

KOREA SOUTHERN POWER CO., LTD.

STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005

	<u>Korean Won</u>		<u>Translation into</u>
	<u>2004</u>	<u>2005</u>	<u>U.S. Dollars (Note 2)</u>
	(In millions)		2005 (In thousands)
RETAINED EARNINGS BEFORE			
APPROPRIATION:			
Unappropriated retained earning brought forward from prior years	₩ -	₩ -	US\$ -
Net income	<u>97,854</u>	<u>107,152</u>	<u>106,091</u>
	<u>97,854</u>	<u>107,152</u>	<u>106,091</u>
APPROPRIATION OF RETAINED EARNINGS:			
Legal reserve	2,632	3,579	3,544
Reserve for investment on social overhead capital	6,000	8,200	8,119
Reserve for research and human development	5,000	6,000	5,941
Cash dividends (Note 16)	26,323	35,790	35,434
Reserve for business expansion	<u>57,899</u>	<u>53,583</u>	<u>53,053</u>
	<u>97,854</u>	<u>107,152</u>	<u>106,091</u>
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR			
	<u>₩ -</u>	<u>₩ -</u>	<u>US\$ -</u>

See accompanying notes to financial statements.