

**HYUNDAI HEAVY INDUSTRIES CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>Korean won</u>	
	<u>2006</u>	<u>2005</u>
		(In thousands)
Retained earnings before appropriations:		
Beginning of year	₩2	₩6
Net income	<u>712,847,558</u>	<u>183,314,079</u>
	<u>712,847,560</u>	<u>183,314,085</u>
Transfer from reserve:		
Reverse of reserve for research and human development	<u>23,833,333</u>	<u>40,500,000</u>
Appropriations:		
Legal reserve	16,123,364	9,674,019
Reserve for research and human development	210,000,000	20,000,000
Voluntary reserve	349,323,880	97,399,880
Cash dividends (Note 16)	<u>161,233,640</u>	<u>96,740,184</u>
	<u>736,680,884</u>	<u>223,814,082</u>
Unappropriated retained earnings, end of year	<u>₩9</u>	<u>₩2</u>

See accompanying notes to non-consolidated financial statements.