

HYUNDAI HEAVY INDUSTRIES CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2007 AND DECEMBER 31, 2006

<u>ASSETS</u>	Korean won	
	2007	2006
	(In thousands)	
CURRENT ASSETS:		
Cash and cash equivalents (Notes 21)	₩ 1,188,936,978	₩ 819,920,933
Short-term financial instruments	1,044,137,014	234,137,014
Short-term investment securities (Note 5)	205,478,015	221,788,518
Trade accounts and notes receivable, net of allowance for doubtful accounts of ₩94,590,310 thousand as of June 30, 2007 and ₩80,020,598 thousand as of December 31, 2006 (Notes 16, 20 and 21)	2,403,109,849	2,445,187,369
Accounts receivable-other, net of allowance for doubtful accounts of ₩292,021,749 thousand as of June 30, 2007 and ₩291,228,211 thousand as of December 31, 2006 (Notes 20 and 21)	284,082,543	216,903,840
Inventories (Note 4)	1,097,488,513	1,128,775,840
Advanced payments, net of allowance for doubtful accounts of ₩11,959,440 thousand as of June 30, 2007 and ₩13,668,291 thousand as of December 31, 2006	277,464,478	398,635,918
Accrued income (Note 21)	29,074,400	5,558,707
Foreign exchange forward contracts (Note 11)	295,694,412	495,782,386
Deferred income tax assets (Notes 11 and 17)	12,262,864	-
Prepaid expenses and other current assets (Notes 20 and 21)	250,265,941	244,767,722
Total current assets	7,087,995,007	6,211,458,247
NON-CURRENT ASSETS:		
Property, plant and equipment, net (Notes 7 and 22)	4,525,871,211	4,455,129,314
Long-term investment securities (Note 5)	456,278,998	426,736,444
Investment securities accounted for using the equity method (Note 6)	1,958,263,447	1,499,146,077

Long-term trade accounts and notes receivable, net of allowance for doubtful accounts of ₩1,124,210 thousand as of June 30, 2007 and ₩1,298,456 thousand as of December 31, 2006 (Notes 11 and 21)	111,296,834	128,547,184
Long-term financial instruments (Notes 3 and 21)	8,734,991	9,112,870
Intangible assets (Notes 8 and 22)	229,325,199	221,517,941
Other non-current assets (Notes 20 and 21)	<u>47,922,527</u>	<u>44,508,801</u>
Total non-current assets	<u>7,337,693,207</u>	<u>6,784,698,631</u>
Total Assets	<u>₩ 14,425,688,214</u>	<u>₩ 12,996,156,878</u>

HYUNDAI HEAVY INDUSTRIES CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF JUNE 30, 2007 AND DECEMBER 31, 2006

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean won</u>	
	<u>2007</u>	<u>2006</u>
	(In thousands)	
CURRENT LIABILITIES:		
Current maturities of long-term borrowings and other long-term liabilities (Notes 9 and 21)	₩ -	₩ 341,960
Trade accounts and notes payable (Notes 20 and 21)	1,330,233,450	1,179,763,488
Accounts payable-other (Notes 20 and 21)	85,878,838	125,989,605
Advances from customers (Note 16)	6,915,695,020	6,262,761,712
Accrued expenses (Notes 20 and 21)	388,695,167	188,086,233
Income tax payable (Note 17)	250,186,872	167,718,040
Foreign exchange forward contracts (Note 11)	6,059,811	2,267,788
Deferred income tax liabilities (Notes 11 and 17)	-	38,716,339
Withholdings and other current liabilities (Note 21)	<u>165,034,278</u>	<u>187,804,932</u>
Total current liabilities	<u>9,141,783,436</u>	<u>8,153,450,097</u>
LONG-TERM LIABILITIES:		

Debtures and long-term borrowings, net of discounts of ₩506,551 thousand as of June 30, 2007 and ₩710,750 thousand as of December 31, 2006 (Notes 9 and 21)	186,192,430	186,552,277
Accrued severance benefits, net of severance insurance deposits and others of ₩1,013,491,061 thousand as of June 30, 2007 and ₩941,839,903 thousand as of December 31, 2006 (Note 10)	166,084,071	193,348,583
Long-term accrued expenses (Note 12)	1,029,342	2,269,234
Deferred income tax liabilities (Notes 11 and 17)	189,944,943	81,371,661
Other long-term liabilities (Note 21)	<u>66,960,947</u>	<u>58,321,740</u>
Total long-term liabilities	<u>610,211,733</u>	<u>521,863,495</u>
Total Liabilities	<u>9,751,995,169</u>	<u>8,675,313,592</u>
SHAREHOLDERS' EQUITY:		
Capital stock - common stock (Note 1)	380,000,000	380,000,000
Capital surplus (Note 13)	2,771,383,687	2,771,383,687
Capital adjustments (Note 15)	(696,729,513)	(351,821,818)
Accumulated other comprehensive income (Notes 4, 5, 6 and 11)	299,518,012	229,048,416
Retained earnings (Note 14)		
(Net income of ₩788,521,498 thousand for the six months ended June 30, 2007 and ₩712,847,558 thousand for the year ended December 31, 2006)	<u>1,919,520,859</u>	<u>1,292,233,001</u>
Total Shareholders' Equity	<u>4,673,693,045</u>	<u>4,320,843,286</u>
Total Liabilities and Shareholders' Equity	<u>₩ 14,425,688,214</u>	<u>₩ 12,996,156,878</u>

See accompanying notes to non-consolidated financial statements.