Example of fictitious dividends due to decrease When a corporation with a paid-up capital of KRW 1.5 billion (par value per share: KRW 10,000, number of shares issued: 150,000 shares) and a surplus of KRW 700 million pays KRW 15,000 per share while reducing the capital of KRW 500 million according to the share ratio of existing shareholders -The calculated dividend amount for Corporation A (acquisition price per share of KRW 10,000), which owned 40% of the issued stocks of the corporation, is as follows. i) Money acquired by Corporation A=KRW 15,000 x 50,000 shares x40% = KRW 300 million ii) Acquisition price of the stock= KRW 10,000 x 50,000 shares x 40% = KRW 200 million iii) Constructed dividend amount: i) - ii) = KRW 100 million Cash KRW300 million / Affiliated company stock KRW 2 million Contested dividend KRW 100 million → Included in gross income - Accounting treatment of potato corporation (decrease loss is offset with surplus) Capital KRW 500 million Decrease loss KRW 250 million Surplus KRW 250 million / Cash KRW 750 million / Decrease loss. KRW 250 million