

KOREA ELECTRIC POWER CORP

Form 6-K

August 30, 2013

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**Pursuant to Rule 13a-16 or 15d-16**

**of the Securities Exchange Act of 1934**

**For the Month of August 2013**

**Commission File Number: 001-13372**

**KOREA ELECTRIC POWER CORPORATION**

**(Translation of registrant's name into English)**

**167 Samseong-dong, Gangnam-gu, Seoul 135-791, Korea**

**(Address of principal executive offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F                       Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes                       No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_.

**Table of Contents**

This Report of Foreign Private Issuer on Form 6-K is deemed filed for all purposes under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

**Table of Contents**

QUARTERLY BUSINESS REPORT

(For the period from January 1, 2013 to June 30, 2013)

THIS IS A SUMMARY IN ENGLISH OF THE QUARTERLY BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE FINANCIAL SERVICES COMMISSION OF KOREA.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS. NON-MATERIAL OR PREVIOUSLY DISCLOSED INFORMATION IS OMITTED OR ABRIDGED.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED FOR USE IN KOREA, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

**Table of Contents**

**I. Company Overview**

1. Name of the company: Korea Electric Power Corporation (KEPCO)

2. Information of the company

(Address) 167 Samseong-dong, Gangnam-Gu, Seoul 135-791, Korea

(Phone number) 82-2-3456-4217

(Website) <http://www.kepcoco.kr>

3. Major Businesses

KEPCO, as the parent company, is engaged in the following activities:

- 1 development of electric power resources;
- 1 generation, transmission, transformation, distribution of electricity and other related business;
- 1 research and technology development related to the businesses mentioned above;
- 1 overseas business related to the businesses mentioned above;
- 1 investment or contributions related to the businesses mentioned above;
- 1 development and operation of real estate holdings; and
- 1 other businesses entrusted by the government.

Businesses operated by KEPCO's major subsidiaries are as follows: nuclear power generation by Korea Hydro & Nuclear Power (KHNP), thermal power generation by Korea South-East Power (KOSEP), Korea Midland Power (KOMIPO), Korea Western Power (KOWEPO), Korea Southern Power (KOSPO) and Korea East-West Power (EWP), other businesses including engineering service by KEPCO Engineering & Construction (KEPCO E&C), maintenance and repair of power plants by KEPCO Plant Service & Engineering (KEPCO KPS), nuclear fuel processing by KEPCO Nuclear Fuel (KEPCO NF), IT service by KEPCO KDN, and other overseas businesses and related investments.

4. Subsidiaries and affiliates of KEPCO (as of June 30, 2013)

| <b>Classification</b> | <b>Subsidiaries</b> | <b>Associates and joint ventures</b> | <b>Total</b> |
|-----------------------|---------------------|--------------------------------------|--------------|
| Domestic              | 17                  | 49                                   | 66           |
| Overseas              | 64                  | 35                                   | 99           |
| <b>Total</b>          | <b>81</b>           | <b>84</b>                            | <b>165</b>   |

**Table of Contents**

## 5. Major changes in management

On February 6, 2013, Mr. Ryu, Chang-Moo resigned from his position as non-standing director of KEPCO.

On June 18, 2013, Mr. Park, Kyu-Ho, Mr. Rhee, Chong-Chan, Mr. Baek, Seung-Jung and Mr. Kim, Byung-Sook were elected as standing directors of KEPCO at the extraordinary general meeting of shareholders.

## 6. Changes in major shareholders

No changes in major shareholders for the past three years.

## 7. Information regarding KEPCO shares

A. Issued share capital: Won 3.2 trillion (Authorized capital: Won 6 trillion)

B. Total number of issued shares: 641,964,077

(Total number of shares authorized for issuance: 1,200,000,000)

C. Dividend: No dividend payments in the past 3 years from 2010 to 2012

**II. Business Overview**

## 1. Segment Results

(In billions of Won)

|  | Jan. - Jun. 2013 |                            | Jan. - Jun. 2012 |                            |
|--|------------------|----------------------------|------------------|----------------------------|
|  | Sales            | Operating<br>Income (Loss) | Sales            | Operating<br>Income (Loss) |
| Electricity sales                        | 25,334           | r 2,050                    | 22,992           | r 4,547                    |
| Nuclear generation                       | 3,778            | 702                        | 3,657            | 850                        |
| Thermal generation                       | 14,564           | 853                        | 15,834           | 1,261                      |
| Others*                                  | 1,309            | 172                        | 1,255            | 218                        |
| Sub Total                                | 44,985           | r 323                      | 43,738           | r 2,218                    |
| Adjustment of related party transactions | r 19,510         | r 113                      | r 20,725         | r 84                       |
| <b>Total</b>                             | <b>25,475</b>    | <b>r 436</b>               | <b>23,013</b>    | <b>r 2,302</b>             |

\* Others relate to 75 subsidiaries including KEPCO E&C, KEPCO KPS, KEPCO NF and KEPCO KDN.

**Table of Contents**

Sales and operating income (loss) reflects amendments to Korean IFRS 1001 Presentation of Financial Statements and the reclassification of accounts receivable to non-current non-financial assets related to the fuel cost pass-through adjustment (FCPTA) system.

## 2. Changes in unit prices of major products

(In Won per kWh)

| <b>Business</b>                     |                    |        | <b>2013</b>        | <b>2012</b>        |
|-------------------------------------|--------------------|--------|--------------------|--------------------|
| <b>Sector</b>                       | <b>Company</b>     |        | <b>Jan. - Jun.</b> | <b>Jan. - Dec.</b> |
| Electricity sold                    | Residential        |        | 124.25             | 123.69             |
|                                     | Commercial         |        | 117.06             | 112.50             |
|                                     | Educational        |        | 109.51             | 108.84             |
|                                     | Industrial         | KEPCO  | 96.40              | 92.83              |
|                                     | Agricultural       |        | 45.27              | 42.90              |
|                                     | Street Lighting    |        | 107.28             | 98.89              |
|                                     | Overnight Usage    |        | 62.99              | 58.65              |
| Electricity from nuclear generation | Nuclear Generation | KHNP   | 55.26              | 45.29              |
| Electricity from thermal generation | Thermal Generation | KOSEP  | 73.30              | 75.43              |
|                                     |                    | KOMIPO | 105.53             | 108.16             |
|                                     |                    | KOWEPO | 105.70             | 109.69             |
|                                     |                    | KOSPO  | 111.96             | 113.65             |
|                                     |                    | EWP    | 98.63              | 106.38             |



**Table of Contents**

## 3. Major contracts in 2013

(In billions of Won)

| <b>Party</b> | <b>Date of Contract</b> | <b>Nature of Contract</b>   | <b>Contract Amount</b> | <b>Counterparty</b>                                  |
|--------------|-------------------------|---|------------------------|--|
| KEPCO        | 2013.03.29              | Maintenance of transmission lines   | 57                     | KEPCO KPS Co., Ltd                                   |
| KHNP         | 2013.02.25              | Procurement of reactor vessel head for Kori Unit 2                          | 54                     | Doosan Heavy Industries & Construction Co., Ltd      |
| KOSEP        | 2013.01.01              | Operation of Yong Hung units 5,6 and Samchunpo fuel and refinery facilities | 30                     | Korean Electronics Power Source Co., Ltd             |
|              | 2013.02.04              | Procurement of electric precipitators for Yong Hung units 5,6               | 29                     | KC-Cottrell Co., Ltd                                 |
|              | 2013.02.25              | Construction of Seoul combined cycle units 1,2                              | 226                    | POSCO Engineering & Construction Co., Ltd and others |
| KOMIPO       | 2013.01.30              | Procurement of coal handling facilities for Shin-Boryeong units 1,2         | 183                    | Hyundai Rotem, Hyundai Emco Co., Ltd                 |
|              | 2013.06.17              | Installation of electro-mechanical equipment for Shin-Boryeong units 1,2    | 245                    | GS Engineering & Construction Corp.                  |
| KOWEPO       | 2013.03.04              | Procurement of coal handling facilities for                                 | 139                    | Hyundai Samho Heavy Industries Co., Ltd              |

IGCC and Taean units

9,10

Maintenance of

EWP 2013.01.01 generation facilities for 55 KEPCO KPS Co., Ltd

2013

4. Intellectual property as of June 30, 2013

|                         | Patents  |          | Utility | Design | Trademarks |          |
|-------------------------|----------|----------|---------|--------|------------|----------|
|                         | Domestic | Overseas | model   |        | Domestic   | Overseas |
| Number of registrations | 4,341    | 435      | 804     | 138    | 348        | 55       |

**Table of Contents****III. Financial Information**

## 1. Condensed consolidated financial results for the first six months of 2013

(In billions of Won)

| <b>Consolidated Statements of Comprehensive Income</b> |                        |                        |                   | <b>Consolidated Statements of Financial Position</b> |                            |                            |                   |
|--|------------------------|------------------------|-------------------|--|----------------------------|----------------------------|-------------------|
|  | <b>Jan.- Jun. 2012</b> | <b>Jan.- Jun. 2013</b> | <b>Change (%)</b> |  | <b>As of Dec. 31, 2012</b> | <b>As of Jun. 30, 2013</b> | <b>Change (%)</b> |
| Sales  | 23,013                 | 25,475                 | 10.7              | Total Assets   | 146,153                    | 152,140                    | 4.1               |
| Operating Income                                       | r 2,302                | r 436                  | 81.0              | Total Liabilities                                    | 95,089                     | 102,197                    | 7.5               |
| Net Income   | r 2,278                | r 1,424                | 37.5              | Total Equity   | 51,064                     | 49,943                     | -2.2              |

## 2. Condensed separate financial results for the first six months of 2013

(In billions of Won)

| <b>Separate Statements of Comprehensive Income</b> |                        |                        |                   | <b>Separate Statements of Financial Position</b> |                            |                            |                   |
|--|------------------------|------------------------|-------------------|--|----------------------------|----------------------------|-------------------|
|  | <b>Jan.- Jun. 2012</b> | <b>Jan.- Jun. 2013</b> | <b>Change (%)</b> |  | <b>As of Dec. 31, 2012</b> | <b>As of Jun. 30, 2013</b> | <b>Change (%)</b> |
| Sales  | 22,992                 | 25,334                 | 10.2              | Assets   | 96,235                     | 96,733                     | 0.5               |
| Operating Income                                   | r 4,547                | r 2,050                | 54.9              | Liabilities                                      | 54,964                     | 56,855                     | 3.4               |
| Net Income   | r 2,896                | r 1,543                | 46.7              | Equity   | 41,271                     | 39,878                     | -3.4              |

**IV. Auditor's Opinion**1. Auditor's opinion on consolidated and separate financial statements for the first six months of 2013: **Unqualified**

KPMG Samjong Accounting Corp. has been engaged as KEPCO's auditors from 2013 for a term of three years until 2015.

|                               |                      |                     |                      |                     |                      |
|-------------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| <b>Jan. 1, 2013</b>           | <b>Jun. 30, 2013</b> | <b>Jan. 1, 2012</b> | <b>Dec. 31, 2012</b> | <b>Jan. 1, 2011</b> | <b>Dec. 31, 2011</b> |
| KPMG Samjong Accounting Corp. |                      | Deloitte Anjin LLC  |                      | Deloitte Anjin LLC  |                      |

**Table of Contents**

**V. Board of Directors**

1. Composition of board of directors: not more than 15 directors (with standing directors comprising less than the majority of the directors)

The Audit committee consists of one standing director and two non-standing directors

2. Board meetings and agenda

| <b>Number of</b> | <b>Number of</b> | <b>Resolutions</b> | <b>Classification</b> |                |                      |
|------------------|------------------|--------------------|-----------------------|----------------|----------------------|
|                  |                  |                    | <b>Status</b>         | <b>Reports</b> | <b>Status</b>        |
| <b>meetings</b>  | <b>agendas</b>   |                    |                       |                |                      |
| 8                | 22               | 17                 | Approved as proposed  | 5              | Accepted as reported |

Audit Committee: 7 meetings held where 19 agendas were discussed (of which, 8 were resolved as proposed and 11 were approved as reported).

**Table of Contents**

## 3. Major activities of the Board of Directors

| <b>Date</b> | <b>Agenda</b>  | <b>Status</b>             | <b>Type</b> |
|-------------|--|---------------------------|-------------|
| 2013. 1. 8  | Amendments to the Regulation for Electricity Service related to electricity tariff adjustments       | Approved as proposed      | Resolution  |
| 2013. 1. 17 | Plans to establish ICT Center in Naju  | Approved as proposed      | Resolution  |
|             | Investment plans for the Bylong coal mine in 2013  | Approved as proposed      | Resolution  |
| 2013. 2. 21 | Contributions to AESIEAP   | Approved as proposed      | Resolution  |
|             | Approval of aggregate ceiling on remuneration for directors in 2013                                  | Approved as proposed      | Resolution  |
|             | Auditor's report to the Board of Directors for fiscal year 2012                                      | Accepted as reported      | Report      |
| 2013. 3. 14 | Approval of consolidated and separate financial statements for fiscal year 2012                      | Approved as proposed      | Resolution  |
|             | Approval to call for the 52nd annual general meeting of shareholders                                 | Approved as proposed      | Resolution  |
|             | Annual report on internal control over financial reporting for fiscal year 2012                      | Accepted as reported      | Report      |
|             | Annual evaluation report on internal control over financial reporting for fiscal year 2012           | Accepted as reported      | Report      |
| 2013. 4. 18 | Plans to sell real estate holdings within 154kV Deokso substation                                    | Approved as proposed      | Resolution  |
|             | Plans to establish and invest in a holding company to conduct the Nghi Son project II in Vietnam     | Approved as proposed      | Resolution  |
| 2013. 5. 7  | Approval to close the shareholders' registry   | Approved as proposed      | Resolution  |
|             | Approval to call for the 53rd extraordinary general meeting of shareholders                          | Approved as proposed      | Resolution  |
| 2013. 5. 16 | Contributions to KEPCO Foundation for Healthcare   | Revised proposal approved | Resolution  |
|             | Amendments to the regulation for remuneration and welfare  | Approved as proposed      | Resolution  |
|             | Plans to establish and invest in a holding company to conduct the Fujeij wind farm project in Jordan | Approved as proposed      | Resolution  |
|             | Auditor's report to the Board of Directors for the first quarter of 2013                             | Accepted as reported      | Report      |
| 2013. 6. 20 | Mid-to-long term financial management planning (2013-2017)   | Approved as proposed      | Resolution  |
|             | Sixth long-term plans for transmission and distribution facilities                                   | Revised proposal approved | Resolution  |
|             | Settlement of the holding company in charge of the Norte project II                                  | Approved as proposed      | Resolution  |
|             | Report on the signing of the collective bargaining agreement for 2013                                | Accepted as reported      | Report      |

**Table of Contents**

## 4. Major activities of the Audit Committee

| <b>Date</b> | <b>Agenda</b>  | <b>Status</b>        | <b>Type</b> |
|-------------|--|----------------------|-------------|
| 2013.1.8    | Selection of independent auditors for fiscal years 2013 to 2015  | Approved as proposed | Resolution  |
|             | Audit plans for fiscal year 2013   | Approved as proposed | Resolution  |
|             | Education plans for auditors for 2013  | Accepted as reported | Report      |
|             | Auditor s report for fiscal year 2012  | Accepted as reported | Report      |
| 2013.2.4    | Joint selection of independent auditors for KEPCO, KHNP, and KOSPO for fiscal years 2013 to 2015                     | Approved as proposed | Resolution  |
|             | Power of attorney of the standing director and controller & auditor general  | Accepted as reported | Report      |
| 2013.3.11   | Auditor s report on the agendas for the annual general meeting of shareholders                                       | Approved as proposed | Resolution  |
|             | Auditor s report on the auditing results for the consolidated and separate financial statements for fiscal year 2012 | Accepted as reported | Report      |
|             | Annual report on internal control over financial reporting for fiscal year 2012                                      | Accepted as reported | Report      |
|             | Annual evaluation report on internal control over financial reporting for fiscal year 2012                           | Accepted as reported | Report      |
|             | Results of joint selection of independent auditors for KEPCO, KHNP, and KOSPO for fiscal years 2013 to 2015          | Accepted as reported | Report      |
| 2013.3.27   | Approval of selection of independent auditors and auditing fees for fiscal years 2013 to 2015                        | Approved as proposed | Resolution  |
|             | Approval of selection of independent auditors of subsidiaries  | Approved as proposed | Resolution  |
|             | Auditor s report for the auditing results of consolidated and separate Financial Statements for fiscal year 2012     | Accepted as reported | Report      |
| 2013. 4. 25 | Approval of selection of independent auditors of subsidiaries  | Approved as proposed | Resolution  |
|             | Auditor s report for the first quarter of 2013   | Accepted as reported | Report      |
| 2013. 4 29  | Auditor s report for fiscal year 2012 in accordance with U.S. GAAP   | Accepted as reported | Report      |
|             | Report on the Form-20F for the fiscal year 2012 to be filed with the U.S. SEC  | Accepted as reported | Report      |
| 2013. 6. 13 | Auditor s report on the agenda for the extraordinary meeting of shareholders   | Approved as proposed | Resolution  |

**Table of Contents**

An audit team, organized under the supervision of the audit committee, conducts internal audit with respect to the entire company and takes administrative measures as appropriate in accordance with relevant internal regulations. KEPCO's District Divisions and Branch Offices also have separate audit teams which conduct internal inspection with respect to the relevant division or office.

**VI. Shareholders**

## 1. List of shareholders as of May 22, 2013

|   |                            | Number of<br>shareholders | Shares Owned | Percentage |
|---|----------------------------|---------------------------|--------------|------------|
| Korean Government                           |                            | 1                         | 135,917,118  | 21.17%     |
| Korea Finance Corporation                   |                            | 1                         | 192,159,940  | 29.94%     |
| National Pension Service                    |                            | 1                         | 29,828,539   | 4.65%      |
| KEPCO (held in the form of treasury stock)* |                            | 1                         | 18,929,995   | 2.95%      |
| Korea Resolution & Collection Corporation   |                            | 1                         | 8,710,933    | 1.36%      |
| Public                                      | Common shares              | 987                       | 114,104,237  | 17.77%     |
| (non-Koreans)                               | American depository shares | 1                         | 34,432,285   | 5.36%      |
| Public                                      | Corporate                  | 1,401                     | 66,051,287   | 10.29%     |
| (Koreans)                                   | Individual                 | 405,176                   | 41,829,743   | 6.51%      |
| Total                                       |                            | 407,570                   | 641,964,077  | 100.0%     |

\* Treasury stocks do not have voting rights. Number of shares with voting rights: 623,034,082

**Table of Contents****VII. Directors and Employees**

## 1. Remuneration for directors

## A. Aggregate ceiling on remuneration for directors approved by shareholders:

Won 2.1 billion

## B. Actual amount paid to directors

| Type  | Number of | Total remuneration |                |
|-------|-----------|--------------------|----------------|
|       | directors | (Jan. 1, 2013      | Jun. 30, 2013) |
| Total | 15        | Won 1.0 billion    |                |

## C. Stock option: None

## 2. Employees as of June 30, 2013

| Employees |          |        |                             | Total remuneration |                |
|-----------|----------|--------|-----------------------------|--------------------|----------------|
| Regular   | Contract | Total  | Average years of employment | (Jan. 1, 2013      | Jun. 30, 2013) |
| 19,439    | 361      | 19,800 | 18.9                        | Won 837 billion    |                |

**VIII. Other information relating to the protection of investors**

## 1. Number of shareholders meetings held in 2013: Twice

(One annual general meeting of shareholders held on March 29, 2013 / one extraordinary meeting of shareholders held on June 18, 2013)

## 2. Pending legal proceedings

| Type   | Number of cases | Litigation value |
|--|-----------------|------------------|
| Cases where KEPCO and its subsidiaries and affiliates are acting as defendants | 601             | Won 427 billion  |
| Cases where KEPCO and its subsidiaries and affiliates are acting as plaintiffs | 135             | Won 122 billion  |



**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Financial Statements

June 30, 2013

(Unaudited)

(With Independent Auditors' Review Report Thereon)

**Table of Contents**

Contents

|   | Page |
|---|------|
| <b><u>Independent Auditors Review Report</u></b>              | 1    |
| <u>Consolidated Interim Statements of Financial Position</u>  | 3    |
| <u>Consolidated Interim Statements of Comprehensive Loss</u>  | 5    |
| <u>Consolidated Interim Statements of Changes in Equity</u>   | 7    |
| <u>Consolidated Interim Statements of Cash Flows</u>          | 9    |
| <u>Notes to the Consolidated Interim Financial Statements</u> | 11   |

**Table of Contents**

Independent Auditors' Review Report

**Based on a report originally issued in Korean**

The Board of Directors and Shareholders

Korea Electric Power Corporation

**Reviewed financial statements**

We have reviewed the accompanying consolidated interim financial statements of Korea Electric Power Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of June 30, 2013, the consolidated statements of comprehensive loss for the three-month and six-month periods ended June 30, 2013, the consolidated statement of changes in equity and cash flows for the six-month period ended June 30, 2013 and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's responsibility**

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) No.1034 Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' review responsibility**

Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034, Interim Financial Reporting.

