

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

|   | Korean won                              |                       |
|---|---|-----------------------|
|   | 2007                                    | 2006                  |
|   | (In thousands, except per share amount) |                       |
| Sales (Notes 23, 26, 29 and 30)   | ₩ 20,892,299,349                        | ₩ 16,514,958,482      |
| Cost of sales (Notes 9, 23 and 30)  | <u>17,243,708,609</u>                   | <u>14,302,927,195</u> |
| Gross profit  | 3,648,590,740                           | 2,212,031,287         |
| Selling and administrative expenses (Note 27)                                   | <u>1,085,045,549</u>                    | <u>927,270,974</u>    |
| Operating income  | <u>2,563,545,191</u>                    | <u>1,284,760,313</u>  |
| Non-operating income:   |   |                       |
| Interest and dividend income  | 343,354,084                             | 182,748,696           |
| Gain on foreign currency transactions   | 120,704,903                             | 102,833,070           |
| Gain on foreign currency translation  | 13,864,021                              | 44,700,516            |
| Gain on valuation of investments accounted for using the equity method (Note 7) | 80,661,725                              | 17,206,867            |
| Gain on disposal of long-term investment securities                             | 24,221,320                              | 1,432,584             |
| Gain on disposal of property, plant and equipment                               | 8,253,245                               | 2,760,633             |
| Gain on valuation of derivatives (Note 13)                                      | 5,074,325                               | 41,173,879            |
| Gain on transaction of derivatives (Note 13)                                    | 36,589,863                              | 99,581,163            |
| Gain on reversal of provisions (Note 14)  | 9,434,000                               | 25,285,513            |
| Others  | <u>129,499,799</u>                      | <u>123,319,836</u>    |
|   | <u>771,657,285</u>                      | <u>641,042,757</u>    |
| Non-operating expenses:   |   |                       |
| Interest expense  | 35,194,930                              | 41,444,895            |
| Loss on foreign currency transactions   | 103,255,790                             | 200,987,152           |
| Loss on foreign currency translation  | 10,910,100                              | 43,315,489            |
| Loss on valuation of investments accounted for using the equity method (Note 7) | 2,093,282                               | 23,108,906            |
| Loss on disposal of long-term investment securities                             | 3,604,570                               | -                     |
| Loss on disposal of property, plant and equipment                               | 34,276,327                              | 15,134,644            |
| Loss on impairment of long-term investment securities (Note 6)                  | 312,014                                 | 2,944,852             |
| Loss on valuation of derivatives (Note 13)                                      | 93,083,416                              | 1,952,173             |
| Loss on transaction of derivatives (Note 13)                                    | 23,444,609                              | 7,416,247             |
| Others  | <u>139,205,345</u>                      | <u>117,652,477</u>    |
|   | <u>445,380,383</u>                      | <u>453,956,835</u>    |
| Net income before income tax  | 2,889,822,093                           | 1,471,846,235         |
| Income tax expense (Note 20)  | <u>937,540,183</u>                      | <u>610,838,542</u>    |
| Net income:   |   |                       |
| Holding company   | 1,729,549,497                           | 703,569,915           |
| Minority interests  | <u>222,732,413</u>                      | <u>157,437,778</u>    |
|   | <u>₩ 1,952,281,910</u>                  | <u>₩ 861,007,693</u>  |
| Earnings per share (Note 22)  | <u>₩ 30,910</u>                         | <u>₩ 12,353</u>       |

See accompanying notes to consolidated financial statements.