

HYUNDAI HEAVY INDUSTRIES CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2006 AND 2005

<u>ASSETS</u>	<u>Korean won</u> <u>2006</u> (In thousands)	<u>2005</u>
CURRENT ASSETS:		
Cash and cash equivalents (Notes 3 and 21)	₩819,920,933	₩444,514,550
Short-term financial instruments	234,137,014	184,126,014
Short-term investment securities (Note 5)	221,788,518	20,776,448
Trade accounts and notes receivable, net of allowance for doubtful accounts of ₩80,020,598 thousand in 2006 and ₩52,362,787 thousand in 2005 (Notes 17, 20 and 21)	2,445,187,369	2,276,108,071
Accounts receivable-other, net of allowance for doubtful accounts of ₩291,228,211 thousand in 2006 and ₩182,055,776 thousand in 2005 (Notes 20 and 21)	216,903,840	244,615,919
Inventories (Note 4)	1,128,775,840	1,148,317,437
Advanced payments, net of allowance for doubtful accounts of ₩13,668,291 thousand in 2006 and ₩4,099,087 thousand in 2005 (Note 21)	398,635,918	287,752,506
Accrued income	5,558,707	6,539,835
Derivatives (Note 11)	495,782,386	246,768,569
Deferred income tax assets (Note 18)	-	5,474,278
Prepaid expenses and other current assets	<u>244,767,722</u>	<u>303,508,856</u>
Total current assets	<u>6,211,458,247</u>	<u>5,168,502,483</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net (Notes 7 and 22)	4,455,129,314	4,286,543,141
Long-term investment securities (Note 5)	426,736,444	553,169,451
Investment securities accounted for using the equity method (Note 6)	1,716,810,918	1,150,538,105
Long-term trade accounts and notes receivable, net of allowance for doubtful accounts of ₩1,298,456 thousand in 2006 and ₩1,984,850 thousand in 2005 (Notes 11 and 21)	128,547,184	196,500,217
Long-term financial instruments (Notes 3 and 21)	9,112,870	6,775,068
Intangible assets, net (Notes 8 and 22)	221,517,941	191,142,413
Other investment assets (Notes 20 and 21)	<u>44,508,801</u>	<u>39,937,237</u>
Total non-current assets	<u>7,002,363,472</u>	<u>6,424,605,632</u>
Total Assets	<u>₩13,213,821,719</u>	<u>₩11,593,108,115</u>

(Continued)

HYUNDAI HEAVY INDUSTRIES CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF DECEMBER 31, 2006 AND 2005

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean won</u> <u>2006</u> (In thousands)	<u>2005</u>
CURRENT LIABILITIES:		

Current maturities of long-term borrowings and other long-term liabilities (Notes 9 and 21)	₩341,960	₩372,639
Trade accounts and notes payable (Notes 20 and 21)	1,179,763,488	1,108,899,843
Accounts payable-other (Notes 12, 20 and 21)	125,989,605	88,868,629
Advances from customers (Note 17)	6,262,761,712	5,701,603,630
Accrued expenses (Notes 20 and 21)	188,086,233	207,777,063
Income tax payable (Note 18)	167,718,040	13,946,921
Derivatives (Note 11)	2,267,788	25,862,517
Deferred income tax liabilities (Note 18)	38,716,339	-
Withholdings and other current liabilities (Note 21)	<u>187,804,932</u>	<u>233,168,366</u>
Total current liabilities	<u>8,153,450,097</u>	<u>7,380,499,608</u>
LONG-TERM LIABILITIES:		
Debtures and long-term borrowings, net of discounts of ₩710,750 thousand in 2006 and ₩1,122,534 thousand in 2005 (Notes 9 and 21)	186,552,277	201,850,105
Accrued severance benefits, net of severance insurance deposits and others of ₩941,839,903 thousand in 2006 and ₩867,585,305 thousand in 2005 (Note 10)	193,348,583	151,250,487
Long-term accrued expenses	2,269,234	47,064,964
Deferred income tax liabilities (Note 18)	141,229,492	10,047,955
Other long-term liabilities (Note 20)	<u>58,321,740</u>	<u>40,857,986</u>
Total long-term liabilities	<u>581,721,326</u>	<u>451,071,497</u>
Total Liabilities	<u>8,735,171,423</u>	<u>7,831,571,105</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
Appropriated retained earnings (Note 14)	579,385,441	492,811,543
Retained earnings before appropriations (Net income of ₩712,847,558 thousand in 2006 and ₩183,314,079 thousand in 2005)	712,847,560	183,314,085
Capital adjustments (Notes 5, 6, 11 and 15)	<u>35,033,608</u>	<u>-65,972,305</u>
Total Shareholders' Equity	<u>4,478,650,296</u>	<u>3,761,537,010</u>
Total Liabilities and Shareholders' Equity	<u>₩13,213,821,719</u>	<u>₩11,593,108,115</u>

See accompanying notes to non-consolidated financial statements.