

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	In Thousands of Korean Won except per share amounts	
	2003	2002
Retained earnings before appropriation (accumulated deficit disposition):		
Beginning of year	\ -105,552,941	\ 10
Beginning balance adjustments:		
Adjustments in investment securities using the equity method (Notes 7 and 22)	1,125,091	-2,707,069
Cumulative effects of accounting changes (Notes 2 and 22)	-	-91,918,753
Net income (loss)	113,857,159	-259,014,060
	9,429,309	-353,639,872
Transfer from reserve:		
Reserve for export losses	3,333,333	7,333,333
Reserve for overseas market development	6,666,667	10,000,000
Reserve for research and human development	161,165,616	185,535,435
Other voluntary reserve	-	129,738,753
Reserve for business rationalization	-	5,479,410
	171,165,616	338,086,931
Appropriations:		
Legal reserve	9,674,018	-
Reserve for research and human development	-	90,000,000
Voluntary reserve	74,180,720	-
Cash dividends (Note 20)	96,740,184	-
	180,594,922	90,000,000
Unappropriated retained earnings (undisposed deficit), end of	\ 3	\ -105,552,941

See accompanying notes to non-consolidated financial statements.