

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006

<u>ASSETS</u>	<u>Korean won</u>	
	<u>2007</u>	<u>2006</u>
	(In thousands)	
CURRENT ASSETS:		
Cash and cash equivalents (Notes 3 and 24)	₩ 1,591,004,816	₩ 1,201,921,757
Short-term financial instruments (Notes 3 and 13)	4,660,447,718	1,568,969,791
Short-term investment securities (Note 4)	919,842,435	792,817,689
Trade accounts and notes receivable, net of allowance for doubtful accounts of ₩86,977 million in 2007 and ₩99,208 million in 2006 (Notes 13, 23 and 24)	3,515,476,980	3,019,782,700
Accounts receivable-other, net of allowance for doubtful accounts of ₩225,677 million in 2007 and ₩241,908 million in 2006 (Notes 14, 23 and 24)	135,828,661	193,466,146
Inventories (Note 2)	1,690,330,093	1,592,432,649
Advanced payments, net of allowance for doubtful accounts of ₩14,965 million in 2007 and ₩14,885 million in 2006	720,229,508	603,244,721
Accrued income, net of allowance for doubtful accounts of ₩10 million in 2007 and ₩6 million in 2006	80,092,935	28,821,656
Financial assets, net of allowance for doubtful accounts of ₩360 million in 2007 and ₩1,934 million in 2006	5,420,361	17,691,700
Derivatives (Note 13)	213,253,249	644,643,504
Deferred income tax assets (Note 20)	74,570,378	550,152
Other current assets, net of allowance for doubtful accounts of ₩2 million in 2007	586,444,700	570,021,139
Total current assets	<u>14,192,941,834</u>	<u>10,234,363,604</u>
NON-CURRENT ASSETS:		
Long-term investment securities (Note 6)	2,768,996,554	819,938,952
Investment securities accounted for using the equity method (Note 7)	1,054,063,965	939,065,525
Long-term trade accounts and notes receivable, net of allowance for doubtful accounts of ₩966 million in 2007 and ₩1,298 million in 2006 (Notes 13 and 24)	95,595,244	128,547,184
Long-term financial instruments (Notes 3 and 24)	9,052,064	9,173,075
Derivatives (Note 13)	-	38,331,112
Deferred income tax assets (Note 20)	71,995,533	37,056,789
Venture investments (Notes 5 and 13)	10,562,575	17,876,421
Property, plant and equipment, net (Notes 8, 10, 11 and 13)	6,707,817,706	6,003,977,727
Intangible assets (Notes 9 and 25)	281,754,832	273,011,476
Other non-current assets, net of allowance for doubtful accounts of ₩2 million in 2006	99,075,617	71,604,304
Total non-current assets	<u>11,098,914,090</u>	<u>8,338,582,565</u>
Total Assets	<u>₩ 25,291,855,924</u>	<u>₩ 18,572,946,169</u>

(Continued)

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF DECEMBER 31, 2007 AND 2006

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Korean won	
	2007	2006
	(In thousands)	
CURRENT LIABILITIES:		
Short-term borrowings (Notes 10 and 24)	₩ 182,737,012	₩ 261,944,066
Current maturities of debentures and long-term borrowings, net of discount of ₩299 million in 2007 and ₩1 million in 2006 (Notes 11 and 24)	194,031,974	32,349,132
Trade accounts and notes payable (Notes 23 and 24)	1,983,362,577	1,537,101,094
Accounts payable-other (Notes 14, 23 and 24)	226,229,237	183,825,677
Advances from customers	13,635,935,744	10,055,824,610
Income tax payable	715,048,743	257,590,055
Deferred income tax liabilities (Note 20)	13,909,485	90,488,438
Derivatives (Note 13)	245,399,231	2,656,246
Other current liabilities	792,202,584	667,267,955
Total current liabilities	17,988,856,587	13,089,047,273
LONG-TERM LIABILITIES:		
Debentures and long-term borrowings, net of discount of ₩711 million in 2006 (Notes 11 and 24)	166,480,488	304,665,362
Accrued severance benefits, net of severance insurance deposits and national pension of ₩1,274,275 million in 2007 and ₩1,101,928 million in 2006 (Note 12)	185,232,960	284,307,181
Long-term accrued expenses	1,029,342	2,269,234
Provision for product warranties	37,101,551	18,847,935
Deferred income tax liabilities (Note 20)	516,077,461	163,931,787
Derivatives (Note 13)	29,860,166	-
Other long-term liabilities	84,262,384	64,891,267
Total long-term liabilities	1,020,044,352	838,912,766
Total Liabilities	19,008,900,939	13,927,960,039
SHAREHOLDERS' EQUITY:		
Capital stock – common stock (Note 1)	380,000,000	380,000,000
Capital surplus (Note 15)	2,800,653,992	2,758,839,597
Capital adjustments (Note 18)	(752,628,881)	(459,870,771)
Accumulated other comprehensive income (Notes 4, 5, 6, 7, 17 and 21)	146,293,006	255,296,764
Retained earnings (Note 16)	2,901,453,837	1,325,785,724
Minority interests	807,183,031	384,934,816
Total Shareholders' Equity	6,282,954,985	4,644,986,130
Total Liabilities and Shareholders' Equity	₩ 25,291,855,924	₩ 18,572,946,169

See accompanying notes to consolidated financial statements.