

**Solution:**

(1) The income statement is given below:

<b>STATEMENT OF INCOME CUM RETAINED EARNINGS</b> (Amount in thousands of \$)		
<b>Name: Harley Davidson</b>		<b>As Of: December 31, 2011</b>
<b>Particulars</b>		<b>Amount</b>
<b>INCOME STATEMENT</b>		
Sales		4,662,264
Cost of Goods Sold		(3,106,288)
<b>Gross Profit</b>		<b>1,555,976</b>
<b>Operating Expenses:</b>		
Selling, administrative & engineering	1,060,943	
Restructuring & assets impairments	67,992	
Total operating expenses		(1,128,935)
<b>Net Operation Income</b>		<b>427,041</b>
<b>Other Revenues (Expenses):</b>		
Investment	7,963	
Financial Services	649,449	
Less: Financial Services Expense	(246,523)	
Interest Paid	(45,266)	
Other Sources of Revenues (Expenses)	51,036	
Total other revenues (expenses)		416,659
<b>Income Before Tax</b>		<b>843,700</b>
Income Tax Paid		(244,586)
<b>Net Earnings</b>		<b>599,114</b>
<b>RETAINED EARNINGS</b>		
Beginning of the Year		6,824,180
Add: Income of the year		599,114
Less: Dividends Declared		(111,011)
<b>Retained Earnings as of December 31, 2011</b>		<b>7,312,283</b>

(2)

$$\text{Percentage of gross profit} = \frac{1,555,976}{4,662,264} = 33.37\%$$

$$\text{Percentage of net income} = \frac{599,114}{4,662,264} = 12.85\%$$

(3)

$$\text{Percentage of net income to stockholders' equity} = \frac{599,114}{2,313,561} = 25.90\%$$