

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	Korean won			
	Three months		Six months	
	(In thousands except per share amounts)			
	2006	2005	2006	2005
Sales (Notes 16, 19 and 21)	₩2,972,837,615	₩ 2,547,000,631	₩5,821,045,765	₩ 4,957,387,297
Cost of sales (Notes 16 and 19)	<u>2,662,735,539</u>	<u>2,348,441,842</u>	<u>5,163,581,564</u>	<u>4,689,963,590</u>
Gross profit	310,102,076	198,558,789	657,464,201	267,423,707
Selling and administrative expenses (Note 22)	<u>159,857,362</u>	<u>156,572,574</u>	<u>333,019,423</u>	<u>299,646,180</u>
Operating income (loss) (Note 21)	150,244,714	41,986,215	324,444,778	(32,222,473)
Non-operating income:				
Interest and dividend income	19,249,856	22,433,964	44,203,458	44,958,835
Gain on foreign currency transactions	25,023,952	23,611,852	43,677,965	59,842,876
Gain on foreign currency translation	14,563,285	6,667,237	22,820,029	6,758,232
Gain on valuation of investment securities accounted for using the equity method (Note 6)	67,721,475	27,088,982	113,529,761	49,662,120
Gain on disposal of available-for-sales securities	526,931	721,874	526,931	1,274,972
Gain on valuation of derivatives (Note 11)	10,135,550	6,981,050	45,161,410	15,395,146
Gain on transaction of derivatives (Note 11)	24,211,402	-	47,684,145	-
Others	<u>28,768,050</u>	<u>10,704,044</u>	<u>37,345,386</u>	<u>17,664,151</u>
	<u>190,200,501</u>	<u>98,209,003</u>	<u>354,949,085</u>	<u>195,556,332</u>
Non-operating expenses:				
Interest expense	2,603,331	8,005,978	4,833,990	17,206,995
Loss on foreign currency transactions	50,186,297	32,135,346	99,176,257	79,550,396
Loss on foreign currency translation	-	-	26,202,331	16,283,488
Loss on impairment of investments (Note 5)	304,620	2,991,060	336,686	2,991,060
Loss on disposal of property, plant and equipment	3,079,305	5,376,249	3,966,556	6,948,426
Loss on disposal of available-for-sales securities	-	21,706	550	300,697
Loss on valuation of investment securities accounted for using the equity method (Note 6)	1,090,762	1,921,411	8,069,075	7,909,603
Loss on valuation of derivatives (Note 11)	3,924,203	24,078,266	8,710,505	55,751,472
Loss on transaction of derivatives (Note 11)	191,892	-	1,998,864	-
Additional payment of income tax (Note 12)	-	-	118,420,797	-
Others	<u>20,165,405</u>	<u>11,393,439</u>	<u>52,054,320</u>	<u>45,156,550</u>
	<u>81,545,815</u>	<u>85,923,455</u>	<u>323,769,931</u>	<u>232,098,687</u>
Ordinary income (loss)	258,899,400	54,271,763	355,623,932	(68,764,828)
Extraordinary item	-	-	-	-
Net income (loss) before income tax	258,899,400	54,271,763	355,623,932	(68,764,828)
Income tax expense (benefits) (Note 17)	<u>66,534,042</u>	<u>18,814,835</u>	<u>140,357,336</u>	<u>(15,274,840)</u>
Net income (loss)	<u>₩ 192,365,358</u>	<u>₩ 35,456,928</u>	<u>₩ 215,266,596</u>	<u>₩ (53,489,988)</u>
Ordinary income (loss) per share (Note 18)	<u>₩ 2,983</u>	<u>₩ 550</u>	<u>₩ 3,338</u>	<u>₩ (829)</u>
Earnings (loss) per share (Note 18)	<u>₩ 2,983</u>	<u>₩ 550</u>	<u>₩ 3,338</u>	<u>₩ (829)</u>

See accompanying notes to non-consolidated financial statements.