**Other matters**

The procedures and practices utilized in the Republic of Korea to review such consolidated interim financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

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The consolidated statement of financial position of the Group as of December 31, 2012, and the related consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by other auditors whose report thereon, dated March 21, 2013, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Group as of December 31, 2012, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

**Table of Contents**

The consolidated statements of comprehensive loss for the three and six-month periods ended June 30, 2012, the consolidated statements of changes in equity and cash flows for six-month period ended June 30, 2012 were reviewed by other auditors whose report thereon, dated August 28, 2012, expressed that nothing came to their attention that caused them to believe that the consolidated interim financial statements referred to above were not presented fairly, in all material respects, in accordance with K-IFRS No.1034, Interim Financial Reporting . The Group restated the consolidated statement of comprehensive loss for the three and six-month periods ended June 30, 2012, in accordance with certain items as described in note 2(6) to the consolidated interim financial statements. As discussed in note 2(6) to the consolidated interim financial statements, the Group applied the amendments to K-IFRS No.1001, Presentation of Financial Statements from the annual period for the year ended December 31, 2012. We were not engaged to audit, review or apply any procedures to the consolidated statement of financial position of the Group as of December 31, 2012 and the consolidated statements of comprehensive loss for the three and six-month periods ended June 30, 2012, including the changes in accounting policies described in note 2(6).

KPMG Samjong Accounting Corp.

Seoul, Korea

August 14, 2013

This report is effective as of August 14, 2013, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position

## As of June 30, 2013 and December 31, 2012

(Unaudited)

| <i>In millions of won</i>               | <i>Note</i>       | <b>June 30,<br/>2013</b> | <b>December 31,<br/>2012</b> |
|---|-------------------|--------------------------|------------------------------|
| <b>Assets</b>                           |                   |                          |                              |
| Current assets :                        |                   |                          |                              |
| Cash and cash equivalents               | 5,6,7,41          | 2,320,168                | 1,954,949                    |
| Current financial assets                | 5,10,11,12,41     | 621,873                  | 656,217                      |
| Trade and other receivables             | 5,8,14,20,41,43   | 5,791,152                | 7,184,625                    |
| Inventories                             | 13                | 4,031,662                | 3,440,341                    |
| Income tax receivables                  | 38                | 7,616                    | 30,476                       |
| Current non-financial assets            | 15                | 913,799                  | 664,047                      |
| Non-current assets held for sale        |                   |                          | 2,828                        |
|   |                   | 13,686,270               | 13,933,483                   |
| Non-current assets :                    |                   |                          |                              |
| Non-current financial assets            | 5,6,9,10,11,12,41 | 2,189,854                | 1,873,676                    |
| Non-current trade and other receivables | 5,8,14,41,43      | 1,470,152                | 1,254,330                    |
| Property, plant and equipment           | 18,45             | 127,067,373              | 122,376,140                  |
| Investment properties                   | 19                | 560,794                  | 590,223                      |
| Goodwill                                | 16                | 2,582                    |                              |
| Intangible assets other than goodwill   | 21                | 863,085                  | 883,814                      |
| Investments in joint ventures           | 4,17              | 987,466                  | 908,593                      |
| Investments in associates               | 4,17              | 4,132,246                | 3,982,340                    |
| Deferred tax assets                     | 38                | 389,406                  | 209,783                      |
| Non-current non-financial assets        | 15                | 791,161                  | 140,438                      |
|   |                   | 138,454,119              | 132,219,337                  |
| <b>Total assets</b>                     | <b>4</b>          | <b>152,140,389</b>       | <b>146,152,820</b>           |
| <b>Liabilities</b>                      |                   |                          |                              |
| Current liabilities :                   |                   |                          |                              |
| Trade and other payables                | 5,22,24,41,43     | 6,638,760                | 6,418,464                    |
| Short-term borrowings                   | 5,23,41           | 3,149,353                | 689,310                      |
| Current financial liabilities           | 5,11,23,41,43     | 6,779,085                | 7,099,509                    |
| Income tax payables                     | 38                | 384,277                  | 334,053                      |
| Current non-financial liabilities       | 20,27,28          | 4,926,292                | 4,117,440                    |

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|                                       |               |                    |                   |
|---------------------------------------|---------------|--------------------|-------------------|
| Current provisions                    | 26,41         | 325,866            | 158,303           |
|                                       |               | 22,203,633         | 18,817,079        |
| <b>Non-current liabilities :</b>      |               |                    |                   |
| Non-current trade and other payables  | 5,22,24,41,43 | 4,173,825          | 4,173,691         |
| Non-current financial liabilities     | 5,11,23,41,43 | 49,426,415         | 46,050,766        |
| Non-current non-financial liabilities | 27,28         | 6,672,682          | 6,298,650         |
| Employee benefits obligations         | 25,41         | 2,263,837          | 2,144,334         |
| Deferred tax liabilities              | 38            | 5,048,938          | 5,433,292         |
| Non-current provisions                | 26,41         | 12,407,871         | 12,170,806        |
|                                       |               | 79,993,568         | 76,271,539        |
| <b>Total liabilities</b>              | <b>4</b>      | <b>102,197,201</b> | <b>95,088,618</b> |

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position, Continued

**As of June 30, 2013 and December 31, 2012**

(Unaudited)

| <i>In millions of won</i>                    | <i>Note</i> | <b>June 30,<br/>2013</b> | <b>December<br/>31,<br/>2012</b> |
|--|-------------|--------------------------|----------------------------------|
| <b>Equity</b>                                |             |                          |                                  |
| Contributed capital :                        | 1,29,41     |                          |                                  |
| Share capital                                |             | 3,209,820                | 3,209,820                        |
| Share premium                                |             | 843,758                  | 843,758                          |
|  |             | 4,053,578                | 4,053,578                        |
| Retained earnings :                          | 30          |                          |                                  |
| Legal reserves                               |             | 1,603,919                | 1,603,919                        |
| Voluntary reserves                           |             | 22,753,161               | 25,961,315                       |
| Retained earnings before appropriations      |             | 6,753,442                | 4,999,049                        |
|  |             | 31,110,522               | 32,564,283                       |
| Other components of equity :                 | 31          |                          |                                  |
| Other capital surpluses                      |             | 694,423                  | 705,448                          |
| Accumulated other comprehensive income       |             | 253,263                  | 11,957                           |
| Treasury stocks                              |             | (741,489)                | (741,489)                        |
| Other equity                                 |             | 13,294,990               | 13,294,990                       |
|  |             | 13,501,187               | 13,270,906                       |
| Equity attributable to owners of the Company |             | 48,665,287               | 49,888,767                       |
| Non-controlling interests                    | 16          | 1,277,901                | 1,175,435                        |
| <b>Total equity</b>                          |             | <b>49,943,188</b>        | <b>51,064,202</b>                |
| <b>Total liabilities and equity</b>          |             | <b>152,140,389</b>       | <b>146,152,820</b>               |

*See accompanying notes to the consolidated interim financial statements.*





**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Comprehensive Loss

**For the three and six-month periods ended June 30, 2013 and 2012**

(Unaudited)

*In millions of won*

|  | <i>Note</i>   | June 30, 2013            |                        | June 30, 2012            |                        |
|--|---------------|--------------------------|------------------------|--------------------------|------------------------|
|  |               | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| <b>Sales</b>   | 2,4,32,41,43  |                          |                        |                          |                        |
| Sales of goods                                       |               | 10,938,507               | 24,172,866             | 9,523,349                | 21,806,902             |
| Sales of services                                    |               | 70,332                   | 150,704                | 90,235                   | 169,765                |
| Sales of construction services                       | 20            | 587,478                  | 993,258                | 385,198                  | 888,420                |
| Revenue related to transfer of assets from customers |               | 79,947                   | 158,534                | 73,443                   | 147,631                |
|  |               | 11,676,264               | 25,475,362             | 10,072,225               | 23,012,718             |
| <b>Cost of sales</b>                                 | 2,13,25,39,43 |                          |                        |                          |                        |
| Cost of sales of goods                               |               | (11,709,575)             | (23,974,344)           | (11,233,259)             | (23,516,779)           |
| Cost of sales of services                            |               | (62,187)                 | (133,489)              | (88,930)                 | (164,474)              |
| Cost of sales of construction services               |               | (552,704)                | (916,318)              | (360,572)                | (782,629)              |
|  |               | (12,324,466)             | (25,024,151)           | (11,682,761)             | (24,463,882)           |
| <b>Gross profit (loss)</b>                           |               | (648,202)                | 451,211                | (1,610,536)              | (1,451,164)            |
| <b>Selling and administrative expenses</b>           | 25,33,39,43   | (445,945)                | (887,589)              | (449,766)                | (850,912)              |
| <b>Operating loss</b>                                | 2,4, 48       | (1,094,147)              | (436,378)              | (2,060,302)              | (2,302,076)            |
| <b>Other income</b>                                  | 2, 34         | 88,596                   | 176,655                | 103,272                  | 204,442                |
| <b>Other expenses</b>                                | 34            | (8,933)                  | (26,146)               | (17,472)                 | (39,409)               |
| <b>Other profit</b>                                  | 35            | 6,645                    | 39,528                 | 18,187                   | 75,372                 |
| <b>Finance income</b>                                | 5,11,36       | 293,295                  | 728,144                | 222,059                  | 305,814                |
| <b>Finance costs</b>                                 | 5,11,37       | (1,023,824)              | (2,083,367)            | (714,155)                | (1,225,486)            |

**Equity method income (loss) of associates and joint ventures**

|  |    |             |             |             |             |
|--|----|-------------|-------------|-------------|-------------|
| Share in income of associates and joint ventures                   | 17 | 17,466      | 117,226     | 86,844      | 186,922     |
| Gains on disposal of investments in associates and joint ventures  | 17 | 4           | 4           |             |             |
| Share in loss of associates and joint ventures                     | 17 | (13,678)    | (42,197)    |             | (13,653)    |
| Losses on disposal of investments in associates and joint ventures | 17 | (1,134)     | (1,134)     | (282)       | (282)       |
| Impairment losses on investments in associates and joint ventures  | 17 | (2,492)     | (2,492)     |             |             |
|  |    | 166         | 71,407      | 86,562      | 172,987     |
| <b>Loss before income tax</b>                                      |    | (1,738,202) | (1,530,157) | (2,361,849) | (2,808,356) |
| <b>Income tax benefit</b>  | 38 | (153,350)   | (105,730)   | (596,714)   | (530,364)   |
| <b>Loss for the period</b>   |    | (1,584,852) | (1,424,427) | (1,765,135) | (2,277,992) |

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Comprehensive Loss, Continued

**For the three and six-month periods ended June 30, 2013 and 2012**

(Unaudited)

*In millions of won, except per share information*

|   |            | June 30, 2013            |                        | June 30, 2012            |                        |
|---|------------|--------------------------|------------------------|--------------------------|------------------------|
|   | Note       | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| <b>Other comprehensive income (loss)</b>  | 5,11,25,31 |                          |                        |                          |                        |
| Items that will not be reclassified subsequently to profit or loss:                                 |            |                          |                        |                          |                        |
| Defined benefit plan actuarial profits (losses), net of tax   | 25,30      | 123,714                  | 25,497                 | (47,695)                 | (63,678)               |
| Share in other comprehensive Income (loss) of associates and joint ventures, net of tax             | 30         | (538)                    | 47                     | (245)                    | 279                    |
| Items that may be reclassified subsequently to profit or loss:                                      |            |                          |                        |                          |                        |
| Net change in the unrealized fair value of available-for-sale financial assets, net of tax          | 31         | 64,579                   | 93,199                 | (104,815)                | (102,443)              |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | 5,11,31    | (28,542)                 | (29,911)               | (21,079)                 | (9,911)                |
| Foreign currency translation of foreign operations, net of tax                                      | 31         | 40,333                   | 100,006                | (5,780)                  | (476)                  |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax             | 31         | 52,752                   | 109,955                | (28,332)                 | (43,515)               |
| <b>Other comprehensive income (loss), net of tax</b>  |            | 252,298                  | 298,793                | (207,946)                | (219,744)              |
| <b>Total comprehensive loss for the period</b>  |            | (1,332,554)              | (1,125,634)            | (1,973,081)              | (2,497,736)            |
| <b>Profit (loss) attributable to:</b>   |            |                          |                        |                          |                        |
| Owners of the Company   | 40         | (1,613,819)              | (1,480,519)            | (1,784,299)              | (2,322,429)            |
| Non-controlling interests   |            | 28,967                   | 56,092                 | 19,164                   | 44,437                 |

|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
|  | (1,584,852) | (1,424,427) | (1,765,135) | (2,277,992) |
|--|-------------|-------------|-------------|-------------|

**Total comprehensive profit (loss)**

**attributable to:**

|                       |             |             |             |             |
|-----------------------|-------------|-------------|-------------|-------------|
| Owners of the Company | (1,380,454) | (1,212,456) | (1,981,497) | (2,531,390) |
|-----------------------|-------------|-------------|-------------|-------------|

|                           |        |        |       |        |
|---------------------------|--------|--------|-------|--------|
| Non-controlling interests | 47,900 | 86,822 | 8,416 | 33,654 |
|---------------------------|--------|--------|-------|--------|

|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
|  | (1,332,554) | (1,125,634) | (1,973,081) | (2,497,736) |
|--|-------------|-------------|-------------|-------------|

**Loss per share**

40

|                                  |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|
| Basic and diluted loss per share | (2,590) | (2,376) | (2,864) | (3,728) |
|----------------------------------|---------|---------|---------|---------|

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity

**For the six-month period ended June 30, 2012**

(Unaudited)

| <i>In millions of won</i>   | Equity attributable to owners of the Company |                   |                            | Subtotal    | Non-controlling interests | Total equity |
|---|--|-------------------|----------------------------|-------------|---------------------------|--------------|
|   | Contributed Capital                          | Retained earnings | Other components of equity |             |                           |              |
| <b>Balance at January 1, 2012</b>   | 4,053,578                                    | 35,769,094        | 13,447,624                 | 53,270,296  | 533,654                   | 53,803,950   |
| <b>Total comprehensive income for the period:</b>   |  |                   |                            |             |                           |              |
| Profit (loss) for the period  |  | (2,322,429)       |                            | (2,322,429) | 44,437                    | (2,277,992)  |
| Items that will not be reclassified subsequently to profit or loss:                                 |  |                   |                            |             |                           |              |
| Defined benefit plan actuarial losses, net of tax   |  | (60,345)          |                            | (60,345)    | (3,333)                   | (63,678)     |
| Share in other comprehensive income of associates and joint ventures, net of tax                    |  | 279               |                            | 279         |                           | 279          |
| Items that may be reclassified subsequently to profit or loss:                                      |  |                   |                            |             |                           |              |
| Net changes in the unrealized fair value of available-for-sale financial assets, net of tax         |  |                   | (102,419)                  | (102,419)   | (24)                      | (102,443)    |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |  |                   | 1,234                      | 1,234       | (11,145)                  | (9,911)      |
| Foreign currency translation of foreign operations, net of tax                                      |  |                   | (4,249)                    | (4,249)     | 3,773                     | (476)        |
| Share in other comprehensive loss of associates and joint ventures, net of tax                      |  |                   | (43,461)                   | (43,461)    | (54)                      | (43,515)     |

**Transactions with owners  
of the Company,  
recognized directly in  
equity:**

|                                   |  |  |  |  |          |          |
|-----------------------------------|--|--|--|--|----------|----------|
| Dividends paid                    |  |  |  |  | (53,915) | (53,915) |
| Issuance of share capital         |  |  |  |  | 77,092   | 77,092   |
| Changes in consolidation<br>scope |  |  |  |  | 7,204    | 7,204    |
| Others                            |  |  |  |  | (726)    | (726)    |

|                                 |           |            |            |            |         |            |
|---------------------------------|-----------|------------|------------|------------|---------|------------|
| <b>Balance at June 30, 2012</b> | 4,053,578 | 33,386,599 | 13,298,729 | 50,738,906 | 596,963 | 51,335,869 |
|---------------------------------|-----------|------------|------------|------------|---------|------------|

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity, Continued

**For the six-month period ended June 30, 2013**

(Unaudited)

| <i>In millions of won</i>   | Equity attributable to owners of the Company |                   |                            | Subtotal    | Non-controlling Interests | Total equity |
|---|--|-------------------|----------------------------|-------------|---------------------------|--------------|
|   | Contributed Capital                          | Retained earnings | Other components of equity |             |                           |              |
| <b>Balance at January 1, 2013</b>   | 4,053,578                                    | 32,564,283        | 13,270,906                 | 49,888,767  | 1,175,435                 | 51,064,202   |
| <b>Total comprehensive income for the period:</b>   |  |                   |                            |             |                           |              |
| Profit (loss) for the period  |  | (1,480,519)       |                            | (1,480,519) | 56,092                    | (1,424,427)  |
| Items that will not be reclassified subsequently to profit or loss:                                 |  |                   |                            |             |                           |              |
| Defined benefit plan actuarial profits (losses), net of tax   |  | 26,711            |                            | 26,711      | (1,214)                   | 25,497       |
| Share in other comprehensive income of associates and joint ventures, net of tax                    |  |                   | 47                         | 47          |                           | 47           |
| Items that may be reclassified subsequently to profit or loss:                                      |  |                   |                            |             |                           |              |
| Net changes in the unrealized fair value of available-for-sale financial assets, net of tax         |  |                   | 93,273                     | 93,273      | (74)                      | 93,199       |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |  |                   | (35,839)                   | (35,839)    | 5,928                     | (29,911)     |
| Foreign currency translation of foreign operations, net of tax                                      |  |                   | 74,067                     | 74,067      | 25,939                    | 100,006      |
| Share in other comprehensive income of associates and joint ventures, net of tax                    |  |                   | 109,805                    | 109,805     | 150                       | 109,955      |



