

KOREA SOUTHERN POWER CO., LTD.

STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2006

	Korean Won		Translation into
	2005	2006	U.S. Dollars (Note 2)
	(In millions)		2006 (In thousands)
RETAINED EARNINGS BEFORE APPROPRIATION:			
Unappropriated retained earning brought forward from prior years	₩ -	₩ -	US\$ -
Net income	<u>107,152</u>	<u>207,664</u>	<u>223,295</u>
	<u>107,152</u>	<u>207,664</u>	<u>223,295</u>
APPROPRIATIONS:			
Legal reserve	3,579	6,645	7,145
Reserve for investment on social overhead capital	8,200	11,000	11,828
Reserve for research and human development	6,000	10,000	10,753
Cash dividends (Note 16)	35,789	66,453	71,455
Reserve for business expansion	<u>53,584</u>	<u>113,566</u>	<u>122,114</u>
	<u>107,152</u>	<u>207,664</u>	<u>223,295</u>
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR			
	<u>₩ -</u>	<u>₩ -</u>	<u>US\$ -</u>

See accompanying notes to financial statements.