

HYUNDAI HEAVY INDUSTRIES CO., LTD.

STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

For the years ended December 31, 2001 and 2000

Dates of appropriation : March 15, 2002 for 2001 and March 16, 2001 for 2000

	In Thousands of			
	Korean Won		U.S. Dollars (Note 3)	
	2001	2000	2001	2000
Retained earnings before appropriations:				
Unappropriated retained earnings (accumulated deficit)				
carried over from prior year	\ (164,936,392)	\ 9	\$ (124,377)	\$ 0.007
Cumulative effect of accounting changes				
Adoption of equity method of				
accounting for investments (Note 8)	(6,948,113)	(66,466,755)	(5,240)	(50,122)
Adoption of deferred income tax method (Note 23)	2,140,019	20,471,760	1,614	15,438
Prior period error corrections (Note 18)	-	(14,368,000)	-	(10,835)
Net loss	(78,120,821)	(161,533,162)	(58,910)	(121,811)
	(247,865,307)	(221,896,148)	(186,913)	(167,330)
Transfers from voluntary reserves:	288,825,257	171,386,292	217,801	129,241
Appropriations:				
Legal reserve	-	5,825,234	-	4,393
Other statutory reserve	2,459,940	348,956	1,855	263
Voluntary reserve	38,500,000	50,000,000	29,033	37,705
Dividends	-	58,252,346	-	43,928
	40,959,940	114,426,536	30,888	86,289
Unappropriated retained earnings (accumulated deficit)				
to be carried over to the subsequent year	\ 10	\ (164,936,392)	\$ 0.008	\$ (124,377)

The accompanying notes are an integral part of these statements.