**Transactions with owners  
of the Company,  
recognized directly in  
equity:**

|                                       |          |          |       |          |          |
|---------------------------------------|----------|----------|-------|----------|----------|
| Dividends paid                        |          |          |       | (41,815) | (41,815) |
| Issuance of share capital             |          |          |       | 59,892   | 59,892   |
| Changes in consolidation<br>scope     | (10,743) | (10,743) | 4,882 |          | (5,861)  |
| Dividends paid (hybrid<br>securities) |          |          |       | (8,227)  | (8,227)  |
| Others                                | (282)    | (282)    | 913   |          | 631      |

**Balance at June 30, 2013**      4,053,578      31,110,522      13,501,187      48,665,287      1,277,901      49,943,188

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

**For the six-month periods ended June 30, 2013 and 2012**

(Unaudited)

| <i>In millions of won</i>   | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
| <b>Cash flows from operating activities</b>                             |             |             |
| Loss for the period   | (1,424,427) | (2,277,992) |
| Adjustments for:  |             |             |
| Income tax expense  | (105,730)   | (530,364)   |
| Depreciation  | 3,622,834   | 3,433,290   |
| Amortization  | 44,044      | 45,489      |
| Employee benefit expense, net   | 186,946     | 170,324     |
| Bad debt expense  | 15,433      | 16,989      |
| Interest expense  | 1,195,607   | 1,136,058   |
| Losses on disposal of property, plant and equipment                     | 24,308      | 22,595      |
| Losses on abandonment of property, plant, and equipment                 | 130,807     | 121,706     |
| Impairment losses on property, plant and equipment                      | 1,161       |             |
| Impairment losses on intangible assets                                  | 2           | 18          |
| Accretion expense to provisions, net                                    | 248,771     | 79,994      |
| Losses on foreign currency translation, net                             | 692,571     | 2,745       |
| Valuation and transaction gains on derivative instruments, net          | (503,688)   | (86,005)    |
| Share in income of associates and joint ventures, net                   | (75,029)    | (173,269)   |
| Gain on sale of financial assets  |             | (189)       |
| Gain on sale of property, plant and equipment                           | (22,180)    | (18,789)    |
| Losses on disposal of investments in associates and joint ventures, net | 1,138       | 282         |
| Impairment losses on investments in associates and joint ventures       | 2,492       |             |
| Interest income   | (97,198)    | (89,048)    |
| Dividends income  | (9,784)     | (23,277)    |
| Impairment losses on available-for-sale financial assets                | 10,673      |             |
| Others, net   | (19,931)    | (11,116)    |
|   | 5,343,247   | 4,097,433   |
| Changes in:   |             |             |
| Trade receivables   | 1,261,288   | 210,018     |
| Other receivables non trade   | 68,076      | (115,793)   |
| Accrued income  | 10,183      | (37,654)    |
| Other receivables   | 2,222       | 16,009      |
| Other current assets  | (235,657)   | (497,266)   |
| Inventories   | (669,844)   | (355,062)   |

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|  |           |           |
|--|-----------|-----------|
| Other non-current assets                                 | (598,573) | 155,047   |
| Trade payables   | (122,711) | 31,885    |
| Other payables   | 146,255   | 663,613   |
| Accrued expenses   | 28,729    | (34,273)  |
| Other current liabilities                                | 1,288,686 | 301,920   |
| Other non-current liabilities                            | 193,652   | 387,928   |
| Disposal of investments in associates and joint ventures | 45,602    | 31,138    |
| Provisions   | (32,543)  | (35,229)  |
| Payments of employee benefit obligations                 | (61,195)  | (121,530) |
| Plan assets  | 4,182     | (19,508)  |
|  | 1,328,352 | 581,243   |

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statement

**For the six-month periods ended June 30, 2013 and 2012**

(Unaudited)

| <i>In millions of won</i>  | <b>2013</b>        | <b>2012</b>        |
|--|--------------------|--------------------|
| <b>Cash generated from operating activities</b>                        |                    |                    |
| Dividends received   | 78,556             | 10,439             |
| Interest paid  | (1,247,030)        | (1,227,139)        |
| Interest received  | 8,243              | 63,166             |
| Income taxes paid  | (367,066)          | (142,843)          |
| <b>Net cash from operating activities</b>                              | <b>3,719,875</b>   | <b>1,104,307</b>   |
| <b>Cash flows investing activities</b>                                 |                    |                    |
| Proceeds from disposals of subsidiaries, associates and joint ventures | 83                 |                    |
| Acquisition of subsidiaries, associates and joint ventures             | (121,185)          | (199,249)          |
| Proceeds from disposals of property, plant and equipment               | 28,277             | 9,855              |
| Acquisition of property, plant and equipment                           | (7,997,290)        | (6,787,811)        |
| Proceeds from disposals of intangible assets                           | 16                 | 1,412              |
| Acquisition of intangible assets                                       | (39,089)           | (17,107)           |
| Acquisition of goodwill  | (2,582)            |                    |
| Proceeds from disposals of Financial assets                            | 176,402            | 328,340            |
| Acquisition of Financial assets  | (256,285)          | (355,575)          |
| Increase in loans, net   | (85,385)           | 3,674              |
| Increase in deposits, net  | 6,226              | (34,914)           |
| Increase of government grants  | 18,021             | 31,110             |
| Business acquisition, net of cash acquired                             |                    | 3,243              |
| Others, net  | (117,896)          | (119,933)          |
| <b>Net cash used in investing activities</b>                           | <b>(8,390,687)</b> | <b>(7,136,955)</b> |
| <b>Cash flows from financing activities</b>                            |                    |                    |
| Proceeds from short-term borrowings, net                               | 2,432,350          | 1,918,462          |
| Proceeds from long-term borrowings and debt securities                 | 7,312,227          | 7,778,697          |
| Repayment of long-term borrowings and debt securities                  | (4,741,108)        | (2,479,431)        |
| Payment of finance lease liabilities                                   | (60,897)           | (62,314)           |
| Settlement of derivative instruments, net                              | 91,220             | 14,128             |
| Contributed capital from non-controlling interests, net                | 59,189             | 77,508             |
| Dividends paid (hybrid securities)                                     | (10,102)           |                    |
| Dividends paid   | (41,815)           | (54,480)           |

|  |                  |                  |
|--|------------------|------------------|
| Others, net  | (1,373)          | (1,842)          |
| <b>Net cash from financing activities</b>  | <b>5,039,691</b> | <b>7,190,728</b> |
| <b>Net increase in cash and cash equivalents before effect of exchange rate fluctuations</b> | <b>368,879</b>   | <b>1,158,080</b> |
| <b>Effect of exchange rate fluctuations on cash held</b>                                     | <b>(3,660)</b>   | <b>(1,434)</b>   |
| <b>Net increase in cash and cash equivalents</b>   | <b>365,219</b>   | <b>1,156,646</b> |
| <b>Cash and cash equivalents at January 1</b>  | <b>1,954,949</b> | <b>1,387,921</b> |
| <b>Cash and cash equivalents at June 30</b>  | <b>2,320,168</b> | <b>2,544,567</b> |

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statement

**For the six-month periods ended June 30, 2013 and 2012**

(Unaudited)

**1. Reporting Entity (Description of the controlling company)**

Korea Electric Power Corporation (the Company), controlling company as defined in Korean International Financial Reporting Standards (K-IFRS) No. 1110 Consolidated Financial Statements, was incorporated on January 1, 1982 in accordance with the Korea Electric Power Corporation Act (the KEPCO Act) to engage in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. The Company also provides power plant construction services. The Company's stock was listed on the Korea Stock Exchange on August 10, 1989 and the Company listed its Depository Receipts (DR) on the New York Stock Exchange on October 27, 1994.

As of June 30, 2013, the Company's share capital amounts to 3,209,820 million and the Company's shareholders :

|                                     | Number of shares | Percentage of ownership |
|-------------------------------------|------------------|-------------------------|
| Government of the Republic of Korea | 135,917,118      | 21.17%                  |
| Korea Finance Corporation           | 192,159,940      | 29.94%                  |
| Foreign investors                   | 148,536,522      | 23.13%                  |
| Other                               | 165,350,497      | 25.76%                  |
|                                     | 641,964,077      | 100.00%                 |

In accordance with the Restructuring Plan enacted on January 21, 1999 by the Ministry of Trade, Industry and Energy (the MTIE, formerly the Ministry of Knowledge Economy), KEPCO spun off its power generation divisions on April 2, 2001, resulting in the establishment of six power generation subsidiaries.

**2. Basis of Preparation****(1) Statement of compliance**

The consolidated interim financial statements have been prepared in accordance with K-IFRS, as prescribed in *the Act on External Audits of Corporations in the Republic of Korea*.

These consolidated interim financial statements were prepared in accordance with K-IFRS No.1034, Interim Financial Reporting as part of the period covered by the Group's K-IFRS annual financial statements. The notes are included to

explain events and transactions to give the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2012.

**(2) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

derivative financial instruments are measured at fair value

available-for-sale financial assets are measured at fair value

liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

**(3) Functional and presentation currency**

These consolidated financial statements are presented in Korean won, which is the Company's functional currency and the currency of the primary economic environment in which the Company operates.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

**(4) Use of estimates and judgments**

The preparation of the consolidated interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(i) Continued operation of Wolsong #1 nuclear power plant**

The Group owns Wolsong #1 nuclear power plant, which started its operation on November 21, 1982, and completed its operation on November 20, 2012, maxing out the permitted operation period of 30 years. As of December 31, 2012, the Group is in the process of obtaining safety assessments to obtain an approval from the Nuclear Safety and Security Commission for resuming the plant's operating for the 2nd operation term. The Group has prepared the accompanying financial statements assuming that the plant will operate for the next 10 years.

**(ii) Useful lives of property, plant and equipment, estimations on provision for decommissioning costs**

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Management's assumptions could affect the determination of estimated economic useful lives.

The Group records the fair value of estimated decommissioning costs as a liability in the period in which the Group incurs a legal obligation associated with the retirement of long-lived assets that result from acquisition, construction, development and/or normal use of the assets. Under the Korean Electricity Business Act (EBA) Article 94, the Group is required to record a liability for the dismantling (demolition) of nuclear power plants and disposal of spent fuel and low and intermediate radioactive wastes.



(iii) Deferred tax

The Group recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities of each consolidated taxpaying entity. However, the amount of deferred tax assets may be different if the Group does not realize estimated future taxable income during the carry forward periods.

(iv) Valuations of financial instruments at fair values

As described in Note 41, the Group uses inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 41 explains the assumptions used for valuations of financial instruments and sensitivity analysis of these assumptions.

(v) Employee benefit costs

The Group offers its employees defined benefit plans. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. For actuarial valuations, certain inputs such as discount rates and future salary increases are estimated.

(vi) Unbilled revenue

Energy delivered but not yet metered, and the quantities of energy delivered but not yet measured and not billed are calculated at the reporting date based on consumption statistics and selling price estimates. Determination of the unbilled revenues at the end of the reporting period is sensitive to the estimated assumptions and prices based on statistics. Unbilled revenue recognized as of June 30, 2013 and 2012 is 1,193,718 million and 967,863 million, respectively.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

**(5) Changes in accounting policies**

**(i) K-IFRS No.1110, Consolidated Financial Statements**

The Group adopted K-IFRS No.1110, Consolidated Financial Statements since January 1, 2013. As a result, the Group changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. K-IFRS No. 1110 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of de facto circumstances.

The standard includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return.

Management believes that the impact of adoption of the standard on the Group's consolidated financial statements is not significant.

**(ii) K-IFRS No.1111, Joint Arrangements**

The Group adopted K-IFRS No.1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements into two types—joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant K-IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method.

The Group classified ownership of joint arrangements into two types—joint operations and joint ventures according to rights to the assets and obligations for the liabilities, relating to the arrangement. Management believes that there are no impacts of the adoption of the standard on the Group's consolidated financial statements since all arrangements are considered as joint ventures and equity method accounting was applied in prior years.

(iii) K-IFRS No.1112, Disclosure of Interests in Other Entities

The Group adopted K-IFRS No.1112, Disclosure of Interests in Other Entities since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

(iv) Amendments to K-IFRS No. 1019, Employee Benefits

The Group has applied the amendments to K-IFRS No. 1019, Employee Benefits since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

(v) K-IFRS No. 1113, Fair Value Measurement

The Group adopted K-IFRS No.1113, Fair Value Measurement since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued****(6) Impact of change in accounting policy**

The accompanying consolidated statements of comprehensive loss for the three-month and six-month periods ended June 30, 2012 have been restated for the following changes:

**(i) Presentation of financial statements**

The Group has adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements from the annual period ended December 31, 2012. The Group's operating loss is calculated as revenue less: (1) cost of goods sold, and (2) selling, general and administrative expenses, and is presented separately in the consolidated statement of comprehensive income.

The Group restated the accompanying consolidated statements of comprehensive loss for the three-month and six-month periods ended June 30, 2012, as follows:

| <i>In millions of won</i>                            | <b>June 30, 2012</b>                    |                                   |
|--|---|-----------------------------------|
|  | <b>Three-Month<br/>Period<br/>ended</b> | <b>Six-Month<br/>Period ended</b> |
| Operating loss before adoption of the amendment      | (1,956,315)                             | (2,061,671)                       |
| Differences  |   |                                   |
| Other income   |   |                                   |
| Reversal of other provisions                         |   | (837)                             |
| Reversal of allowance for doubtful accounts          | (3,749)                                 | (3,749)                           |
| Gains on assets contributed                          | (793)                                   | (815)                             |
| Gains on liabilities exempted                        | (595)                                   | (603)                             |
| Compensation and reparations revenue                 | (36,719)                                | (64,957)                          |
| Gains on electricity infrastructure development fund | (8,918)                                 | (17,210)                          |
| Revenue from research contracts                      | (1,940)                                 | (3,459)                           |
| Rental income  | (46,497)                                | (91,843)                          |
| Others   | (4,061)                                 | (20,969)                          |
| Other expense  |   |                                   |

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|   |                    |                    |
|---|--------------------|--------------------|
| Accretion expenses of other provisions                | 32                 | 71                 |
| Depreciation expenses on investment properties        | 239                | 470                |
| Depreciation expenses on idle assets                  | 1,655              | 3,307              |
| Donations   | 2,735              | 16,334             |
| Others  | 12,811             | 19,227             |
| <b>Other Loss</b>                                     |                    |                    |
| Gains on disposal of property, plant and equipment    | (9,646)            | (18,789)           |
| Gains on disposal of other non-current assets         |                    | (584)              |
| Reversal of impairment loss on intangible assets      |                    | (2)                |
| Gains on foreign currency translation                 | (9,385)            | (5,404)            |
| Gains on foreign currency transaction                 | (6,616)            | (32,810)           |
| Gains on insurance                                    |                    | (5,375)            |
| Other profits   | (48,817)           | (95,690)           |
| Losses on disposal of property, plant and equipment   | 18,035             | 22,595             |
| Losses on disposal of intangible assets               | 5                  | 8                  |
| Losses on impairment of intangible assets             | 18                 | 18                 |
| Losses on foreign currency translation                |                    | 2,119              |
| Losses on foreign currency transaction                | 32,023             | 40,942             |
| Other losses  | 6,196              | 17,600             |
| <b>Operating loss after adoption of the amendment</b> | <b>(2,060,302)</b> | <b>(2,302,076)</b> |

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

**(6) Impact of change in accounting policy, continued**

(ii) Reclassification of other comprehensive income

The Group early adopted K-IFRS No. 1001 Presentation of financial statement , which requires items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The Group applied this change in accounting policies retrospectively, and accordingly restated the comparative information of the consolidated statement of comprehensive income for the six-month period ended June 30, 2012.

(iii) Fuel cost adjustment

As of July 1, 2011, the Korean government approved a fuel cost pass-through adjustment ( FCPTA ), allowing the Group to ultimately pass-through increases in fuel costs to customers. Currently, the Korean government has issued a temporary hold-order on the Group in collecting on the pass-through of fuel cost from customers, as a means to stabilizing inflation in Korea. The Group recorded unbilled FCPTA amounts as a deduction of the relevant cost and recognized them as a related non-current non-financial asset, and restated the consolidated statements of comprehensive loss for the three-month and six-month periods ended June 30, 2012 to improve comparability. The impact of the restatement was a decrease in sales and cost of sales by 1,050,203 million.

(iv) Revenue related to transfer of assets from customers

As noted above, the amendments to K-IFRS No. 1001 Presentation of financial statements requires operating profit (loss) to be calculated by revenue less: 1) cost of goods sold, and 2) selling, general and administrative expenses. However, according to accounting guidelines for public enterprises and quasi-government agencies prepared and distributed by the Ministry of Strategy and Finance in November 2012, the revenue related to the transfer of assets from customers was classified as other income. However, since it is not included in the items to be excluded from operating income per the amendments to K-IFRS No. 1001, it has been reclassified to sales in the accompanying consolidated statements of comprehensive loss. The financial statements for the three-month and six-month periods ended June 30, 2012 have been restated to improve comparability. The impact of the restatement was an increase in sales to 147,631 million and a decrease in other income by 147,631 million, for the six-month period ended June 30, 2012.

The Group applied these changes in accounting policies retrospectively, and accordingly restated the comparative information of the consolidated statement of comprehensive income for the six-month periods ended June 30, 2012. The impact of reclassification of FCPTA and customer's donation is as below:

| <i>In millions of won</i> | <b>Before</b>                   |                               | <b>After</b>                    |                               | <b>Difference</b>               |                               |
|---------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                           | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Sales                     | 10,612,260                      | 23,915,290                    | 10,072,225                      | 23,012,718                    | (540,035)                       | (902,572)                     |
| Cost of sales             | 12,296,239                      | 25,514,085                    | 11,682,761                      | 24,463,882                    | 613,478                         | 1,050,203                     |
| Other income              | 176,715                         | 352,073                       | 103,272                         | 204,442                       | (73,443)                        | (147,631)                     |

**(7) New standards and interpretations not yet adopted**

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group for annual period beginning after January 1, 2013, and the Group has not early adopted them.

*Amendments to K-IFRS No.1032 Financial Instruments: Disclosures*

The amendments to K-IFRS No.1032 will require changes to the presentation of offsetting financial assets and financial liabilities. The amendments to K-IFRS No.1032 are effective for annual periods beginning on or after January 1, 2014. The Group is in the process of evaluating the impact on the consolidated financial statements upon the adoption of amendments.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies**

**(1) Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Group and entities (including special purpose entities) controlled by the Group (or its subsidiary). The Group applied control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of de facto circumstances.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used the Group.

Transactions between the Company and its subsidiaries are eliminated during the consolidation and will not be shown in notes.

Changes in the Group's ownership interests in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the income or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to income or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS No.1039 Financial Instruments : Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.



**(2) Business combinations**

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in income or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012, *Income Taxes* and K-IFRS 1019, *Employee Benefits* respectively;

Assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105, *Non-current Assets Held for Sale* are measured in accordance with that standard.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(2) Business combinations, continued**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in income or loss as a bargain purchase gain.

