

**HYUNDAI HEAVY INDUSTRIES CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>Korean won</u>	
	<u>2006</u>	<u>2005</u>
	(In thousands, except per share amounts)	
Sales (Notes 17, 20 and 22)	₩12,554,744,430	₩10,354,421,886
Cost of sales (Notes 17 and 20)	<u>10,973,444,547</u>	<u>9,638,989,541</u>
Gross profit	1,581,299,883	715,432,345
Selling and administrative expenses (Note 23)	<u>702,433,590</u>	<u>624,584,039</u>
Operating income (Note 22)	878,866,293	90,848,306
Non-operating income:		
Interest and dividend income	96,103,120	98,559,779
Gain on foreign currency transactions	77,473,201	98,095,813
Gain on foreign currency translation	33,106,834	12,826,998
Gain on valuation of investment securities accounted for using the equity method (Note 6)	200,004,281	132,215,981
	7,003,756	1,839,392
Gain on disposal of investment securities		
Gain on valuation of derivatives (Note 11)	38,375,247	13,717,848
Gain on transaction of derivatives (Note 11)	65,331,493	21,871,637
	-	127,649,924
Gain on reversal of provisions	793,705	-
Reversal of provision for construction warranties		
Others	<u>78,347,397</u>	<u>62,166,917</u>
	<u>596,539,034</u>	<u>568,944,289</u>
Non-operating expenses:		
Interest expense	10,721,232	25,862,494
Loss on foreign currency transactions	143,753,092	123,715,256
Loss on foreign currency translation	42,793,599	16,580,919
Loss on valuation of investment securities accounted for using the equity method (Note 6)	20,835,361	9,628,196
	550	6,959,082
Loss on disposal of investment securities	11,634,104	11,033,613
Loss on disposal of property, plant and equipment		
Loss on impairment of long-term investment securities (Notes 5 and 11)	2,383,171	29,476,212
	118,420,797	-
Additional payment of income tax (Note 12)	1,194,237	27,819,348
Loss on valuation of derivatives (Note 11)	6,238,859	56,231,229
Loss on transaction of derivatives (Note 11)		
Others	<u>86,329,319</u>	<u>94,724,279</u>

	<u>444,304,321</u>	<u>402,030,628</u>
Ordinary income	1,031,101,006	257,761,967
Extraordinary item	=	=
Net income before income tax	1,031,101,006	257,761,967
Income tax expense (Note 18)	<u>318,253,448</u>	<u>74,447,888</u>
Net income	<u>₩712,847,558</u>	<u>₩183,314,079</u>
Earnings per share (Note 19)	<u>₩11.053</u>	<u>₩2.842</u>
Ordinary income per share (Note 19)	<u>₩11.053</u>	<u>₩2.842</u>

See accompanying notes to non-consolidated financial statements.