

HYUNDAI HEAVY INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>Korean won</u>	
	<u>2005</u>	<u>2004</u>
	(In thousands)	
Retained earnings before appropriations:		
Beginning of year	₩6	₩3
Adjustments in investment securities accounted for using the equity method (Notes 6 and 18)	-	-5,975,174
Net income	<u>183,314,079</u>	<u>36,719,496</u>
	<u>183,314,085</u>	<u>30,744,325</u>
Transfer from reserve:		
Reserve for research and human development	<u>40,500,000</u>	<u>59,908,313</u>
Appropriations:		
Legal reserve	9,674,018	8,061,682
Reserve for research and human development	20,000,000	-
Voluntary reserve	97,399,880	1,974,130
Cash dividends (Note 16)	<u>96,740,184</u>	<u>80,616,820</u>
	<u>223,814,082</u>	<u>90,652,632</u>
Unappropriated retained earnings, end of year	<u>₩3</u>	<u>₩6</u>

See accompanying notes to non-consolidated financial statements.