

14. RETAINED EARNINGS:

Retained earnings as of December 31, 2007 and 2006 are as follows:

	Korean won (In thousands)	
	2007	2006
Appropriated:		
Legal reserve (A & C)	₩164,883,307	₩148,759,943
Reserve for business rationalization (B & C)	87,276,798	87,276,798
Reserve for research and human development (D)	247,690,637	61,523,970
Other voluntary reserves	631,148,610	281,824,730
Retained earnings before appropriation	1,736,060,340	712,847,560
	₩	₩
	<u>2,876,059,692</u>	<u>1,292,233,001</u>

- (A) The Korean Commercial Code requires the Company to appropriate as a legal reserve an amount equal to at least 10% of annual cash dividends for each accounting period until the reserve equals 50% of capital. This reserve is not available for the payment of cash dividends but may be transferred to common stock or used to offset accumulated deficit, if any, through a resolution of shareholders.
- (B) Under provisions of the Tax Exemption and Reduction Control Law, an amount equivalent to the amount of income tax benefits to which the Company is entitled in connection with tax credits for technology development and investments is required to be recorded as a reserve for business rationalization.
- (C) Only available for the reduction of accumulated deficit or transfer to capital stock in accordance with related laws.