097</u>	<u>848,960</u>
Total Assets	<u>₩ 1,596,438,056</u>	<u>₩ 1,705,288,475</u>	<u>\$ 1,242,653</u>	<u>\$ 1,327,381</u>

(Continued)

SSANGYONG MOTOR COMPANY

BALANCE SHEETS (CONTINUED)

AS OF JUNE 30, 2009 AND DECEMBER 31, 2008

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Korean Won		Translation into U.S. Dollars (Note 2)	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In thousands)		(In thousands)	
<b>CURRENT LIABILITIES:</b>				
Trade payables (Notes 14 and 18)	₩ 246,343,754	₩ 222,840,046	\$ 191,752	\$ 173,457
Short-term borrowings (Notes 10 and 14)	120,000,000	165,616,787	93,407	128,915
Other payables (Notes 10, 14, 18, 19 and 20)	862,072,784	222,830,111	671,030	173,449
Advances from customers (Note 18)	9,966,683	6,474,264	7,758	5,040
Withholdings	13,710,374	7,553,765	10,672	5,880
Accrued expenses (Note 14)	65,401,792	29,671,248	50,908	23,096
Current portion of debentures, net of present value discount of ₩0 thousand in 2009 and ₩70,728 thousand in 2008 (Note 10)	150,000,000	149,929,272	116,759	116,704
Accrued warranties and product liabilities (Notes 11 and 12)	41,236,530	48,955,974	32,098	38,107
Other current liabilities	<u>4,028,949</u>	<u>5,818,767</u>	<u>3,137</u>	<u>4,528</u>
	<u>1,512,760,866</u>	<u>859,690,234</u>	<u>1,177,521</u>	<u>669,176</u>
<b>LONG-TERM LIABILITIES:</b>				
Long-term borrowings (Note 10)	118,000,000	118,000,000	91,850	91,850
Convertible bonds, net of conversion right adjustment of ₩66,739,957 thousand in 2008, and discount on bonds of ₩2,852,160 thousand in 2008, and premium on bond redemption of ₩61,106,185 thousand in 2008 (Note 10)	-	242,866,068	-	189,045
Accrued severance indemnities, net of National Pension Fund of ₩171,034 thousand in 2009 and ₩557,046 thousand in 2008, and severance insurance deposits of ₩4,446,617 thousand in 2009 and ₩4,384,745 thousand in 2008	112,195,397	180,066,979	87,332	140,163
Accrued warranties and product liabilities (Notes 11 and 12)	32,171,872	39,912,925	25,042	31,068
Other long-term liabilities	<u>6,144,941</u>	<u>6,882,276</u>	<u>4,782</u>	<u>5,357</u>
	<u>268,512,210</u>	<u>587,728,248</u>	<u>209,008</u>	<u>457,483</u>
Total Liabilities	₩ <u>1,781,273,076</u>	₩ <u>1,447,418,482</u>	\$ <u>1,386,529</u>	\$ <u>1,126,659</u>

(Continued)

SSANGYONG MOTOR COMPANY

BALANCE SHEETS (CONTINUED)

AS OF JUNE 30, 2009 AND DECEMBER 31, 2008

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Korean Won		Translation into U.S. Dollars (Note 2)	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In thousands)		(In thousands)	
SHAREHOLDERS' EQUITY:				
Capital stock (Note 13)	₩ 604,023,100	₩ 604,023,100	\$ 470,165	\$ 470,165
Capital surplus (Note 13)	29,474,043	44,914,323	22,942	34,961
Accumulated other comprehensive income:				
Gain on valuation of available-for-sale securities (Notes 4 and 15)	6	91	-	-
Capital changes due to investment securities using the equity method (Notes 4 and 15)	996,355	917,717	776	714
Retained earnings (net loss of ₩442,783,566 thousand for the six months ended June, 30, 2009 and net loss of ₩709,683,875 thousand for the year ended December 31, 2008) (Note 13)	<u>(819,328,524)</u>	<u>(391,985,238)</u>	<u>(637,759)</u>	<u>(305,118)</u>
Total Shareholders' Equity	<u>(184,835,020)</u>	<u>257,869,993</u>	<u>(143,876)</u>	<u>200,722</u>
Total Liabilities and Shareholders' Equity	<u>₩ 1,596,438,056</u>	<u>₩ 1,705,288,475</u>	<u>\$ 1,242,653</u>	<u>\$ 1,327,381</u>

See accompanying notes to the financial statements.