Non-controlling interest that is present on acquisition day and if it entitles the holder to a proportionate share of the entity's net assets in an event of a liquidation, the non-controlling interest may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement can be elected on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in K-IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with K-IFRS No.1039, Financial Instruments: Recognition and Measurement, or with K-IFRS No.1037, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in income or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or

loss, if any, is recognized in income or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to income or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

### **(3) Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. If the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS No.1105 Non-current Assets Held for Sale , any retained portion of an investment in associates that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(3) Investments in associates, continued**

After the disposal takes place, the Group shall account for any retained interest in associates in accordance with K-IFRS No.1039 Financial Instruments: Recognition and Measurement unless the retained interest continues to be an associates, in which case the entity uses the equity method.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the income or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in income or loss. The requirements of K-IFRS No.1039, Financial Instruments: Recognition and Measurement, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS No.1036 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS No.1036 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS No.1036. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to income or loss on the disposal of the related assets or

liabilities, the Group reclassifies the gain or loss from equity to income or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a Group entity transacts with its associate, incomes and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

**(4) Joint arrangements**

A Joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are classified into two types: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

If the Group is a joint operator, the Group is to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. If the Group is joint ventures, the Group is to account for that investment using the equity method accounting (see note 3 (3)), except when the Group is applicable to the K-IFRS No.1105 Non-current Assets Held for Sale.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(5) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

**(6) Revenue**

Revenue from the sale of goods, rendering of services or use of the Group assets is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, and are recognized as a reduction of revenue. Revenue is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

**(i) Sales of Goods**

The Korean government approves the rates the Group charges to the customers, for the Group's power transmission and distribution division. The Group's utility rates are designed to recover the Group's reasonable costs plus a fair investment return. The Group's power generation rates are determined in the market.

The Group recognizes electricity sales revenue based on power sold (transferred to the customer) up to the reporting date. To determine the amount of power sold, the Group estimates daily power volumes for residential, commercial, general, etc electricity. The differences between the current month's estimated amount and actual (meter-read) amount, is adjusted for (trued-up) during the next month period.

(ii) Sales of Service

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed or services performed to date as a percentage of total services to be performed or the proportion that costs incurred to date bear to the estimated total costs of the transaction or other methods that measures reliably the services performed. Refer to note 2 (4) below for Construction contract related revenue recognition.

(iii) Dividend income and interest income

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income is recognized as it accrues in profit or loss, using the effective interest method. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Rental income

The Group's policy for recognition of revenue from operating leases is described in note 3 (8) below.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(6) Revenue, continued**

(v) Deferral of revenue Transfer of assets from customers

The Group recovers a substantial amount of the cost related to its electric power distribution facilities from customers through transfer of assets, while the remaining portion is recovered through electricity sales from such customers in the future. As such, the Group believes there exists a continued service obligation to the customers in accordance with K-IFRS 2118, Transfer of assets from customers when the Group receives an item of property, equipment, or cash for constructing or acquiring an item of property or equipment, in exchange for supplying electricity to customers. The Group defers the amounts received, which are then recognized as revenue over the transferred asset's useful life.

**(7) Construction service revenue**

The Group provides services related to the construction of power plants of facilities of its customers, mostly in foreign countries.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized based on the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred when it is probable the revenue will be realized. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized income less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized income less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position as accounts and other receivables.





**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(8) Leases**

The Group classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

(i) The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(ii) The Group as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in income or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which

they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(9) Foreign currencies**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to income or loss on disposal or partial disposal of the net investment.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(9) Foreign currencies, continued**

For the purpose of presenting financial statements, the assets and liabilities of the Group's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal.

**(10) Borrowing costs**

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in income or loss in the period in which they are incurred.

**(11) Government grants**

Government grants are not recognized unless there is reasonable assurance that the Group will comply with the grant's conditions and that the grant will be received.

Benefit from a government loan at a below-market interest rate is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(i) If the Group received grants related to assets

Government grants whose primary condition is that the Group purchase, construct or otherwise acquire long-term assets are deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(ii) If the Group received grants related to income

Government grants which are intended to compensate the Group for expenses incurred are recognized as other income (government grants) in profit or loss over the periods in which the Group recognizes the related costs as expenses.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(12) Employee benefits**

(i) Retirement benefits: defined contribution plans

When an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid.

(ii) Retirement benefits: defined benefit plans

For defined benefit pension plans and other post-employment benefits, the net periodic pension expense is actuarially determined by Pension Actuarial system developed by independent actuaries using the projected unit credit method.

The asset or liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized immediately in retained earnings and included in the statement of comprehensive income.

For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actual results will differ from results which are estimated based on assumptions. Past service cost is recognized as an expense at the earlier of the following dates: (a) when the plan amendment or curtailment occurs; (b) when the company recognizes related restructuring costs or termination benefits.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.



**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(13) Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

(ii) Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. However, deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable income.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets or deferred tax liabilities on investment properties measured at fair value, unless any contrary evidence exists, are measured using the assumption that the carrying amount of the property will be recovered entirely through sale.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes a deferred tax asset for all deductible temporary differences arising from



investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(13) Income taxes, continued**

(iii) Current and deferred tax for the year

Current and deferred tax are recognized in income or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**(14) Property, plant and equipment**

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. For loaded nuclear fuel related to long-term raw materials and spent nuclear fuels related to asset retirement costs, the Group uses the production method to measure and recognizes as expense the economic benefits of the assets.

The estimated useful lives of the Group's property, plant and equipment are as follows:

**Useful lives (years)**

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|                        |            |
|------------------------|------------|
| Buildings              | 8 ~ 40     |
| Structures             | 8 ~ 50     |
| Machinery              | 6 ~ 32     |
| Vehicles               | 4          |
| Loaded heavy water     | 30         |
| Asset retirement costs | 18, 30, 40 |
| Finance lease assets   | 20         |
| Ships                  | 9          |
| Others                 | 4 ~ 9      |

A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate.

Property, plant and equipment are derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of a property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in income or loss when the asset is derecognized.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(15) Investment property**

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is initially measured at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Investment property except for land, are depreciated on a straight-line basis over 8 ~ 40 years as estimated useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income or loss in the period in which the property is derecognized.

**(16) Intangible assets**

**(i) Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

the technical feasibility of completing the intangible asset so that it will be available for use or sale;

the intention to complete the intangible asset and use or sell it;

the ability to use or sell the intangible asset;

how the intangible asset will generate probable future economic benefits;

the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. When the development expenditure does not meet the criteria listed above, an internally-generated intangible asset cannot be recognized and the expenditure is recognized in income or loss in the period in which it is incurred.

Internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued****(16) Intangible assets, continued**

The estimated useful lives and amortization methods of the Group's intangible assets with indefinite useful lives are as follows:

|                                 | Useful lives (years) | Amortization methods |
|---------------------------------|----------------------|----------------------|
| Usage rights for donated assets | 4 ~ 30               | Straight             |
| Software                        | 4, 5                 | Straight             |
| Industrial rights               | 5, 10                | Straight             |
| Development expenses            | 5                    | Straight             |
| Dam usage right                 | 50                   | Straight             |
| Mining right                    |                      | Unit of production   |
| Others                          | 4 ~ 20, 50           | Straight             |

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

## (iii) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## (iv) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in income or loss when the asset is derecognized.

**(17) Impairment of non-financial assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with definite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(17) Impairment of non-financial assets, continued**

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in income or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(18) Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost of inventories, except for those in transit, are measured under the weighted average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

**(19) Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(i) Provision for Polychlorinated Biphenyls ( PCB )

Under the regulation of Persistent Organic Pollutants Management Act, enacted in 2007, the Group is required to remove polychlorinated biphenyls (PCBs), a toxin, from the insulating oil of its transformers by 2025. As a result of the enactments, the Group is required to inspect the PCBs contents of transformers and dispose of PCBs in excess of safety standards under the legally settled procedures. The Group's estimates and assumptions used to determine fair value can be affected by many factors, such as the estimated costs of inspection and disposal, inflation rate, discount rate, regulations and the general economy.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(19) Provisions, continued**

(ii) Provision for decommissioning costs of nuclear power plants

The Group records the fair value of estimated decommissioning costs as a liability in the period in which the Group incurs a legal obligation associated with retirement of long-lived assets that result from acquisition, construction, development and/or normal use of the assets. Accretion expense consists of period-to-period changes in the liability for decommissioning costs resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

(iii) Provision for disposal of spent nuclear fuel

Under the Radioactive Waste Management Act, the Group is levied to pay the spent nuclear fuel fund for the management of spent nuclear fuel. The Group recognizes the provision of present value of the payments.

(iv) Provision for low and intermediate radioactive wastes

Under the Radioactive Waste Management Act, the Group recognizes the provision for the disposal of low and intermediate radioactive wastes in best estimate of the expenditure required to settle the present obligation.

(v) Provisions for power plant regional support program

In accordance with regulations on nuclear and hydro-electric power plants' social responsibility to support the surrounding communities of the power plants sites; KHNP, the Group's nuclear generation subsidiary, accrues 0.25won per KWH of KHNP's generation volume as a provision for power plant regional support program. Power plant regional support programs consist of scholarship programs to local students, local economy support programs, local culture support programs, environment development programs, and local welfare programs.

**(20) Non-derivative financial assets**

The Group recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group recognizes financial assets in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset's acquisition or issuance.

A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

(i) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as financial assets at fair value through profit or loss.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) Non-derivative financial assets, continued**

(ii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is classified as financial assets are classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. A financial assets its acquired principally for the purpose of selling it in the near term are classified as a short-term financial assets held for trading and also all the derivatives including an embedded derivate that is not designated and effective as a hedging instrument are classified at the short-term trading financial asset as well. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

A financial asset is classified as held for trading if:

It has been acquired principally for the purpose of selling it in the near term; or

On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short term profit taking; or

It is derivative, including an embedded derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at financial assets at fair value through profit or loss upon initial recognition if:

Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

The financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or

It forms a part of a contract containing one or more embedded derivatives, and with K-IFRS No. 1039, Financial Instruments; Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in income or loss. The net gain or loss recognized in income or loss incorporates any dividend or interest earned on the financial asset and is included in the finance income and finance expenses line item in the consolidated statement of comprehensive income.

(iii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Group has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) Non-derivative financial assets, continued**

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the valuation reserve. However, impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets are recognized in income or loss. Unquoted equity investments which are not traded in an active market, whose fair value cannot be measured reliably are carried at cost.

When a financial asset is derecognized or impairment losses are recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Dividends on an available-for-sale equity instrument are recognized in profit or loss when the Group's right to receive payment is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in income or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

(v) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method except for loans and receivables of which the effect of discounting is immaterial.

(vi) Impairment of financial assets

Financial assets, other than those at financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available-for-sale financial asset, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment in addition to the criteria mentioned below.

For all other financial assets, objective evidence of impairment could include:

Significant financial difficulty of the issuer or counterparty; or

Breach of contract, such as a default or delinquency in interest or principal payments, or

It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and, as well as observable changes in national or local economic conditions that correlate with default on receivables.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) Non-derivative financial assets, continued**

For financial assets recorded at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in income or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to income or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in income or loss are not reversed through income or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through income or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(vii) De-recognition of financial assets



The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in income or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in income or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) Non-derivative financial liabilities and equity instruments issued by the Group**

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in income or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(iii) Financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the issue of financial liabilities are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(iv) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at financial liabilities at fair value through profit or loss when the financial liability is either held for trading or it is designated as financial liabilities at fair value through profit or loss.

A financial liability is classified as held for trading if:

it has been acquired principally for the purpose of repurchasing it in the near term; or

on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or

it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in income or loss. The net gain or loss recognized in income or loss incorporates any interest paid on the financial liability and is included in finance income and finance expenses.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) Non-derivative financial liabilities and equity instruments issued by the Group, continued**

(v) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(vi) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: (a) the amount of the obligation under the contract, as determined in accordance with K-IFRS No. 1037, Provisions, Contingent Liabilities and Contingent Assets; or (b) the amount initially recognized less, cumulative amortization recognized in accordance with K-IFRS No. 1018, Revenue.

(vii) De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in income or loss.

**(22) Derivative financial instruments, including hedge accounting**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps and others.

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value.

The resulting gain or loss is recognized in income or loss immediately unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in income or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(i) Separable embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and when the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative is part of, is more than 12 months and it is not expected to be realized or settled within 12 months. All other embedded derivatives are presented as current assets or current liabilities.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(22) Derivative financial instruments, including hedge accounting, continued**

(ii) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(iii) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in income or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk relating to the hedged items are recognized in the consolidated statements of comprehensive income.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized as income or loss as of that date.

(iv) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of reverse for gains (loss) on valuation of derivatives. The gain or loss relating to the ineffective portion is recognized immediately in income or loss, and is included in the finance income and expense .

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to income or loss in the periods when the hedged item is recognized in income or loss, in the same line of the consolidated statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in income or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in income or loss.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**4. Segment Information****(1) Assets, liabilities, revenue and expenses**

The Group's segments are classified at the business unit level, at which the Group generates separately identifiable revenue and costs, and the related information is reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The Group's reporting segments, in accordance with K-IFRS No. 1108, are Electric power generation (Nuclear), Electric power generation (Non-nuclear), Transmission and distribution, and Others; others mainly represents the business unit that manages the Group's foreign operations.

Transactions that occur between each segment are based on arms-length transactions priced at market prices that would be applicable to an independent third-party. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

**(2) Sales, income and profit (loss) of the segments for the three and six-month periods ended June 30, 2013 and 2012 are as follows:**

f won

|                          |                        | June 30, 2013            |                        |                                 |                        |                          |                        |                          |         |
|--------------------------|------------------------|--------------------------|------------------------|---------------------------------|------------------------|--------------------------|------------------------|--------------------------|---------|
| Total segment revenue    |                        | Intersegment revenue     |                        | Revenue from external customers |                        | Operating income (loss)  |                        | Depreciat                |         |
| Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended        | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended |         |
| er                       | 1,766,337              | 3,778,054                | 1,766,337              | 3,749,941                       |                        | 28,113                   | 147,703                | 701,635                  | 686,693 |
| er                       | 6,933,283              | 14,563,991               | 6,862,717              | 14,336,749                      | 70,566                 | 227,242                  | 259,892                | 853,309                  | 473,141 |
| 1                        | 11,700,705             | 25,333,679               | 272,139                | 479,509                         | 11,428,566             | 24,854,170               | (1,570,842)            | (2,049,783)              | 658,816 |



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|             |              |             |              |            |            |             |           |           |
|-------------|--------------|-------------|--------------|------------|------------|-------------|-----------|-----------|
| 726,644     | 1,309,416    | 549,512     | 943,579      | 177,132    | 365,837    | 105,440     | 172,167   | 21,198    |
| (9,450,705) | (19,509,778) | (9,450,705) | (19,509,778) |            |            | (36,340)    | (113,706) | (7,796)   |
| 11,676,264  | 25,475,362   |             |              | 11,676,264 | 25,475,362 | (1,094,147) | (436,378) | 1,832,052 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**4. Segment Information, Continued**

(2) Sales, income and profit (loss) of the segments for the three and six-month periods ended June 30, 2013 and 2012 are as follows, continued:

f won

|    | Total segment revenue    |                        | Intersegment revenue     |                        | Revenue from external customers |                        | Operating income (loss)  |                        | Depreciat<br>amortiz     |
|----|--------------------------|------------------------|--------------------------|------------------------|---------------------------------|------------------------|--------------------------|------------------------|--------------------------|
|    | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended        | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended |
| er | 1,720,170                | 3,656,726              | 1,715,542                | 3,649,328              | 4,628                           | 7,398                  | 367,767                  | 850,167                | 579,288                  |
| er | 6,950,429                | 15,833,668             | 6,900,891                | 15,650,810             | 49,538                          | 182,858                | (66,897)                 | 1,261,712              | 473,272                  |
| n  | 10,095,719               | 22,991,806             | 264,054                  | 512,137                | 9,831,665                       | 22,479,669             | (2,418,269)              | (4,547,406)            | 655,291                  |
|    | 675,550                  | 1,255,538              | 489,156                  | 912,745                | 186,394                         | 342,793                | 110,164                  | 217,851                | 19,587                   |
| n  | (9,369,643)              | (20,725,020)           | (9,369,643)              | (20,725,020)           |                                 |                        | (53,067)                 | (84,400)               | (5,201)                  |
|    | 10,072,225               | 23,012,718             |                          |                        | 10,072,225                      | 23,012,718             | (2,060,302)              | (2,302,076)            | 1,722,237                |

(\*) Revenue and operating loss has been restated, see note 2(6).



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**4. Segment Information, Continued****(3) Total assets and liabilities of the segments as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

| Segment                                 | June 30, 2013  |  |                                   |                     |
|---|----------------|--|-----------------------------------|---------------------|
|   | Segment assets | Investments in associates and joint ventures | Acquisition of non-current assets | Segment liabilities |
| Electric power generation (Nuclear)     | 46,272,099     |  | 1,432,598                         | 25,710,255          |
| Electric power generation (Non-nuclear) | 34,446,704     | 1,087,714                                    | 3,292,418                         | 17,734,945          |
| Transmission and distribution           | 96,732,558     | 3,984,115                                    | 2,915,485                         | 56,854,694          |
| Others                                  | 8,673,288      | 47,883                                       | 395,548                           | 3,254,317           |
| Consolidation adjustments               | (33,984,260)   |  | 2,912                             | (1,357,010)         |
|   | 152,140,389    | 5,119,712                                    | 8,038,961                         | 102,197,201         |

*In millions of won*

| Segment                                 | December 31, 2012 |  |                                   |                     |
|---|-------------------|--|-----------------------------------|---------------------|
|   | Segment assets    | Investments in associates and joint ventures | Acquisition of non-current assets | Segment liabilities |
| Electric power generation (Nuclear)     | 45,061,851        |  | 2,928,345                         | 24,638,944          |
| Electric power generation (Non-nuclear) | 31,214,058        | 986,343                                      | 3,735,111                         | 14,640,938          |

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|                               |              |           |            |             |
|-------------------------------|--------------|-----------|------------|-------------|
| Transmission and distribution | 96,234,698   | 3,865,492 | 4,368,190  | 54,963,618  |
| Others                        | 7,655,810    | 39,098    | 718,966    | 2,637,369   |
| Consolidation adjustments     | (34,013,597) |           | (236,063)  | (1,792,251) |
|                               | 146,152,820  | 4,890,933 | 11,514,549 | 95,088,618  |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**4. Segment Information, Continued****(4) Geographic information**

The Group is engaged in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. Geographical information on revenue from external customers for the three and six-month periods ended June 30, 2013 and 2012 and non-current assets as of June 30, 2013 and December 31, 2012 are as follows:

*In millions of won*

| Geographical unit | Revenue from external customers |                              |                                |                              | Non-current assets (*2) |                      |
|-------------------|---------------------------------|------------------------------|--------------------------------|------------------------------|-------------------------|----------------------|
|                   | June 30, 2013                   |                              | June 30, 2012                  |                              | June 30,<br>2013        | December 31,<br>2012 |
|                   | Three-month<br>period<br>ended  | Six-month<br>period<br>ended | Three-month<br>period<br>ended | Six-month<br>period<br>ended |                         |                      |
| Domestic          | 11,064,912                      | 24,394,080                   | 9,620,702                      | 21,987,002                   | 129,475,459             | 124,433,063          |
| Overseas (*1)     | 611,352                         | 1,081,282                    | 451,523                        | 1,025,716                    | 4,929,248               | 4,448,484            |
|                   | 11,676,264                      | 25,475,362                   | 10,072,225                     | 23,012,718                   | 134,404,707             | 128,881,547          |

(\*1) Middle East and Asia make up the majority of overseas revenue and non-current assets.

