

KOREA SOUTHERN POWER CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
December 31, 2019 and 2018

28. Share Capital

(1) Shares capital as of December 31, 2019 and 2018 are as follows:

<i>In millions of won, except par value</i>				<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Type	Number of shares authorized	Number of shares issued	Par value	Govt.	Non-govt.	Govt.	Non-govt.
Common Stock	100,000,000 shares	47,739,895 shares	5,000	-	238,699	-	238,699

(2) Changes in number of shares issued for the years ended December 31, 2019 and 2018 are as follows:

<i>Number of shares</i>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	47,739,895	47,739,895
Change	-	-
Ending balance	<u>47,739,895</u>	<u>47,739,895</u>

(3) Share premium as of December 31, 2019 and 2018 are as follows:

<i>In millions of won</i>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Paid-in capital in excess of par value	₩	1,615,309	₩	1,615,309

29. Retained Earnings and Dividends

(1) Retained earnings as of December 31, 2019 and 2018 are summarized as follows:

<i>In millions of won</i>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Legal reserves(*)	₩	70,251	₩	68,723
Voluntary reserves		1,581,357		1,542,722
Retained earnings before appropriations		735,080		826,477
	₩	<u>2,386,688</u>	₩	<u>2,437,922</u>

(*) The Commercial Code of the Republic of Korea requires the Group to appropriate as a legal reserve, an amount equal to a minimum of 10% of annual cash dividends paid, until the reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock through a resolution of the Board of Directors or used to reduce accumulated deficit, if any, with the ratification of the shareholders.

(2) Composition of voluntary reserves as of December 31, 2019 and 2018 are as follows:

<i>In millions of won</i>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Reserve for business stabilization(*1)	₩	38	₩	38
Reserve for research and human development(*2)		47,000		47,000
Reserve for investment on social overhead capital		84,498		84,498
Reserve for business expansion		1,449,821		1,411,186
	₩	<u>1,581,357</u>	₩	<u>1,542,722</u>

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29. Retained Earnings and Dividends, Continued

(2) Composition of voluntary reserves as of December 31, 2019 and 2018 are as follows, Continued:

- (*1) Prior to 2002, the Group appropriated certain tax-deductible benefits as reserve for business stabilization, for offsetting future deficit in accordance with the relevant tax laws. Due to the amendment of such tax laws on December 11, 2002, the reserve is no longer required. However, the Group continues to maintain such reserve on a voluntary basis.
(*2) The reserve for research and human development is appropriated by the Group to use as qualified tax credits to reduce corporate tax liabilities. The reserve is available for cash dividends for a certain period as defined by the Tax Incentive Control Law of Korea.

(3) Changes in retained earnings before appropriations for the years ended December 31, 2019 and 2018 are as follows:

<i>In millions of won</i>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Beginning balance	₩	2,437,922	₩	2,353,644
KIFRS 1109 adjustment		-		15,705
Profit (loss) for the year attributable to owners of the Company		(36,141)		90,618
Dividends paid		(15,277)		(25,780)
Remeasurement of defined benefit liability, net of tax		1,048		3,796
Changes in retained earnings of equity method investments		(24)		(61)
Others		(840)		-
Ending balance	₩	<u>2,386,688</u>	₩	<u>2,437,922</u>

(4) Dividends paid for the years ended December 31, 2019 and 2018 are as follows:

(i) For the year ended December 31, 2019

Type	Number of shares issued (shares)	Number of treasury shares (shares)	Number of share eligible for dividends (shares)	Dividends per share (in won)	Total dividends (in millions of won)
Common stock	47,739,895	-	47,739,895	320	15,277

(ii) For the year ended December 31, 2018

Type	Number of shares issued (shares)	Number of treasury shares (shares)	Number of share eligible for dividends (shares)	Dividends per share (in won)	Total dividends (in millions of won)
Common stock	47,739,895	-	47,739,895	540	25,780

(5) Changes in remeasurement components related to defined benefit liability for the years ended December 31, 2019 and 2018 are as follows:

<i>In millions of won</i>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Beginning balance	₩	23,654	₩	27,450
Changes for the year		(1,303)		(5,161)
Income tax effect		319		1,243
Adjustments of noncontrolling interest		(64)		122
Ending balance	₩	<u>22,606</u>	₩	<u>23,654</u>