

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

For the years ended December 31, 2002 and 2001

Dates of appropriations : March 14, 2003 and March 15, 2002

For the years ended December 31, 2002 and 2001, respectively

	In Millions of Korean Won	
	2002	2001
Retained earnings before appropriations:		
Unappropriated retained earnings (undisposed deficit)		
carried over from prior year	\ -	\ (164,936)
Cumulative effect of accounting changes		
Adoption of equity method of		
accounting for investments (Note 6)	(3,792)	(6,948)
Adoption of deferred income tax method (Note 19)	1,085	2,140
Net loss	(245,380)	(78,121)
	(248,087)	(247,865)
Transfers from voluntary reserves	338,087	288,825
Appropriations:		
Reserve for business rationalization	-	2,460
Reserve for research and human development	90,000	38,500
	90,000	40,960
Unappropriated retained earnings		
to be carried over to the subsequent year	\ -	\ -

The accompanying notes are an integral part of these non-consolidated financial statements.