(\*2) Amount excludes financial assets and deferred tax assets.

**(5) Information on key clients**

There is no individual client comprising more than 10% of the Group's revenue for the six-month periods ended June 30, 2013 and 2012.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**5. Classification of Financial Instruments****(1) Classification of financial assets as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

|                                     | <b>June 30, 2013</b>   |                                  |   |  |   | <b>Total</b> |
|-------------------------------------|--|----------------------------------|---|--|---|--------------|
|                                     | <b>Financial<br/>assets<br/>at fair<br/>value through<br/>profit<br/>or loss</b> | <b>Loans and<br/>receivables</b> | <b>Available-<br/>for-sale<br/>financial<br/>assets</b> | <b>Held-to-<br/>maturity<br/>investments</b> | <b>Derivative<br/>assets<br/>(using<br/>hedge<br/>accounting)</b> |              |
| <b>Current assets:</b>              |  |                                  |   |  |   |              |
| Cash and cash equivalents           |  | 2,320,168                        |   |  |   | 2,320,168    |
| <b>Current financial assets</b>     |  |                                  |   |  |   |              |
| Held-to-maturity investments        |  |                                  |   | 220  |   | 220          |
| Derivative assets                   | 19,114   |                                  |   |  |   | 19,114       |
| Other financial assets              |  | 602,539                          |   |  |   | 602,539      |
| Trade and other receivables         |  | 5,791,152                        |   |  |   | 5,791,152    |
|                                     | 19,114   | 8,713,859                        |   | 220  |   | 8,733,193    |
| <b>Non-current assets:</b>          |  |                                  |   |  |   |              |
| <b>Non-current financial assets</b> |  |                                  |   |  |   |              |
| Available-for-sale financial assets |  |                                  | 1,261,856   |  |   | 1,261,856    |
| Held-to-maturity investments        |  |                                  |   | 1,893  |   | 1,893        |
| Derivative assets                   | 66,719   |                                  |   |  | 182,517   | 249,236      |
| Other financial assets              |  | 676,869                          |   |  |   | 676,869      |
| Trade and other receivables         |  | 1,470,152                        |   |  |   | 1,470,152    |
|                                     | 66,719   | 2,147,021                        | 1,261,856   | 1,893  | 182,517   | 3,660,006    |
|                                     | 85,833   | 10,860,880                       | 1,261,856   | 2,113  | 182,517   | 12,393,199   |





**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(1) Classification of financial assets as of June 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

|                                     | Financial<br>assets<br>at fair<br>value through<br>profit<br>or loss |            | December 31, 2012        |   |                                     | Total      |
|-------------------------------------|--|------------|--------------------------|---|-------------------------------------|------------|
|                                     |  |            | Loans and<br>receivables | Available-<br>for-sale<br>financial<br>assets | Held-to-<br>maturity<br>investments |            |
| <b>Current assets:</b>              |  |            |                          |   |                                     |            |
| Cash and cash equivalents           |  | 1,954,949  |                          |   |                                     | 1,954,949  |
| <b>Current financial assets</b>     |  |            |                          |   |                                     |            |
| Held-to-maturity investments        |  |            |                          | 196   |                                     | 196        |
| Derivative assets                   | 52,061   |            |                          |   | 63,945                              | 116,006    |
| Other financial assets              |  | 540,015    |                          |   |                                     | 540,015    |
| Trade and other receivables         |  | 7,184,625  |                          |   |                                     | 7,184,625  |
|                                     | 52,061   | 9,679,589  |                          | 196   | 63,945                              | 9,795,791  |
| <b>Non-current assets:</b>          |  |            |                          |   |                                     |            |
| Non- current financial assets       |  |            |                          |   |                                     |            |
| Available-for-sale financial assets |  |            | 1,141,194                |   |                                     | 1,141,194  |
| Held-to-maturity investments        |  |            |                          | 2,020   |                                     | 2,020      |
| Derivative assets                   | 3,830  |            |                          |   | 123,866                             | 127,696    |
| Other financial assets              |  | 602,766    |                          |   |                                     | 602,766    |
| Trade and other receivables         |  | 1,254,330  |                          |   |                                     | 1,254,330  |
|                                     | 3,830  | 1,857,096  | 1,141,194                | 2,020   | 123,866                             | 3,128,006  |
|                                     | 55,891   | 11,536,685 | 1,141,194                | 2,216   | 187,811                             | 12,923,797 |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(2) Classification of financial liabilities as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won***June 30, 2013**

|                                 | <b>Financial liabilities at<br/>fair<br/>value<br/>through<br/>profit or<br/>loss</b> | <b>Financial liabilities<br/>recognized at<br/>amortized cost</b> | <b>Derivative liabilities<br/>(using hedge<br/>accounting)</b> | <b>Total</b> |
|---------------------------------|---|---|--|--------------|
| <b>Current liabilities:</b>     |   |   |  |              |
| Borrowings                      |   | 3,847,358   |  | 3,847,358    |
| Debt securities                 |   | 5,979,846   |  | 5,979,846    |
| Derivative liabilities          | 97,968  |   | 3,266  | 101,234      |
| Trade and other payables        |   | 6,638,760   |  | 6,638,760    |
|                                 | 97,968  | 16,465,964  | 3,266  | 16,567,198   |
| <b>Non-current liabilities:</b> |   |   |  |              |
| Borrowings                      |   | 5,018,652   |  | 5,018,652    |
| Debt securities                 |   | 44,219,721  |  | 44,219,721   |
| Derivative liabilities          | 72,002  |   | 116,040  | 188,042      |
| Trade and other payables        |   | 4,173,825   |  | 4,173,825    |
|                                 | 72,002  | 53,412,198  | 116,040  | 53,600,240   |
|                                 | 169,970   | 69,878,162  | 119,306  | 70,167,438   |

*In millions of won***December 31, 2012**

|  | <b>Financial liabilities<br/>at<br/>fair<br/>value</b> | <b>Financial liabilities<br/>recognized at<br/>amortized cost</b> | <b>Derivative liabilities<br/>(using hedge<br/>accounting)</b> | <b>Total</b> |
|--|--|---|--|--------------|
|--|--|---|--|--------------|

|                                 | <b>through<br/>profit or<br/>loss</b> |            |         |            |
|---------------------------------|---------------------------------------|------------|---------|------------|
| <b>Current Liabilities:</b>     |                                       |            |         |            |
| Borrowings                      |                                       | 2,215,961  |         | 2,215,961  |
| Debt securities                 |                                       | 5,478,720  |         | 5,478,720  |
| Derivative liabilities          | 46,939                                |            | 47,199  | 94,138     |
| Trade and other payables        |                                       | 6,418,464  |         | 6,418,464  |
|                                 | 46,939                                | 14,113,145 | 47,199  | 14,207,283 |
| <b>Non-current Liabilities:</b> |                                       |            |         |            |
| Borrowings                      |                                       | 4,674,935  |         | 4,674,935  |
| Debt securities                 |                                       | 40,849,793 |         | 40,849,793 |
| Derivative liabilities          | 322,199                               |            | 203,839 | 526,038    |
| Trade and other payables        |                                       | 4,173,691  |         | 4,173,691  |
|                                 | 322,199                               | 49,698,419 | 203,839 | 50,224,457 |
|                                 | 369,138                               | 63,811,564 | 251,038 | 64,431,740 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(3) Classification of comprehensive income (loss) from financial instruments for the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In millions of won*

|   |   | <b>June 30, 2013</b>            |                               | <b>June 30, 2012</b>            |                               |
|---|---|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|   |   | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Cash and cash equivalents                                     | Interest income   | 18,842                          | 40,846                        | 22,585                          | 38,019                        |
| Available-for-sale financial assets                           | Dividends income  | 423                             | 9,784                         | 16,716                          | 23,277                        |
|   | Interest income   | 283                             | 810                           |                                 |                               |
| Held-to-maturity investments                                  | Interest income   | 16                              | 31                            | 18                              | 35                            |
| Loans and receivables (Including Trade and other receivables) | Interest income   | 27,395                          | 55,511                        | 25,062                          | 50,994                        |
| Financial assets at fair value through profit or loss         | Gains on valuation of derivatives                               | 87,404                          | 130,636                       | 64,026                          | 71,652                        |
|   | Gains on transaction of derivatives                             | 5,222                           | 12,656                        | 16,007                          | 7,614                         |
|   | Gains on disposal of financial assets                           |                                 |                               |                                 | 189                           |
| Derivative assets (using hedge accounting)                    | Gains on valuation of derivatives (profit or loss)              | 13,054                          | 92,776                        | 33,022                          | 16,009                        |
|   | Gains (losses) on valuation of derivatives (equity, before tax) | (23,427)                        | (29,834)                      | (940)                           | 17,772                        |
|   | Gains on transaction of derivatives                             |                                 | 5,220                         | 74                              | 426                           |
| Financial liabilities carried at amortized cost               | Interest expense of borrowings and debt securities              | (432,537)                       | (860,872)                     | (448,378)                       | (881,137)                     |
|   | Interest expense of trade and other payables                    | (26,187)                        | (52,410)                      | (31,076)                        | (60,493)                      |
|   | Interest expense of others                                      | (141,600)                       | (282,325)                     | (95,300)                        | (194,428)                     |

|  |   |          |          |          |          |
|--|---|----------|----------|----------|----------|
| Financial liabilities at fair value through profit or loss | Gains (losses) on valuation of derivatives                  | (14,521) | 101,542  | 8,660    | (3,387)  |
|  | Gains on transaction of derivatives                         | 14,467   | 14,598   | 2,961    | 502      |
| Derivative liabilities (using hedge accounting)            | Gains (losses) on valuation of derivatives (profit or loss) | 67,638   | 117,618  | 10,183   | (3,765)  |
|  | Gains on valuation of derivatives (equity, before tax)      | (40,727) | (37,065) | (26,883) | (26,000) |
|  | Gains (losses) on transaction of derivatives                | 26,627   | 28,642   | (350)    | (3,046)  |

## 6. Restricted Deposits

Restricted deposits as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i>       |   | June 30, 2013 | December 31, 2012 |
|---------------------------------|---|---------------|-------------------|
| Cash and cash equivalents       | Escrow accounts   | 78,138        | 72,979            |
| Cash and cash equivalents       | Collateral provided for lawsuit                             | 330           | 329               |
| Long-term financial instruments | Guarantee deposits for checking account                     | 5             | 5                 |
| Long-term financial instruments | Guarantee deposits for banking accounts at oversea branches | 325           | 303               |
|                                 |   | 78,798        | 73,616            |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**7. Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---------------------------|----------------------|--------------------------|
| Cash                      | 918,581              | 734,986                  |
| Cash equivalents          | 1,402,693            | 1,249,704                |
| Government grants         | (1,106)              | (29,741)                 |
|                           | 2,320,168            | 1,954,949                |

**8. Trade and Other receivables**

(1) Trade and other receivables as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b> |  |                               | <b>Book value</b> |
|---------------------------|----------------------|--|-------------------------------|-------------------|
|                           | <b>Gross amount</b>  | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> |                   |
| <b>Current assets</b>     |                      |  |                               |                   |
| Trade receivables         | 5,470,837            | (50,648)                               | (249)                         | 5,419,940         |
| Other receivables         | 420,474              | (46,638)                               | (2,624)                       | 371,212           |
|                           | 5,891,311            | (97,286)                               | (2,873)                       | 5,791,152         |
| <b>Non-current assets</b> |                      |  |                               |                   |
| Trade receivables         | 472,560              |  | (50)                          | 472,510           |
| Other receivables         | 1,051,312            | (48,325)                               | (5,345)                       | 997,642           |
|                           | 1,523,872            | (48,325)                               | (5,395)                       | 1,470,152         |
|                           | 7,415,183            | (145,611)                              | (8,268)                       | 7,261,304         |

*In millions of won*

|                           | <b>December 31, 2012</b> |  |                                   |                       |
|---------------------------|--------------------------|--|-----------------------------------|-----------------------|
|                           | <b>Gross<br/>amount</b>  | <b>Allowance for<br/>doubtful accounts</b> | <b>Present value<br/>discount</b> | <b>Book<br/>value</b> |
| <b>Current assets</b>     |                          |  |                                   |                       |
| Trade receivables         | 6,776,526                | (47,312)                                   | (416)                             | 6,728,798             |
| Other receivables         | 504,067                  | (45,791)                                   | (2,449)                           | 455,827               |
|                           | 7,280,593                | (93,103)                                   | (2,865)                           | 7,184,625             |
| <b>Non-current assets</b> |                          |  |                                   |                       |
| Trade receivables         | 451,179                  |  | (144)                             | 451,035               |
| Other receivables         | 989,445                  | (179,287)                                  | (6,863)                           | 803,295               |
|                           | 1,440,624                | (179,287)                                  | (7,007)                           | 1,254,330             |
|                           | 8,721,217                | (272,390)                                  | (9,872)                           | 8,438,955             |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**8. Trade and Other receivables, Continued**(2) **Other receivables as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

|                           | <b>June 30, 2013</b> |  |                               |                   |
|---------------------------|----------------------|--|-------------------------------|-------------------|
|                           | <b>Gross amount</b>  | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Current assets</b>     |                      |  |                               |                   |
| Other receivables         | 158,031              | (46,638)                               |                               | 111,393           |
| Accrued income            | 92,495               |  |                               | 92,495            |
| Deposits                  | 161,694              |  | (2,624)                       | 159,070           |
| Finance lease receivables | 6,060                |  |                               | 6,060             |
| Others                    | 2,194                |  |                               | 2,194             |
|                           | 420,474              | (46,638)                               | (2,624)                       | 371,212           |
| <b>Non-current assets</b> |                      |  |                               |                   |
| Other receivables         | 92,380               | (7,573)                                |                               | 84,807            |
| Deposits                  | 214,260              |  | (5,344)                       | 208,916           |
| Finance lease receivables | 441,042              |  |                               | 441,042           |
| Others                    | 303,630              | (40,752)                               |                               | 262,878           |
|                           | 1,051,312            | (48,325)                               | (5,344)                       | 997,643           |
|                           | 1,471,786            | (94,963)                               | (7,968)                       | 1,368,855         |

*In millions of won*

|                       | <b>December 31, 2012</b> |  |                               |                   |
|-----------------------|--------------------------|--|-------------------------------|-------------------|
|                       | <b>Gross amount</b>      | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Current assets</b> |                          |  |                               |                   |
| Other receivables     | 294,989                  | (45,791)                               |                               | 249,198           |
| Accrued income        | 42,067                   |  |                               | 42,067            |

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|                           |           |           |         |           |
|---------------------------|-----------|-----------|---------|-----------|
| Deposits                  | 160,801   |           | (2,449) | 158,352   |
| Finance lease receivables | 4,134     |           |         | 4,134     |
| Others                    | 2,076     |           |         | 2,076     |
|                           | 504,067   | (45,791)  | (2,449) | 455,827   |
| <b>Non-current assets</b> |           |           |         |           |
| Other receivables         | 57,386    | (1,684)   |         | 55,702    |
| Deposits                  | 224,112   |           | (6,863) | 217,249   |
| Finance lease receivables | 389,326   |           |         | 389,326   |
| Others                    | 318,621   | (177,603) |         | 141,018   |
|                           | 989,445   | (179,287) | (6,863) | 803,295   |
|                           | 1,493,512 | (225,078) | (9,312) | 1,259,122 |

Trade and other receivables are classified as loans and receivables, and are measured using the effective interest method. No interest is accrued for trade receivables for the duration between the billing date and the payment due dates. But once trade receivables are overdue, the Group imposes a 2.0% interest rate on the overdue trade receivables. The Group holds deposits of three-months expected electricity rate for customers requesting temporary usage and customers with past defaulted payment.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**8. Trade and Other receivables, Continued****(3) Aging analysis of trade receivables as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>                      | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|--|----------------------|--------------------------|
| Trade receivables: (not overdue, not impaired) | 5,804,175            | 7,125,836                |
| Less than 60 days                              | 12                   | 4                        |
| 60 ~ 90 days                                   | 37,093               | 33,124                   |
| 90 ~ 120 days                                  | 15,111               | 9,853                    |
| 120 days ~ 1 year                              | 58,178               | 25,621                   |
| Over 1 year                                    | 28,828               | 33,267                   |
| Trade receivables: (impairment reviewed)       | 139,222              | 101,869                  |
|  | 5,943,397            | 7,227,705                |
| Less allowance for doubtful accounts           | (50,648)             | (47,312)                 |
| Less present value discount                    | (300)                | (560)                    |
|  | 5,892,449            | 7,179,833                |

The Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired, and provides allowances for doubtful accounts; which includes impairment for trade receivables that are individually significant and incurred but not identified as impairment for the Group of trade receivables with similar credit risk characteristics.

The Group considers receivables as overdue if the receivables are outstanding 60 days after the maturity and sets allowance based on past experience of collection.

