

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

| | Korean won (In thousands) | | | | | |
|--|---------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| | Capital Stock | Capital Surplus | Retained Earnings | Capital Adjustments | Minority Interests | Total Amount |
| January 1, 2005 | ₩380,000,000 | ₩2,815,366,344 | ₩489,399,907 | ₩ (301,382,293) | ₩455,929,781 | ₩3,839,313,739 |
| Effect of change in the scope of consolidation | - | - | 2,766,695 | - | - | 2,766,695 |
| Effect of accounting changes | - | - | 1,876,062 | - | - | 1,876,062 |
| Effect of additional stock acquisition | - | (57,359,876) | - | - | - | (57,359,876) |
| Effect of change in the capital surplus | - | (8,982,770) | - | - | - | (8,982,770) |
| Net income | - | - | 174,725,014 | - | - | 174,725,014 |
| Loss in excess of minority interests | - | - | 58,322,819 | - | - | 58,322,819 |
| Dividend | - | - | (75,201,764) | - | - | (75,201,764) |
| Gain on valuation of investment securities | - | - | - | 111,229,780 | - | 111,229,780 |
| Gain on valuation of equity securities | - | - | - | (10,880,844) | - | (10,880,844) |
| Change in the cumulative translation debits | - | - | - | (2,434,767) | - | (2,434,767) |
| Change in the valuation of derivatives | - | - | - | (105,855,241) | - | (105,855,241) |
| Change in the treasury stock | - | - | - | (150,701,907) | - | (150,701,907) |
| Change in discounts on stocks issuance | - | - | - | (6,337) | - | (6,337) |
| Effect of change in the minority interests | - | - | - | - | 2,844,952 | 2,844,952 |
| December 31, 2005 | <u>₩380,000,000</u> | <u>₩2,749,023,698</u> | <u>₩651,888,733</u> | <u>₩(460,031,609)</u> | <u>₩458,774,733</u> | <u>₩3,779,655,555</u> |
| January 1, 2006 | 380,000,000 | 2,749,023,698 | 651,888,733 | (460,031,609) | 458,774,733 | 3,779,655,555 |
| Effect of additional stock acquisition | - | (5,726,357) | - | - | - | (5,726,357) |
| Effect of change in the capital surplus | - | 23,282,459 | - | - | - | 23,282,459 |
| Net income | - | - | 703,569,915 | - | - | 703,569,915 |
| Loss in excess of minority interests | - | - | (714,923) | - | - | (714,923) |
| Dividend | - | - | (85,430,184) | - | - | (85,430,184) |
| Gain on valuation of investment securities | - | - | - | (92,405,002) | - | (92,405,002) |
| Gain on valuation of equity securities | - | - | - | (7,731,798) | - | (7,731,798) |
| Change in the cumulative translation debits | - | - | - | (288,223) | - | (288,223) |
| Change in the valuation of derivatives | - | - | - | 169,536,749 | - | 169,536,749 |
| Change in other capital adjustment | - | - | - | (3,901,802) | - | (3,901,802) |
| Change in discounts on stocks issuance | - | - | - | 6,338 | - | 6,338 |
| Effect of change in the minority interests | - | - | - | - | 152,423,105 | 152,423,105 |
| Others | - | - | 6,968,915 | - | - | 6,968,915 |
| December 31, 2006 | <u>₩380,000,000</u> | <u>₩2,766,579,800</u> | <u>₩1,276,282,456</u> | <u>₩(394,815,347)</u> | <u>₩611,197,838</u> | <u>₩4,639,244,747</u> |

See accompanying notes to consolidated financial statements.