

KOREA WESTERN POWER CO., LTD.

Statements of Appropriation of Retained Earnings

For the years ended December 31, 2006 and 2005

Date of Appropriation for 2006: March 27, 2007

Date of Appropriation for 2005: March 27, 2006

(In millions of Won and U.S. dollars)

	Won		U.S. dollars (note 3)
	2006	2005	2006
Unappropriated retained earnings:			
Balance at beginning of year	₩ -	-	\$ -
Net income	<u>159,557</u>	<u>180,554</u>	<u>171.6</u>
Balance at end of year before appropriation	<u>159,557</u>	<u>180,554</u>	<u>171.6</u>
Transfer from voluntary reserves:			
Reserve for investment in social overhead capital	9,847	8,529	10.6
Reserve for research and human resources development	<u>1,666</u>	<u>-</u>	<u>1.8</u>
	<u>11,513</u>	<u>8,529</u>	<u>12.4</u>
Unappropriated retained earnings available for appropriation	<u>171,070</u>	<u>189,083</u>	<u>184.0</u>
Appropriations of retained earnings:			
Legal reserve	5,126	5,703	5.5
Reserve for investment in social overhead capital	4,500	24,000	4.8
Reserve for research and human resources development	-	39,600	-
Reserve for business expansion	110,193	62,756	118.6
Cash dividend – 29.1% in 2006 and 32.4% in 2005 on par value ₩5,000 per share (note 25)	<u>51,251</u>	<u>57,024</u>	<u>55.1</u>
	<u>171,070</u>	<u>189,083</u>	<u>184.0</u>
Unappropriated retained earnings to be carried over to subsequent year	₩ <u>-</u>	<u>-</u>	\$ <u>-</u>

See accompanying notes to financial statements.