**(4) Aging analysis of other receivables as of June 30, 2013 and December 31, 2012 are as follows:**

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| <i>In millions of won</i>                      | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|--|----------------------|--------------------------|
| Other receivables: (not overdue, not impaired) | 1,386,031            | 1,252,525                |
| Less than 60 days                              | 20,196               |                          |
| 60 ~ 90 days                                   | 17,283               | 7,430                    |
| 90 ~ 120 days                                  | 133                  | 1,870                    |
| 120 days ~ 1 year                              | 6,458                | 5,520                    |
| Over 1 year                                    | 41,685               | 226,167                  |
| Other receivables: (impairment reviewed)       | 85,755               | 240,987                  |
|  | 1,471,786            | 1,493,512                |
| Less allowance for doubtful accounts           | (94,963)             | (225,078)                |
| Less present value discount                    | (7,968)              | (9,312)                  |
|  | 1,368,855            | 1,259,122                |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**8. Trade and Other receivables, Continued**

- (5) **Changes in allowance for doubtful accounts for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b>     |                          | <b>December 31, 2012</b> |                          |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                           | <b>Trade receivables</b> | <b>Other receivables</b> | <b>Trade receivables</b> | <b>Other receivables</b> |
| <b>Beginning balance</b>  | 47,312                   | 225,078                  | 24,586                   | 203,198                  |
| Bad debt expense          | 9,857                    | 5,576                    | 37,447                   | 3,994                    |
| Write off                 | (6,521)                  | (231)                    | (14,721)                 | (3,331)                  |
| Reversal                  |                          |                          |                          | (152)                    |
| Others (*)                |                          | (135,460)                |                          | 21,369                   |
| <b>Ending balance</b>     | <b>50,648</b>            | <b>94,963</b>            | <b>47,312</b>            | <b>225,078</b>           |

- (\*) The allowance on the loan was converted to cumulative equity method loss when loan was converted to investment in associates.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**9. Available-for-sale Financial Assets**

Available-for-sale financial assets as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i>  | Ownership | June 30, 2013 |             | December 31, 2012 |             |
|--|-----------|---------------|-------------|-------------------|-------------|
|  |           | Current       | Non-current | Current           | Non-current |
| <b>Equity Securities</b>   |           |               |             |                   |             |
| <b>Listed:</b>   |           |               |             |                   |             |
| Kwanglim Co., Ltd.   | 0.44%     | 174           |             | 168               |             |
| Sungjee Construction. Co., Ltd.                                  | 0.01%     | 10            |             | 5                 |             |
| Korea District Heating Corp. (*1)                                | 19.55%    | 203,766       |             | 167,541           |             |
| Ssangyong Motor Co., Ltd.  | 0.03%     | 344           |             | 205               |             |
| LG Uplus Corporation (*1)  | 8.80%     | 458,992       |             | 299,593           |             |
| Fission Uranium Corp.  | 0.52%     | 571           |             | 533               |             |
| Denison Mines Corp.  | 12.63%    | 77,995        |             | 76,765            |             |
| Energy Fuel INC  | 9.39%     | 11,258        |             | 12,425            |             |
| PT Adaro Energy Tbk  | 1.50%     | 47,389        |             | 84,288            |             |
| Cockatoo Coal Limited (*3)                                       | 4.91%     | 1,499         |             | 6,487             |             |
| Korea Line Corporation   | 0.00%     | 3             |             |                   |             |
| Strathmore Minerals Corp.  | 11.79%    | 3,410         |             | 4,132             |             |
|  |           | 805,411       |             | 652,142           |             |
| <b>Unlisted:</b>   |           |               |             |                   |             |
| Construction Guarantee   | 0.02%     | 778           |             | 784               |             |
| Global Dynasty overseas resource development private equity firm | 7.46%     | 996           |             | 881               |             |
| Plant & Mechanical Contractors Financial Cooperative of Korea    | 0.01%     | 36            |             | 36                |             |
| Dongnam Co., Ltd.  | 0.46%     | 72            |             | 72                |             |
| Mobo Co., Ltd.   | 0.00%     | 14            |             | 14                |             |
| Fire Guarantee   | 0.02%     | 20            |             | 20                |             |
| Korea Software Financial Cooperative                             | 0.23%     | 301           |             | 301               |             |
| Woobang ENC Co., Ltd.  | 0.00%     | 22            |             | 22                |             |
| Women s venture fund   | 10.00%    | 780           |             | 780               |             |
| Engineering Financial Cooperative                                | 0.10%     | 60            |             | 60                |             |

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|  |        |       |       |
|--|--------|-------|-------|
| Intellectual Discovery, Ltd.                             | 11.17% | 5,000 | 5,000 |
| Electric Contractors Financial Cooperative               | 0.03%  | 152   | 152   |
| Korea Specialty Contractor Financial Cooperative         | 0.01%  | 417   | 417   |
| Information & Communication Financial Cooperative        | 0.01%  | 10    | 10    |
| Troika overseas resource development private equity firm | 3.75%  | 8,573 | 8,573 |
| POSTECH Venture Capital Corporation                      | 1.05%  | 240   | 240   |
| POSTECH electric power fund                              | 12.28% | 2,800 | 2,800 |
| Poonglim Industrial Co., Ltd.                            | 0.01%  | 78    |       |
| SAMBOAUTO. Co., Ltd.                                     | 0.02%  | 38    | 38    |
| Korea Bio Fuel Co., Ltd.                                 | 15.00% | 1,500 | 1,500 |
| Korea Electric Engineers Association                     | 0.26%  | 40    | 40    |
| Korea electrical manufacturers Association               | 1.05%  | 240   | 240   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**9. Available-for-sale Financial Assets, Continued**

Available-for-sale financial assets as of June 30, 2013 and December 31, 2012 are as follows, continued:

| <i>In millions of won</i>  | Ownership | December 31,  |             |
|--|-----------|---------------|-------------|
|  |           | June 30, 2013 | 2012        |
|  |           | Current       | Non-current |
| Korea investment - Korea EXIM Bank CERs private special asset Investment Trust I | 14.18%    | 6,803         | 6,803       |
| Hanwha Venture Capital Corporation   | 1.20%     | 132           | 180         |
| Hanwha electric power venture fund   | 15.20%    | 1,720         | 2,280       |
| Hwan Young Steel Co., Ltd.   | 0.14%     | 97            | 97          |
| IBK-AUCTUS green growth Private equity firm (*1)                                 | 6.29%     | 6,054         | 6,054       |
| K&C- Gyeongnam youth job Creation investment fund                                | 10.00%    | 1,340         | 1,420       |
| Areva Nc Expansion   | 13.49%    | 255,448       | 241,472     |
| Green & Sustainable Energy Investment Corp. (*2)                                 | 20.00%    | 15            | 14          |
| Kanan Hydroelectric Power Corp.(*2)  | 20.00%    | 19            | 19          |
| Set Holding  | 2.50%     | 121,526       | 169,637     |
| Siam Solar Power   | 10.00%    | 1,017         |             |
| 3i Powergen Inc.   | 15.00%    | 1,660         | 1,630       |
| Navanakorn Electric Co., Ltd. (*2)   | 29.00%    | 17,610        | 14,948      |
|  |           | 435,608       | 466,534     |
| <b>Debt securities</b>   |           |               |             |
| Ambre Energy Limited   |           | 20,831        | 22,518      |
| Government and municipal bonds   |           | 6             |             |
|  |           | 20,837        | 22,518      |
|  |           | 1,261,856     | 1,141,194   |

(\*1) The fair values of the securities of Korea District Heating Corp. and LG Uplus Corporation have declined below their respective costs for more than a year. As such, cumulative losses of 35,619 million that were previously



recognized in other comprehensive loss have been reclassified to as profit or loss for the year ended December 31, 2012. Also, as the recoverable amount of IBK-AUCTUS green growth private equity firm has declined below the respective book value in prior year ended December 31, 2012, the impairment loss on available-for-sale financial assets of 1,106 million has been recognized as profit or loss for the six-month period ended June 30, 2013.

- (\*2) Although the Group holds 20% or more of the equity shares of these investments, the Group cannot exercise significant influence.
- (\*3) For the six-month period ended June 30, 2013, the fair value of Cockatoo Coal Limited equity instrument, the listed stock, has declined below the acquisition cost significantly and the impairment loss on available-for-sale financial assets 10,673 million was recognized as profit or loss.

#### 10. Held-to-maturity Investments

Held-to-maturity investments as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i>                 | <b>June 30, 2013</b> |                    | <b>December 31, 2012</b> |                    |
|---|----------------------|--------------------|--------------------------|--------------------|
|   | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Government and municipal bonds and others | 220                  | 1,893              | 196                      | 2,020              |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives****(1) Derivatives as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>     | <b>June 30, 2013</b> |                    | <b>December 31, 2012</b> |                    |
|-------------------------------|----------------------|--------------------|--------------------------|--------------------|
|                               | <b>Current</b>       | <b>Non-Current</b> | <b>Current</b>           | <b>Non-Current</b> |
| <b>Derivative assets</b>      |                      |                    |                          |                    |
| Currency forward              | 15,355               |                    | 245                      | 40                 |
| Currency swap                 | 3,759                | 246,786            | 115,761                  | 127,652            |
| Interest rate swap            |                      | 2,450              |                          | 4                  |
|                               | 19,114               | 249,236            | 116,006                  | 127,696            |
| <b>Derivative liabilities</b> |                      |                    |                          |                    |
| Currency forward              | 3,756                | 1,026              | 10,323                   | 105                |
| Currency swap                 | 94,267               | 75,523             | 70,011                   | 389,948            |
| Interest rate swap            | 3,211                | 111,493            | 4,313                    | 135,985            |
| Other derivatives             |                      |                    | 9,491                    |                    |
|                               | 101,234              | 188,042            | 94,138                   | 526,038            |

**(2) Currency swap contracts which are not designated as hedge instruments as of June 30, 2013 are as follows:***In millions of won and thousands of U.S. dollars and hundred thousands of yen*

| <b>Counterparty</b> | <b>Contract year</b> | <b>Contract amount</b> |                | <b>Contract interest rate</b> |                    | <b>Contract exchange rate</b> |
|---------------------|----------------------|------------------------|----------------|-------------------------------|--------------------|-------------------------------|
|                     |                      | <b>Pay</b>             | <b>Receive</b> | <b>Pay (%)</b>                | <b>Receive (%)</b> |                               |
| Shinhan Bank        | 2010~2014            | 84,615                 | \$ 75,000      | 6.83                          | 5.50               | 1,128.20                      |
| RBS                 | 2010~2014            | 141,125                | 125,000        | 6.78                          | 5.50               | 1,129.00                      |
| Morgan Stanley      | 2010~2014            | 112,320                | 100,000        | 6.71                          | 5.50               | 1,123.20                      |

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|                       |           |         |           |      |                     |          |
|-----------------------|-----------|---------|-----------|------|---------------------|----------|
| HSBC                  | 2010~2014 | 112,320 | 100,000   | 6.71 | 5.50                | 1,123.20 |
| Bank of America       | 2010~2014 | 110,310 | 100,000   | 6.93 | 5.50                | 1,103.10 |
| UBS                   | 2010~2015 | 220,356 | 200,000   | 3.90 | 3.00                | 1,101.78 |
| RBS                   | 2010~2015 | 110,110 | 100,000   | 3.90 | 3.00                | 1,101.10 |
| Barclays Bank PLC     | 2010~2015 | 108,390 | 100,000   | 3.78 | 3.00                | 1,083.90 |
| Credit Suisse         | 2010~2015 | 108,390 | 100,000   | 3.22 | 3.00                | 1,083.90 |
| Morgan Stanley        | 2010~2015 | 63,006  | 60,000    | 4.06 | 3.00                | 1,050.10 |
| Goldman Sachs         | 2010~2015 | 156,643 | 140,000   | 3.92 | 3.00                | 1,118.88 |
| Deutsche Bank         | 2012~2018 | 110,412 | ¥100,000  | 6.21 | 4.19                | 11.04    |
| Morgan Stanley        | 2010~2015 | 118,800 | \$100,000 | 4.61 | 3M USD Libor + 1.64 | 1,188.00 |
| M-UFJ                 | 2010~2015 | 116,100 | 100,000   | 4.00 | 3M USD Libor + 1.00 | 1,161.00 |
| DBS                   | 2011~2014 | 56,150  | 50,000    | 4.21 | 3M USD Libor + 1.00 | 1,123.00 |
| SMBC                  | 2011~2014 | 56,150  | 50,000    | 4.21 | 3M USD Libor + 1.00 | 1,123.00 |
| Mizuho Corporate Bank | 2011~2014 | 112,800 | 100,000   | 3.86 | 3M USD Libor + 0.80 | 1,128.00 |
| DBS                   | 2011~2014 | 109,500 | 100,000   | 3.80 | 3M USD Libor + 0.85 | 1,095.00 |
| Deutsche Bank         | 2009~2014 | 126,610 | 100,000   | 5.39 | 6.25                | 1,266.10 |
| Nomura                | 2009~2014 | 126,610 | 100,000   | 5.35 | 6.25                | 1,266.10 |
| Nomura                | 2009~2014 | 126,610 | 100,000   | 5.33 | 6.25                | 1,266.10 |
| Morgan Stanley        | 2009~2014 | 126,610 | 100,000   | 5.32 | 6.25                | 1,266.10 |
| Morgan Stanley        | 2010~2014 | 126,610 | 100,000   | 5.30 | 6.25                | 1,266.10 |
| Barclays Bank PLC     | 2010~2014 | 126,610 | 100,000   | 5.29 | 6.25                | 1,266.10 |
| Citibank              | 2010~2014 | 126,610 | 100,000   | 5.27 | 6.25                | 1,266.10 |
| JP Morgan             | 2010~2014 | 126,610 | 100,000   | 4.93 | 6.25                | 1,266.10 |
| Deutsche Bank         | 2010~2014 | 126,610 | 100,000   | 4.93 | 6.25                | 1,266.10 |
| RBS                   | 2010~2014 | 126,610 | 100,000   | 4.93 | 6.25                | 1,266.10 |
| Citibank              | 2010~2015 | 116,080 | 100,000   | 3.97 | 3.13                | 1,160.80 |
| Deutsche Bank         | 2010~2015 | 116,080 | 100,000   | 3.98 | 3.13                | 1,160.80 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

(2) **Currency swap contracts which are not designated as hedge instruments as of June 30, 2013 are as follows, continued:**

*In millions of won and thousands of U.S. dollars*

| Counterparty    | Contract year | Contract amount |            | Contract interest rate |                     | Contract exchange rate |
|-----------------|---------------|-----------------|------------|------------------------|---------------------|------------------------|
|                 |               | Pay             | Receive    | Pay (%)                | Receive (%)         |                        |
| RBS             | 2010~2015     | 116,080         | \$ 100,000 | 3.97                   | 3.13                | 1,160.80               |
| HSBC            | 2010~2015     | 116,080         | 100,000    | 3.23                   | 3.13                | 1,160.80               |
| UBS             | 2010~2015     | 116,080         | 100,000    | 3.23                   | 3.13                | 1,160.80               |
| Citibank        | 2012~2022     | 112,930         | 100,000    | 2.79                   | 3.00                | 1,129.30               |
| JP Morgan       | 2012~2022     | 112,930         | 100,000    | 2.79                   | 3.00                | 1,129.30               |
| Bank of America | 2012~2022     | 112,930         | 100,000    | 2.79                   | 3.00                | 1,129.30               |
| Goldman Sachs   | 2012~2022     | 112,930         | 100,000    | 2.79                   | 3.00                | 1,129.30               |
| HSBC            | 2012~2022     | 111,770         | 100,000    | 2.89                   | 3.00                | 1,117.70               |
| Hana Bank       | 2012~2022     | 111,770         | 100,000    | 2.87                   | 3.00                | 1,117.70               |
| SC Bank         | 2012~2022     | 111,770         | 100,000    | 2.89                   | 3.00                | 1,117.70               |
| Deutsche Bank   | 2012~2022     | 55,885          | 50,000     | 2.79                   | 3.00                | 1,117.70               |
| DBS             | 2013~2018     | 108,140         | 100,000    | 2.63                   | 3M USD Libor + 0.84 | 1,081.40               |
| DBS             | 2013~2018     | 108,140         | 100,000    | 2.57                   | 3M USD Libor + 0.84 | 1,081.40               |
| DBS             | 2013~2018     | 108,140         | 100,000    | 2.57                   | 3M USD Libor + 0.84 | 1,081.40               |

(3) **Currency swap contracts which are designated as hedge instruments as of June 30, 2013 are as follows:**

*In millions of won and thousands of U.S. dollars*

| Counterparty      | Contract year | Contract amount |            | Contract interest rate |             | Contract exchange rate |
|-------------------|---------------|-----------------|------------|------------------------|-------------|------------------------|
|                   |               | Pay             | Receive    | Pay (%)                | Receive (%) |                        |
| Citibank          | 2006~2016     | 113,200         | \$ 100,000 | 1.05                   | 6.00        | 1,132.00               |
| Barclays Bank PLC | 2006~2016     | 113,200         | 100,000    | 1.05                   | 6.00        | 1,132.00               |
| Credit Suisse     | 2006~2016     | 113,200         | 100,000    | 1.05                   | 6.00        | 1,132.00               |

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|                   |           |         |         |      |                     |          |
|-------------------|-----------|---------|---------|------|---------------------|----------|
| Goldman Sachs     | 2011~2017 | 105,260 | 100,000 | 3.99 | 3.63                | 1,052.60 |
| Barclays Bank PLC | 2011~2017 | 105,260 | 100,000 | 3.99 | 3.63                | 1,052.60 |
| Citibank          | 2011~2017 | 105,260 | 100,000 | 3.99 | 3.63                | 1,052.60 |
| HSBC              | 2012~2014 | 45,264  | 40,000  | 3.25 | 3M USD Libor + 1.50 | 1,131.60 |
| Citibank          | 2012~2014 | 33,948  | 30,000  | 3.25 | 3M USD Libor + 1.50 | 1,131.60 |
| RBS               | 2012~2014 | 22,632  | 20,000  | 3.25 | 3M USD Libor + 1.50 | 1,131.60 |
| UOB               | 2012~2014 | 33,948  | 30,000  | 3.25 | 3M USD Libor + 1.50 | 1,131.60 |
| DBS               | 2012~2014 | 56,580  | 50,000  | 3.20 | 3M USD Libor + 1.50 | 1,131.60 |
| ANZ               | 2012~2014 | 22,632  | 20,000  | 3.20 | 3M USD Libor + 1.50 | 1,131.60 |
| Citibank          | 2012~2014 | 20,369  | 18,000  | 3.20 | 3M USD Libor + 1.50 | 1,131.60 |
| Credit Suisse     | 2012~2014 | 45,264  | 40,000  | 2.77 | 3M USD Libor + 1.50 | 1,131.60 |
| RBS               | 2012~2014 | 58,843  | 52,000  | 2.77 | 3M USD Libor + 1.50 | 1,131.60 |
| UBS AG            | 2006~2016 | 98,100  | 100,000 | 5.48 | 5.50                | 981.00   |
| Credit Suisse     | 2006~2016 | 98,100  | 100,000 | 5.48 | 5.50                | 981.00   |
| Barclays Bank PLC | 2006~2016 | 71,888  | 75,000  | 4.81 | 5.50                | 958.51   |
| Deutsche Bank     | 2006~2016 | 71,888  | 75,000  | 4.81 | 5.50                | 958.51   |
| Barclays Bank PLC | 2012~2017 | 142,500 | 125,000 | 3.83 | 3.13                | 1,140.00 |
| Morgan stanley    | 2012~2017 | 142,500 | 125,000 | 3.83 | 3.13                | 1,140.00 |
| RBS               | 2012~2017 | 142,500 | 125,000 | 3.83 | 3.13                | 1,140.00 |
| JP Morgan         | 2012~2017 | 142,500 | 125,000 | 3.83 | 3.13                | 1,140.00 |
| Barclays Bank PLC | 2004~2014 | 172,875 | 150,000 | 5.10 | 5.75                | 1,152.50 |
| Barclays Bank PLC | 2013~2018 | 81,188  | 75,000  | 2.65 | 1.88                | 1,082.50 |
| RBS               | 2013~2018 | 81,188  | 75,000  | 2.65 | 1.88                | 1,082.50 |
| Deutsche Bank     | 2013~2018 | 81,188  | 75,000  | 2.65 | 1.88                | 1,082.50 |
| Citibank          | 2013~2018 | 81,188  | 75,000  | 2.65 | 1.88                | 1,082.50 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

- (3) **Currency swap contracts which are designated as hedge instruments as of June 30, 2013 are as follows, continued:**

*In millions of won and thousands of U.S. dollars*

| Counterparty      | Contract year | Contract amount |           | Contract interest rate |                     | Contract exchange rate |
|-------------------|---------------|-----------------|-----------|------------------------|---------------------|------------------------|
|                   |               | Pay             | Receive   | Pay (%)                | Receive (%)         |                        |
| BTMU              | 2010~2015     | 55,900          | \$ 50,000 | 4.03                   | 3M USD Libor + 1.20 | 1,118.00               |
| RBS               | 2012~2017     | 115,140         | 100,000   | 3.38                   | 2.50                | 1,151.40               |
| BNP Paribas       | 2012~2017     | 115,140         | 100,000   | 3.38                   | 2.50                | 1,151.40               |
| Hana Bank         | 2012~2017     | 115,140         | 100,000   | 3.38                   | 2.50                | 1,151.40               |
| Barclays Bank PLC | 2012~2017     | 57,570          | 50,000    | 3.38                   | 2.50                | 1,151.40               |
| SC Bank           | 2012~2017     | 57,570          | 50,000    | 3.38                   | 2.50                | 1,151.40               |
| Nomura            | 2012~2017     | 57,570          | 50,000    | 3.38                   | 2.50                | 1,151.40               |
| Credit Agricole   | 2012~2017     | 57,570          | 50,000    | 3.38                   | 2.50                | 1,151.40               |