SSANGYONG MOTOR COMPANY

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

	Korean Won				Translation into U.S. Dollars (Note 2)			
	2009		2008		2009		2008	
	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 2, 18 and 22)	₩ 221,731,555	₩ 455,480,792	₩ 651,143,891	₩ 1,328,788,799	\$ 175,294	\$ 354,543	\$ 506,845	\$ 1,034,318
COST OF SALES (Note 18)	189,032,471	463,468,009	548,522,824	1,115,303,339	147,141	360,760	426,966	868,143
GROSS PROFIT (LOSS)	32,699,084	(7,987,217)	102,621,067	213,485,460	25,453	(6,217)	79,879	166,175
SELLING AND ADMINISTRATIVE EXPENSES	60,829,718	145,180,381	135,003,503	273,433,268	47,349	113,007	105,086	212,838
OPERATING LOSS	(28,130,634)	(153,167,598)	(32,382,436)	(59,947,808)	(21,896)	(119,224)	(25,207)	(46,663)
OTHER INCOME (EXPENSES):								
Interest income	605,916	1,088,157	2,004,534	4,523,756	472	847	1,560	3,521
Interest expense	(28,178,824)	(51,874,657)	(10,159,982)	(20,196,877)	(21,934)	(40,379)	(7,908)	(15,721)
Reversal of allowance for doubtful accounts, net	659,058	(1,173,945)	579,567	341,585	513	(914)	451	266
Gain (loss) on disposal of available-for-sale securities, net	-	123	455	779	-	-	-	1
Gain (loss) on using the equity method, net (Note 4)	111,702	28,308	294,938	199,895	87	22	230	156
Gain (loss) on disposal of investments, net	12,716,281	12,716,276	(438)	(438)	9,898	9,898	-	-
Gain (loss) on disposal of property, plant and equipment, net	(777)	1,421,721	7,598	(177,228)	(1)	1,107	6	(138)

(Continued)

SSANGYONG MOTOR COMPANY

STATEMENTS OF OPERATIONS (CONTINUED)

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

	Korean Won				Translation into U.S. Dollars (Note 2)			
	2009		2008		2009		2008	
	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)			
Gain (loss) on impairment of property, plant and equipment, net (Note 8)	₩ -	₩ (8,598)	₩ (12,842)	₩ (14,530)	\$ -	\$ (7)	\$ (10)	\$ (11)
Gain on foreign currency transactions, net	(1,763,974)	681,764	(6,473,795)	(10,485,900)	(1,373)	531	(5,039)	(8,162)
Gain (loss) on foreign currency translation, net (Note 14)	6,250,096	(103,757,699)	8,600,347	4,760,235	4,865	(80,764)	6,694	3,705
Gain (loss) on redemption of debentures	(38,176,573)	(38,176,573)	-	-	(29,716)	(29,716)	-	-
Reparation for product warranty expenses	704,611	5,268,712	1,973,362	3,727,836	548	4,101	1,536	2,902
Depreciation expense on assets not in use	(4,656)	(10,408)	(141,481)	(300,351)	(4)	(8)	(110)	(234)
Fees earned	175,488	1,624,651	2,631,574	21,202,708	137	1,265	2,048	16,504
Gain (loss) on derivative valuation, net	-	-	(1,992,787)	(9,694,896)	-	-	(1,551)	(7,546)
Gain (loss) on derivative transaction, net	-	-	(5,818,269)	(7,339,059)	-	-	(4,529)	(5,713)
Gain (loss) on disposal of Trade receivables	(3,400,708)	(5,856,455)	(5,733,960)	(14,003,794)	(2,647)	(4,559)	(4,463)	(10,900)
Donations	-	-	(103,000)	(103,000)	-	-	(80)	(80)
Others, net	(98,711,365)	(111,587,312)	11,056,497	17,627,729	(76,837)	(86,859)	8,607	13,719
	<u>(149,013,725)</u>	<u>(289,615,935)</u>	<u>(3,287,682)</u>	<u>(9,931,550)</u>	<u>(115,991)</u>	<u>(225,435)</u>	<u>(2,559)</u>	<u>(7,731)</u>
LOSS BEFORE INCOME TAX	(177,144,359)	(442,783,533)	(35,670,118)	(69,879,358)	(137,888)	(344,659)	(27,765)	(54,394)
INCOME TAX EXPENSE (Note 15)	-	33	95	185	-	-	-	-
NET LOSS	<u>₩ (177,144,359)</u>	<u>₩ (442,783,566)</u>	<u>₩ (35,670,213)</u>	<u>₩ (69,879,543)</u>	<u>\$ (137,888)</u>	<u>\$ (344,659)</u>	<u>\$ (27,765)</u>	<u>\$ (54,394)</u>
NET LOSS PER SHARE (Note 16)	<u>₩ (1,466)</u>	<u>₩ (3,665)</u>	<u>₩ (295)</u>	<u>₩ (578)</u>	<u>\$ (1.14)</u>	<u>\$ (2.85)</u>	<u>\$ (0.23)</u>	<u>\$ (0.45)</u>

See accompanying notes to the financial statements.