

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

	Korean won	
	2006	2005
	(In thousands, except per share amount)	
Sales (Notes 21, 25, 29 and 30)	₩ 16,514,958,482	₩ 13,906,260,269
Cost of sales (Notes 5, 9, 21, 29 and 30)	<u>14,302,927,195</u>	<u>12,769,193,181</u>
Gross profit	2,212,031,287	1,137,067,088
Selling and administrative expenses (Note 26)	<u>927,270,974</u>	<u>823,054,280</u>
Operating income	1,284,760,313	314,012,808
Non-operating income:		
Interest and dividend income	182,748,696	165,385,483
Gain on foreign currency transactions	102,833,070	109,682,303
Gain on foreign currency translation	44,700,516	19,355,672
Gain on valuation of investments accounted for using the equity method (Note 7)	17,206,867	52,371,000
Gain on disposal of investment securities	1,432,584	1,986,978
Gain on valuation of derivatives (Note 13)	41,173,879	14,099,942
Gain on transaction of derivatives (Note 13)	99,581,163	27,962,586
Gain on reversal of provisions (Note 14)	23,653,313	127,649,924
Others	<u>125,184,383</u>	<u>79,016,208</u>
	<u>638,514,471</u>	<u>597,510,096</u>
Non-operating expenses:		
Interest expense	41,444,895	57,173,971
Loss on foreign currency transactions	200,987,152	146,819,442
Loss on foreign currency translation	43,315,489	17,619,052
Loss on valuation of investments accounted for using the equity method (Note 7)	23,108,906	5,090,435
Loss on disposal of investment securities	-	10,217,614
Loss on disposal of property, plant and equipment	15,134,644	12,002,789
Loss on impairment of long-term investment securities (Note 6)	2,944,852	28,845,449
Loss on valuation of derivatives (Note 13)	1,952,173	52,428,648
Loss on transaction of derivatives (Note 13)	7,416,247	65,570,027
Additional payment of income tax (Note 14)	122,760,704	-
Others	<u>117,235,685</u>	<u>117,826,108</u>
	<u>576,300,747</u>	<u>513,593,535</u>
Ordinary income	1,346,974,037	397,929,369
Extraordinary items, net	<u>2,111,494</u>	<u>(95,575)</u>
Net income before income tax	1,349,085,531	397,833,794
Income tax expense (Note 19)	<u>488,077,838</u>	<u>135,676,930</u>
Income before minority interests	861,007,693	262,156,864
Minority interests	<u>157,437,778</u>	<u>87,431,850</u>
Net income	<u>₩ 703,569,915</u>	<u>₩ 174,725,014</u>
Ordinary income per share (Note 20)	<u>₩ 12,326</u>	<u>₩ 3,042</u>
Earnings per share (Note 20)	<u>₩ 12,353</u>	<u>₩ 3,041</u>

See accompanying notes to consolidated financial statements.