- (4) **Interest rate swap contracts which are not designated as hedge instruments, as of June 30, 2013 are as follows:**

*In millions of won*

| Counterparty                         | Contract year | Contract amount | Contract interest rate per annum |              |
|--------------------------------------|---------------|-----------------|----------------------------------|--------------|
|                                      |               |                 | Pay (%)                          | Receive (%)  |
| Nonghyup Bank                        | 2010~2015     | 100,000         | 4.90                             | 3M CD + 1.05 |
| Nonghyup Bank                        | 2010~2015     | 100,000         | 4.83                             | 3M CD + 0.90 |
| Nonghyup Bank                        | 2010~2015     | 50,000          | 4.77                             | 3M CD + 0.90 |
| Korea Development Bank               | 2012~2016     | 200,000         | 3.57                             | 3M CD + 0.26 |
| Nonghyup Bank                        | 2012~2016     | 100,000         | 3.49                             | 3M CD + 0.25 |
| Korea Development Bank               | 2012~2016     | 50,000          | 3.49                             | 3M CD + 0.25 |
| Hongkong-Shanghai Bank, Seoul branch | 2012~2016     | 50,000          | 3.49                             | 3M CD + 0.25 |
| SC Bank                              | 2012~2016     | 200,000         | 3.55                             | 3M CD + 0.26 |
| SC Bank                              | 2012~2017     | 160,000         | 3.57                             | 3M CD + 0.32 |

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|                     |           |         |      |              |
|---------------------|-----------|---------|------|--------------|
| Korea Exchange Bank | 2011~2014 | 100,000 | 4.08 | 3M CD + 0.03 |
| Korea Exchange Bank | 2011~2014 | 100,000 | 3.89 | 3M CD + 0.05 |
| Shinhan Bank        | 2011~2014 | 100,000 | 3.63 | 3M CD + 0.18 |
| Korea Exchange Bank | 2011~2013 | 100,000 | 3.85 | 3M CD + 0.43 |
| Korea Exchange Bank | 2011~2014 | 200,000 | 3.66 | 3M CD + 0.24 |
| Korea Exchange Bank | 2011~2013 | 100,000 | 3.53 | 3M CD + 0.14 |
| Korea Exchange Bank | 2011~2013 | 100,000 | 3.56 | 3M CD + 0.19 |
| Korea Exchange Bank | 2012~2015 | 100,000 | 3.58 | 3M CD + 0.15 |
| Korea Exchange Bank | 2012~2015 | 200,000 | 3.65 | 3M CD + 0.10 |
| Korea Exchange Bank | 2012~2015 | 100,000 | 2.86 | 3M CD + 0.05 |
| Korea Exchange Bank | 2013~2016 | 100,000 | 2.82 | 3M CD + 0.04 |
| Korea Exchange Bank | 2013~2016 | 200,000 | 2.57 | 3M CD + 0.04 |
| Korea Exchange Bank | 2013~2016 | 100,000 | 2.75 | 3M CD + 0.03 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives, Continued****(5) Interest rate swap contracts which are designated as hedge instruments, as of June 30, 2013 are as follows:***In thousands of U.S. dollars*

| Counterparty             | Contract year | Contract amount | Contract interest rate per annum |                |
|--------------------------|---------------|-----------------|----------------------------------|----------------|
|                          |               |                 | Pay (%)                          | Receive (%)    |
| BNP Paribas              | 2009~2027     | USD 110,472     | 4.16                             | 6M USD Libor   |
| KFW                      | 2009~2027     | USD 110,472     | 4.16                             | 6M USD Libor   |
| CA-CIB (Credit Agricole) | 2012~2033     | USD 107,728     | 3.98~4.10                        | 1~6M USD Libor |
| SMBC                     | 2012~2033     | USD 140,875     | 4.05~4.18                        | 1~6M USD Libor |

**(6) Currency forward contracts which are not designated as hedge instruments, as of June 30, 2013 are as follows:***In millions of won and thousands of U.S dollars*

| Counterparty        | Contract Date | Maturity date | Contract amounts |          | Contract exchange rate |
|---------------------|---------------|---------------|------------------|----------|------------------------|
|                     |               |               | Pay              | Receive  |                        |
| Korea Exchange Bank | 2013.01.15    | 2013.07.11    | 4,756            | \$ 4,563 | 1,042.40               |
| Korea Exchange Bank | 2013.01.16    | 2013.10.08    | 11,343           | 10,537   | 1,076.50               |
| Korea Exchange Bank | 2013.01.21    | 2013.10.15    | 10,700           | 9,833    | 1,088.20               |
| Credit Suisse       | 2013.02.21    | 2013.07.18    | 9,050            | 8,426    | 1,074.00               |
| Korea Exchange Bank | 2013.01.28    | 2013.07.24    | 9,966            | 9,328    | 1,068.40               |
| RBS                 | 2013.01.31    | 2013.07.26    | 11,176           | 10,441   | 1,070.40               |
| Korea Exchange Bank | 2013.02.13    | 2013.08.08    | 11,078           | 10,371   | 1,068.10               |
| Korea Exchange Bank | 2013.02.20    | 2013.08.14    | 11,000           | 10,331   | 1,064.70               |
| Korea Exchange Bank | 2013.02.20    | 2013.08.14    | 7,797            | 7,323    | 1,064.70               |
| Korea Exchange Bank | 2013.05.10    | 2013.10.02    | 7,022            | 6,475    | 1,084.50               |
| Korea Exchange Bank | 2013.05.10    | 2013.11.04    | 9,409            | 8,716    | 1,079.50               |
| Korea Exchange Bank | 2013.05.14    | 2013.09.09    | 9,911            | 9,072    | 1,092.50               |
| Korea Exchange Bank | 2013.05.15    | 2013.11.07    | 5,226            | 4,815    | 1,085.20               |



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|                         |            |                       |           |           |                   |
|-------------------------|------------|-----------------------|-----------|-----------|-------------------|
| Barclays Bank PLC       | 2013.05.20 | 2013.09.13            | 5,775     | 5,263     | 1,097.30          |
| Korea Exchange Bank     | 2013.05.20 | 2013.11.13            | 14,650    | 13,470    | 1,087.60          |
| Credit Suisse           | 2013.05.21 | 2013.10.16            | 11,324    | 10,359    | 1,093.20          |
| Credit Suisse           | 2013.06.04 | 2013.09.30            | 7,337     | 6,664     | 1,100.90          |
| Korea Exchange Bank     | 2013.06.10 | 2013.10.04            | 9,773     | 8,888     | 1,099.50          |
| Korea Exchange Bank     | 2013.06.10 | 2013.11.05            | 14,384    | 13,172    | 1,092.00          |
| Korea Exchange Bank     | 2013.06.11 | 2013.10.07            | 4,345     | 3,928     | 1,106.00          |
| Barclays Bank PLC       | 2013.06.12 | 2013.11.07            | 4,685     | 4,264     | 1,098.70          |
| Korea Exchange Bank     | 2013.06.14 | 2013.12.09            | 12,853    | 11,799    | 1,089.30          |
| Korea Exchange Bank     | 2013.06.18 | 2013.11.13            | 12,037    | 10,969    | 1,097.40          |
| Barclays Bank PLC       | 2013.06.25 | 2013.12.19            | 5,811     | 5,193     | 1,119.00          |
| RBS                     | 2013.06.25 | 2013.09.27            | 11,313    | 10,058    | 1,124.80          |
| Korea Exchange Bank     | 2013.06.25 | 2013.10.29            | 10,239    | 9,153     | 1,118.70          |
| The Bank of Nova Scotia | 2013.03.12 | 2013.09.16            | \$ 10,522 | 11,613    | 1,103.70          |
| The Bank of Nova Scotia | 2013.04.12 | 2013.10.16            | 6,271     | 7,130     | 1,136.90          |
| RBS                     | 2013.03.28 | 2013.09.30            | 50,000    | 54,856    | 1,097.11          |
| RBS                     | 2013.06.28 | 2013.08.02            | 11,460    | \$ 10,000 | 1,146.00          |
| RBS                     | 2013.06.28 | 2013.07.01            | 11,435    | 10,000    | 1,143.51          |
| Citibank                | 2013.06.27 | 2013.07.02            | 3,454     | 3,000     | 1,151.40          |
| The Bank of Nova Scotia | 2013.06.28 | 2013.07.01            | 3,427     | 3,000     | 1,142.34          |
| HSBC                    | 2013.06.05 | 2013.07.10            | 5,596     | 5,000     | 1,119.25          |
| Barclays Bank PLC       | 2013.06.05 | 2013.07.10            | 721       | 644       | 1,119.45          |
| BNP Paribas             | 2013.06.05 | 2013.07.10            | 1,027     | 915       | 1,121.90          |
| The Bank of Nova Scotia | 2013.06.28 | 2013.08.01            | 5,726     | 5,000     | 1,145.10          |
| The Bank of Nova Scotia | 2013.06.28 | 2013.08.01            | 5,731     | 5,000     | 1,146.10          |
| SC Bank                 | 2011.08.08 | 2013.07.29~2015.12.28 | \$ 24,569 | 27,029    | 1,093.10~1,103.20 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

- (7) Gains and losses on valuation and transaction of derivatives for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

|             | Net income effects of valuation gains (losses) |                        |                          |                        | Net income effects of transaction gains (losses) |                        |                          |                        | Accumulated other comprehensive income (*1) |                        |                          |
|-------------|--|------------------------|--------------------------|------------------------|--|------------------------|--------------------------|------------------------|---|------------------------|--------------------------|
|             | June 30, 2013                                  |                        | June 30, 2012            |                        | June 30, 2013                                    |                        | June 30, 2012            |                        | June 30, 2013                               |                        | June 30,                 |
|             | Three-month period ended                       | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended                         | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended                    | Six-month period ended | Three-month period ended |
| forward     | 10,354   | 10,559                 | (2,834)                  | (955)                  | 55   | 7,122                  | 6,778                    | (1,376)                | (27,810)                                    | (23,806)               |                          |
| swap        | 129,997  | 422,126                | 130,419                  | 81,872                 | 62,382   | 66,994                 | 5,852                    | (40)                   | (45,416)                                    | (52,161)               | 7,361                    |
| rate swap   | 13,224   | 9,887                  | (9,729)                  | (489)                  | 218  | (2,964)                | (1,525)                  | (3,782)                | 9,072                                       | 9,068                  | (35,184)                 |
| derivatives |  |                        | (1,965)                  | 81                     | (16,339)   | (10,036)               | 7,587                    | 10,694                 |   |                        |                          |
|             | 153,575  | 442,572                | 115,891                  | 80,509                 | 46,316   | 61,116                 | 18,692                   | 5,496                  | (64,154)                                    | (66,899)               | (27,823)                 |

(\*1) Losses on valuation of derivatives using cash flow hedge accounting 29,911 million, net of tax recognized in accumulated other comprehensive income for the six-month period ended June 30, 2013.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**12. Other financial assets**

Other financial assets as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i>                  | <b>June 30, 2013</b> |                    | <b>December 31, 2012</b> |                    |
|--|----------------------|--------------------|--------------------------|--------------------|
|  | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Loans and receivables                      | 57,072               | 737,244            | 72,888                   | 668,733            |
| Present value discount                     | (1,296)              | (61,448)           | (1,224)                  | (67,009)           |
| Long-term/Short-term financial instruments | 546,763              | 1,073              | 468,351                  | 1,042              |
|  | 602,539              | 676,869            | 540,015                  | 602,766            |

**13. Inventories**

Inventories as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b>    |                            |                   |
|---------------------------|-------------------------|----------------------------|-------------------|
|                           | <b>Acquisition cost</b> | <b>Valuation allowance</b> | <b>Book value</b> |
| Raw materials             | 2,592,314               | (65)                       | 2,592,249         |
| Merchandises              | 763                     |                            | 763               |
| Work-in-progress          | 68,202                  |                            | 68,202            |
| Finished goods            | 46,617                  |                            | 46,617            |
| Supplies                  | 614,073                 | (4,724)                    | 609,349           |
| Inventories in transit    | 707,179                 |                            | 707,179           |
| Other inventories         | 7,303                   |                            | 7,303             |
|                           | 4,036,451               | (4,789)                    | 4,031,662         |

| <i>In millions of won</i> | <b>December 31, 2012</b> |                            |                   |
|---------------------------|--------------------------|----------------------------|-------------------|
|                           | <b>Acquisition cost</b>  | <b>Valuation allowance</b> | <b>Book value</b> |

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|                        |           |         |           |
|------------------------|-----------|---------|-----------|
| Raw materials          | 2,285,822 | (65)    | 2,285,757 |
| Merchandises           | 379       |         | 379       |
| Work-in-progress       | 68,127    |         | 68,127    |
| Finished goods         | 53,640    |         | 53,640    |
| Supplies               | 523,397   | (4,496) | 518,901   |
| Inventories in transit | 506,547   |         | 506,547   |
| Other inventories      | 6,990     |         | 6,990     |
|                        | 3,444,902 | (4,561) | 3,440,341 |

There is no reversal of inventory valuation allowance for the six-month period ended June 30, 2013, whereas 5,568 million incurred for the year ended December 31, 2012. The amounts of valuation losses of inventories during the six-month period ended June, 30, 2013 and for the year ended December 31, 2012 are 913 million and 6,920 million, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**14. Finance Lease Receivables****(1) Finance lease contract**

The Group has entered into power purchase agreement ( PPA ) of providing Jordan Electric Power Company with Qatrana gas combined power plant for 25 years. In addition, the Group has constructed a manufacture facility and consigned the management of the facility to Ecollite Co., Ltd., one of associates of the Group. In connection with these contracts of consignment and borrowing, the Group has entered into a finance lease contract under which the consignee repays the principal in installment for 20 years from beginning of 2016. The Group also provides fly ashes transferring pipe conduit as a finance lease, and the average lease term is 7 years.

**(2) Finance lease receivables as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b>          |  | <b>December 31, 2012</b>      |  |
|---------------------------|-------------------------------|--|-------------------------------|--|
|                           | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> |
| Less than 1 year          | 51,684                        | 6,060  | 46,758                        | 4,134  |
| 1~5 years                 | 218,750                       | 41,096   | 192,651                       | 27,422   |
| More than 5 years         | 850,565                       | 399,946  | 783,314                       | 361,904  |
|                           | 1,120,999                     | 447,102  | 1,022,723                     | 393,460  |

**(3) There are no impaired finance lease receivables as of June 30, 2013 and December 31, 2012.****(4) There are no changes in valuation allowance for finance lease receivables for the six-month period ended June 30, 2013 and for the year ended December 31, 2012.****15. Non-Financial Assets**

**Non-financial assets as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

|                  | <b>June 30, 2013</b> |                    | <b>December 31, 2012</b> |                    |
|------------------|----------------------|--------------------|--------------------------|--------------------|
|                  | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance payment  | 226,557              | 638,412            | 146,042                  | 4,607              |
| Prepaid expenses | 243,784              | 115,618            | 230,260                  | 100,804            |
| Others           | 443,458              | 37,131             | 287,745                  | 35,027             |
|                  | 913,799              | 791,161            | 664,047                  | 140,438            |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries****(1) Investments in subsidiaries as of June 30, 2013 and December 31, 2012 are as follows:**

| Subsidiaries                                       | Key operation activities                               | Location    | Percentage of ownership (%) |                   |
|--|--|-------------|-----------------------------|-------------------|
|  |  |             | June 30, 2013               | December 31, 2012 |
| Korea Hydro & Nuclear Power Co., Ltd.              | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea South-East Power Co., Ltd.                   | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Midland Power Co., Ltd.                      | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Western Power Co., Ltd.                      | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Southern Power Co., Ltd.                     | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea East-West Power Co., Ltd.                    | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| KEPCO Engineering & Construction Company, Inc.     | Architectural engineering for utility plant and others | KOREA       | 74.86%                      | 74.86%            |
| Korea Plant Service & Engineering Co., Ltd.        | Utility plant maintenance and Others                   | KOREA       | 70.00%                      | 70.00%            |
| Korea Nuclear Fuel Co., Ltd.                       | Nuclear fuel   | KOREA       | 96.36%                      | 96.36%            |
| Korea Electric Power Data Network Co., Ltd.        | Electric Power information technology and others       | KOREA       | 100.00%                     | 100.00%           |
| Garorim Tidal Power Plant Co., Ltd. (*2)           | Power generation                                       | KOREA       | 49.00%                      | 49.00%            |
| Korea Power Engineering & Power Services Co., Ltd. | Operation and maintenance of utility plant             | KOREA       | 52.43%                      | 52.43%            |
| Dongducheon Dream Power Co., Ltd. (*2)             | Power generation                                       | KOREA       | 49.00%                      | 49.00%            |
| KEPCO International HongKong Ltd.                  | Holding company  | HONG KONG   | 100.00%                     | 100.00%           |
| KEPCO International Philippines Inc.               | Holding company  | PHILIPPINES | 100.00%                     | 100.00%           |

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|   |   |             |         |         |
|---|---|-------------|---------|---------|
| KEPCO Gansu International Ltd.                      | Holding company                             | HONG KONG   | 100.00% | 100.00% |
| KEPCO Philippines Holdings Inc.                     | Holding company                             | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Philippines Corporation                       | Utility plant rehabilitation and Operation  | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Ilijan Corporation                            | Construction and operation of utility plant | PHILIPPINES | 51.00%  | 51.00%  |
| KEPCO Lebanon SARL                                  | Operation of utility plant                  | LEBANON     | 100.00% | 100.00% |
| KEPCO Neimenggu International Ltd.                  | Holding company                             | HONG KONG   | 100.00% | 100.00% |
| KEPCO Shanxi International Ltd.                     | Holding company                             | HONG KONG   | 100.00% | 100.00% |
| KOMIPO Global Pte Ltd.                              | Holding company                             | SINGAPORE   | 100.00% | 100.00% |
| KEPCO Canada Energy Ltd.                            | Resources development                       | CANADA      | 100.00% | 100.00% |
| KEPCO Netherlands B.V.                              | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| KOREA Imouraren Uranium Investment Ltd.             | Uranium mine development                    | FRANCE      | 100.00% | 100.00% |
| KEPCO Australia Pty., Ltd.                          | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KOSEP Australia Pty., Ltd.                          | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KOMIPO Australia Pty., Ltd.                         | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KOWEPO Australia Pty., Ltd.                         | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KOSPO Australia Pty., Ltd.                          | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KEPCO Middle East Holding Company                   | Holding company                             | BAHRAIN     | 100.00% | 100.00% |
| Qatrana Electric Power Company                      | Construction and operation of utility plant | JORDAN      | 80.00%  | 80.00%  |
| KHNP Canada Energy Ltd.                             | Resources development                       | CANADA      | 100.00% | 100.00% |
| KEPCO Bylong Australia Pty., Ltd.                   | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| Korea Waterbury Uranium Limited Partnership         | Resources development                       | CANADA      | 79.64%  | 79.64%  |
| KEPCO Canada Uranium Investment Limited Partnership | Resources development                       | CANADA      | 100.00% | 100.00% |
| Sylardus Holding B.V. (*3)                          | Holding company                             | NETHERLANDS |         | 100.00% |
| Akkuyu Finance B.V. (*3)                            | Construction and operation of utility plant | NETHERLANDS |         | 100.00% |
| Akkuyu Fuel B.V. (*3)                               | Construction and operation of utility plant | NETHERLANDS |         | 100.00% |
| Akkuyu Operations B.V. (*3)                         | Construction and operation of utility plant | NETHERLANDS |         | 100.00% |



