

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
December 31, 2018 and 2017

27. Retained Earnings and Dividends, Continued

(5) Changes in remeasurement components related to defined benefit liability for the year ended December 31, 2018 and 2017 are as follows:

| <i>In millions of won</i> | | December 31, 2018 | December 31, 2017 |
|--|---|--------------------------|--------------------------|
| Beginning balance | ₩ | 27,450 | 37,062 |
| Changes for the year | | (5,161) | (12,593) |
| Income tax effect | | 1,243 | 3,053 |
| Adjustments of noncontrolling interest | | 122 | (72) |
| Ending balance | ₩ | <u>23,654</u> | <u>27,450</u> |

28. Statement of Appropriation of Retained Earnings

For the year ended December 31, 2018, the Company's retained earnings are expected to be appropriated on March 28, 2019. For the year ended December 31, 2017, the Company's retained earnings were appropriated on March 26, 2018.

| <i>In millions of won</i> | | December 31, 2018 | December 31, 2017 |
|--|---|------------------------------|------------------------------|
| I. Retained earnings before appropriations | | | |
| Unappropriated retained earnings carried over from prior years | ₩ | 727,930 | 718,246 |
| K-IFRS 1109 adjustment | | 15,705 | - |
| Remeasurements of the defined benefit plan | | 3,674 | 9,684 |
| Net income | | <u>55,439</u> | <u>98,817</u> |
| | | <u>802,748</u> | <u>826,747</u> |
| II. Appropriations of retained earnings | | | |
| Dividends | | 15,277 | 25,780 |
| Legal reserves | | 1,528 | 2,578 |
| Voluntary reserves | | <u>38,634</u> | <u>70,459</u> |
| | | <u>55,439</u> | <u>98,817</u> |
| III. Unappropriated retained earnings to be carried over to subsequent year (I - II) | ₩ | <u>747,309</u> | <u>727,930</u> |