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|                                   |   |             |         |         |
|-----------------------------------|---|-------------|---------|---------|
|                                   | plant                                       |             |         |         |
| Korea Electric Power Nigeria Ltd. | Operation of utility plant                  | NIGERIA     | 100.00% | 100.00% |
| KEPCO Holdings de Mexico          | Holding company                             | MEXICO      | 100.00% | 100.00% |
| KST Electric Power Company        | Construction and operation of utility plant | MEXICO      | 56.00%  | 56.00%  |
| KEPCO Energy Service Company      | Operation of utility plant                  | MEXICO      | 100.00% | 100.00% |
| KEPCO Netherlands S3 B.V.         | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| PT. KOMIPO Pembangkitan Jawa Bali | Operation of utility plant                  | INDONESIA   | 51.00%  | 51.00%  |
| PT. Cirebon Power Service (*2)    | Operation of utility plant                  | INDONESIA   | 27.50%  | 27.50%  |
| KOWEPO International Corporation  | Operation of utility plant                  | PHILIPPINES | 99.99%  | 99.99%  |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(1) Investments in subsidiaries as of June 30, 2013 and December 31, 2012 are as follows, continued:**

| Subsidiaries                        | Key operation activities            | Location    | Percentage of ownership (%) |                   |
|-------------------------------------|-------------------------------------|-------------|-----------------------------|-------------------|
|                                     |                                     |             | June 30, 2013               | December 31, 2012 |
| KOSPO Jordan LLC                    | Operation of utility plant          | JORDAN      | 100.00%                     | 100.00%           |
| EWP Cebu Corporation                | Operation of utility plant          | PHILIPPINES | 100.00%                     | 100.00%           |
| EWP Philippine Holdings Corporation | Holding company                     | PHILIPPINES | 100.00%                     | 100.00%           |
| EWP America Inc.                    | Holding company                     | USA         | 100.00%                     | 100.00%           |
| EWP Renewable Co.                   | Holding company                     | USA         | 100.00%                     | 100.00%           |
| DG Fairhaven Power, LLC             | Power generation                    | USA         | 100.00%                     | 100.00%           |
| DG Kings Plaza Holdings, LLC        | Holding company                     | USA         | 100.00%                     | 100.00%           |
| DG Kings Plaza, LLC                 | Power generation                    | USA         | 100.00%                     | 100.00%           |
| DG Kings Plaza II, LLC              | Holding company                     | USA         | 100.00%                     | 100.00%           |
| DG Whitefield, LLC                  | Power generation                    | USA         | 100.00%                     | 100.00%           |
| Springfield Power, LLC              | Power generation                    | USA         | 100.00%                     | 100.00%           |
| KNF Canada Energy Limited           | Resources development               | CANADA      | 96.36%                      | 96.36%            |
| PT KEPCO Resource Indonesia         | Resources development               | INDONESIA   | 100.00%                     | 100.00%           |
| EWP Barbados 1 SRL                  | Holding company                     | BARBADOS    | 100.00%                     | 100.00%           |
| California Power Holdings, LLC      | Power generation                    | USA         | 100.00%                     | 100.00%           |
| Gyeonggi Green Energy Co., Ltd.     | Power generation                    | KOREA       | 62.01%                      | 49.00%            |
| PT. Tanggamus Electric Power        | Power generation                    | INDONESIA   | 60.00%                      | 60.00%            |
| Gyeongju Wind Power Co., Ltd.       | Power generation                    | KOREA       | 70.00%                      | 70.00%            |
| KOMIPO America Inc.                 | Holding company                     | USA         | 100.00%                     | 100.00%           |
| Boulder Solar Power, LLC            | Solar photovoltaic power generation | USA         | 75.00%                      | 75.00%            |
| EWPRC Biomass Holdings, LLC         | Holding company                     | USA         | 100.00%                     | 100.00%           |
| KOSEP USA, INC.                     | Power generation                    | USA         | 100.00%                     | 100.00%           |

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|   |   |             |         |         |
|---|---|-------------|---------|---------|
| Nepal Water & Energy Development Company Pty Ltd. (*1, 2) | Construction and operation of utility plant | NEPAL       | 50.00%  | 50.00%  |
| PT. EWP Indonesia   | Holding company                             | INDONESIA   | 99.90%  | 100.00% |
| KOWEPO America LLC.                                       | Solar photovoltaic power generation         | USA         | 100.00% | 100.00% |
| KEPCO Netherlands J3 B.V.                                 | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| Korea Offshore Wind Power Co., Ltd.                       | Power generation                            | KOREA       | 100.00% | 100.00% |
| EWP Barbados 2 SRL  | Holding company                             | BARBADOS    | 100.00% | 100.00% |
| Global One Pioneer B.V.                                   | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| Global Energy Pioneer B.V.                                | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| KOSEP Wind Power, LLC.                                    | Power generation                            | USA         | 100.00% | 100.00% |
| Mira Power Limited (*1)                                   | Power generation                            | PAKISTAN    | 76.00%  | 76.00%  |
| Commerce and Industry Energy Co., Ltd.                    | Power generation                            | KOREA       | 59.03%  | 29.51%  |
| KEPCO Singapore Holding Pte., Ltd.                        | Holding company                             | SINGAPORE   | 100.00% |         |
| KOWEPO India Private Limited                              | Holding company                             | INDIA       | 100.00% |         |
| KEPCO KPS Philippines Corp.                               | Utility plant maintenance and others        | PHILIPPINES | 100.00% |         |

(\*1) As of June 30, 2013, the reporting period end date of all consolidated subsidiaries is December 31, except for Nepal Water & Energy Development Company Pty Ltd. and Mira Power Limited.

(\*2) The Group owns less than 50% of the shares of the respective entities. However, these subsidiaries are included in the consolidated financial statements as the Group obtains the majority of the voting power through the shareholders agreement.

(\*3) Disposed during the six-month period ended June 30, 2013, and losses on disposal of investments in associated and joint ventures amounted to 113 million was recognized.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(2) Subsidiaries newly included in or excluded from consolidation for the six-month period ended June 30, 2013 are as follows:****(i) Subsidiaries newly included in consolidation**

| <b>Subsidiary</b>                      | <b>Reason</b>    |
|--|------------------|
| Commerce and Industry Energy Co., Ltd. | Step acquisition |
| KEPCO Singapore Holding Pte., Ltd.     | New investment   |
| KOWEPO India Private Limited           | New investment   |
| KEPCO KPS Philippines Corp.            | New investment   |

**(ii) Subsidiaries excluded from consolidation**

| <b>Subsidiary</b>      | <b>Reason</b> |
|------------------------|---------------|
| Sylardus Holding B.V.  | Liquidation   |
| Akkuyu Finance B.V.    | Liquidation   |
| Akkuyu Fuel B.V.       | Liquidation   |
| Akkuyu Operations B.V. | Liquidation   |

**(3) Summary of financial information of consolidated subsidiaries as of and for the six-month period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows:***In millions of won*

| <b>Subsidiaries</b>                   | <b>June 30, 2013</b>    |                              |              |   |
|---------------------------------------|-------------------------|------------------------------|--------------|---|
|                                       | <b>Total<br/>assets</b> | <b>Total<br/>liabilities</b> | <b>Sales</b> | <b>Profit (loss)<br/>for the period</b> |
| Korea Hydro & Nuclear Power Co., Ltd. | 46,273,820              | 25,710,671                   | 3,778,054    | 235,973                                 |

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|  |           |           |           |          |
|--|-----------|-----------|-----------|----------|
| Korea South-East Power Co., Ltd.                   | 8,070,744 | 4,342,425 | 2,281,972 | 198,348  |
| Korea Midland Power Co., Ltd.                      | 6,236,608 | 3,259,413 | 3,010,279 | 106,180  |
| Korea Western Power Co., Ltd.                      | 6,499,945 | 3,372,035 | 2,930,138 | 96,802   |
| Korea Southern Power Co., Ltd.                     | 7,031,208 | 3,601,439 | 3,656,216 | 85,783   |
| Korea East-West Power Co., Ltd.                    | 6,612,501 | 3,160,674 | 2,685,385 | 64,900   |
| KEPCO Engineering & Construction Company, Inc.     | 842,882   | 453,356   | 353,656   | 36,316   |
| Korea Plant Service & Engineering Co., Ltd.        | 875,871   | 346,586   | 537,153   | 67,573   |
| Korea Nuclear Fuel Co., Ltd.                       | 485,254   | 218,347   | 105,471   | 3,738    |
| Korea Electric Power Data Network Co., Ltd.        | 337,131   | 111,626   | 157,679   | 2,234    |
| Garorim Tidal Power Plant Co., Ltd.                | 36,686    | 1,629     |           | (873)    |
| Korea Power Engineering & Power Services Co., Ltd. | 7,516     | 1,349     | 8,110     | 1,158    |
| Dongducheon Dream Power Co., Ltd.                  | 285,718   | 692       |           | (3,204)  |
| KEPCO International HongKong Ltd.                  | 264,812   | 110       |           | 7,396    |
| KEPCO International Philippines Inc.               | 109,913   | 617       |           | (12)     |
| KEPCO Gansu International Ltd.                     | 17,100    | 530       |           | (3)      |
| KEPCO Philippines Holdings Inc.                    | 128,227   |           |           | 331      |
| KEPCO Philippines Corporation                      | 16,017    | 198       |           | 610      |
| KEPCO Ilijan Corporation                           | 744,540   | 97,822    | 70,428    | 34,637   |
| KEPCO Lebanon SARL                                 | 7,347     | 9,665     |           | (442)    |
| KEPCO Neimenggu International Ltd.                 | 196,046   |           |           | (27)     |
| KEPCO Shanxi International Ltd.                    | 530,359   | 239,083   |           | (2,237)  |
| KOMIPO Global Pte Ltd.                             | 134,397   | 52        |           | 5,665    |
| KEPCO Canada Energy Ltd.                           | 81,788    | 13,577    |           | (75)     |
| KEPCO Netherlands B.V.                             | 236,804   | 47        |           | 2,107    |
| KOREA Imouraren Uranium Investment Ltd.            | 255,457   | 146       |           | (25)     |
| KEPCO Australia Pty., Ltd.                         | 540,084   | 183,134   | 2,575     | (19,631) |
| KOSEP Australia Pty., Ltd.                         | 20,128    | 912       | 2,508     | 1,114    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the six-month period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

| Subsidiaries  | June 30, 2013 |                   |        |                              |
|---|---------------|-------------------|--------|------------------------------|
|   | Total assets  | Total liabilities | Sales  | Profit (loss) for the period |
| KOMIPO Australia Pty., Ltd.                         | 20,115        | 909               | 2,508  | 1,108                        |
| KOWEPO Australia Pty., Ltd.                         | 20,276        | 910               | 2,508  | 1,110                        |
| KOSPO Australia Pty., Ltd.                          | 20,270        | 832               | 2,508  | 1,110                        |
| KEPCO Middle East Holding Company                   | 115,237       | 109,753           |        | 2,103                        |
| Qatrana Electric Power Company                      | 557,145       | 505,032           | 11,191 | 12,938                       |
| KHNP Canada Energy Ltd.                             | 55,566        | 18                |        | (29)                         |
| KEPCO Bylong Australia Pty., Ltd.                   | 82,054        | 117               |        | (2,819)                      |
| Korea Waterbury Uranium Limited Partnership         | 22,543        | 13                |        | 134                          |
| KEPCO Canada Uranium Investment Limited Partnership | 88,915        | 15                |        | (24)                         |
| Korea Electric Power Nigeria Ltd.                   | 14            | 6                 | 145    | 7                            |
| KEPCO Holdings de Mexico                            | 14            | 9                 |        | (6)                          |
| KST Electric Power Company                          | 451,201       | 463,441           |        | (265)                        |
| KEPCO Energy Service Company                        | 590           | 304               | 1,538  | 268                          |
| KEPCO Netherlands S3 B.V.                           | 591           | 8                 |        | (24)                         |
| PT. KOMIPO Pembangkitan Jawa Bali                   | 18,781        | 7,857             | 10,879 | 5,028                        |
| PT. Cirebon Power Service                           | 1,216         | 569               | 3,411  | (21)                         |
| KOWEPO International Corporation                    | 2,118         | 35                |        |                              |
| KOSPO Jordan, LLC.                                  | 15,995        | 10,503            | 3,677  | 1,257                        |
| EWP Cebu Corporation                                | 8,742         | 515               | 220    | (832)                        |
| EWP Philippine Holdings Corporation                 | 244           | 8                 |        | (1)                          |
| EWP America Inc. (*)                                | 113,160       | 84,642            | 24,130 | (4,155)                      |
| KNF Canada Energy Limited                           | 2,453         | 13                |        | (38)                         |
| PT KEPCO Resource Indonesia                         | 1,833         |                   |        | (8)                          |
| EWP Barbados 1 SRL                                  | 331,023       | 139               | 1,379  | (1,287)                      |
| Gyeonggi Green Energy Co., Ltd.                     | 343,402       | 272,164           |        | (3,914)                      |

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|  |         |        |       |         |
|--|---------|--------|-------|---------|
| PT. Tanggamus Electric Power                         | 12,692  | 510    |       | (1,552) |
| Gyeongju Wind Power Co., Ltd.                        | 48,281  | 33,010 | 3,937 | 1,093   |
| KOMIPO America Inc.                                  | 6,905   | 7      |       |         |
| Boulder Solar Power, LLC.                            | 9,173   | 7      |       | (7)     |
| KOSEP USA, INC.                                      | 34,094  | 18     |       | (355)   |
| Nepal Water & Energy Development Company<br>Pty Ltd. | 30,571  | 10,312 |       | (7,369) |
| PT. EWP Indonesia                                    | 539     | 7      |       | (289)   |
| KOWEPO America, LLC.                                 | 7,048   | 265    |       | (664)   |
| KEPCO Netherlands J3 B.V.                            | 111,434 | 89     |       | (54)    |
| Korea Offshore Wind Power Co., Ltd.                  | 4,237   | 636    |       | (1,288) |
| EWP Barbados 2 SRL                                   | 666     | 54     |       | (90)    |
| Global One Pioneer B.V.                              | 60      |        |       | (15)    |
| Global Energy Pioneer B.V.                           | 60      |        |       | (15)    |
| KOSEP Wind Power, LLC.                               | 497     | 150    | 827   | 112     |
| Mira Power Limited                                   | 8,179   | 678    |       | (619)   |
| Commerce and Industry Energy Co., Ltd.               | 103,339 | 83,951 | 2,976 | (682)   |
| KEPCO Singapore Holding Pte., Ltd.                   |         |        |       |         |
| KOWEPO India Private Limited                         | 1,910   |        |       |         |
| KEPCO KPS Philippines Corp.                          | 387     | 3      |       | (41)    |

(\*) Financial information of EWP America Inc. includes that of nine other subsidiaries, EWP Renewable Co., Ltd., DG Fairhaven Power, LLC., DG Kings Plaza Holdings, LLC., DG Kings Plaza, LLC., DG Whitefield, LLC., Springfield Power, LLC., California Power Holdings, LLC., EWPRC Biomass Holdings, LLC. and DG Kings PlazaII, LLC.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the six-month period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

| Subsidiaries  | December 31, 2012 |                   |           | Profit (loss)<br>for the period |
|---|-------------------|-------------------|-----------|---------------------------------|
|   | Total<br>assets   | Total liabilities | Sales     |                                 |
| Korea Hydro & Nuclear Power Co., Ltd.                 | 45,061,851        | 24,638,944        | 6,717,341 | 126,181                         |
| Korea South-East Power Co., Ltd.                      | 7,218,552         | 3,564,786         | 4,672,289 | 179,139                         |
| Korea Midland Power Co., Ltd.                         | 5,767,527         | 2,828,679         | 5,427,872 | 132,306                         |
| Korea Western Power Co., Ltd.                         | 5,716,612         | 2,615,447         | 5,967,870 | 118,319                         |
| Korea Southern Power Co., Ltd.                        | 6,441,594         | 3,038,450         | 6,955,053 | 103,368                         |
| Korea East-West Power Co., Ltd.                       | 6,069,774         | 2,593,576         | 5,950,683 | 164,489                         |
| KEPCO Engineering & Construction<br>Company, Inc.     | 861,882           | 435,913           | 785,586   | 134,310                         |
| Korea Plant Service & Engineering Co.,<br>Ltd.        | 756,214           | 224,674           | 1,006,609 | 117,888                         |
| Korea Nuclear Fuel Co., Ltd.                          | 500,744           | 221,196           | 238,627   | 30,844                          |
| Korea Electric Power Data Network Co.,<br>Ltd.        | 320,860           | 96,911            | 338,769   | 3,714                           |
| Garorim Tidal Power Plant Co., Ltd.                   | 37,476            | 1,546             |           | (1,404)                         |
| Korea Power Engineering & Power<br>Services Co., Ltd. | 7,093             | 2,043             | 10,381    | 3,206                           |
| Dongducheon Dream Power Co., Ltd.                     | 235,002           | 856               |           | (4,289)                         |
| KEPCO International HongKong Ltd.                     | 246,889           | 35                |           | 25,262                          |
| KEPCO International Philippines Inc.                  | 102,564           | 728               |           | 13,264                          |
| KEPCO Gansu International Ltd.                        | 15,934            | 493               |           | (8)                             |
| KEPCO Philippines Holdings Inc.                       | 125,971           | 162               |           | 1,650                           |
| KEPCO Philippines Corporation                         | 18,020            | 826               |           | (573)                           |
| KEPCO Ilijan Corporation                              | 678,488           | 109,610           | 146,295   | 83,647                          |
| KEPCO Lebanon SARL                                    | 7,111             | 8,850             |           | (1,846)                         |
| KEPCO Neimenggu International Ltd.                    | 182,669           |                   |           | 22,307                          |
| KEPCO Shanxi International Ltd.                       | 496,410           | 223,186           |           | (2,960)                         |



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|   |         |         |        |         |
|---|---------|---------|--------|---------|
| KOMIPO Global Pte Ltd.                              | 111,765 | 115     |        | (4,780) |
| KEPCO Canada Energy Ltd.                            | 81,560  | 13,602  |        | (43)    |
| KEPCO Netherlands B.V.                              | 219,828 | 31      |        | 10,345  |
| KOREA Imouraren Uranium Investment Ltd.             | 241,481 | 114     |        | (51)    |
| KEPCO Australia Pty., Ltd.                          | 547,886 | 168,837 | 5,446  | 1,034   |
| KOSEP Australia Pty., Ltd.                          | 19,878  | 495     | 5,301  | 2,067   |
| KOMIPO Australia Pty., Ltd.                         | 19,869  | 957     | 5,307  | 1,142   |
| KOWEPO Australia Pty., Ltd.                         | 20,036  | 491     | 5,301  | 1,636   |
| KOSPO Australia Pty., Ltd.                          | 20,112  | 959     | 5,309  | 1,146   |
| KEPCO Middle East Holding Company                   | 105,319 | 102,250 |        | 2,526   |
| Qatrana Electric Power Company                      | 467,457 | 432,000 | 19,172 | 24,499  |
| KHNP Canada Energy Ltd.                             | 55,238  | 705     |        | (20)    |
| KEPCO Bylong Australia Pty., Ltd.                   | 73,016  | 252     |        | (4,007) |
| Korea Waterbury Uranium Limited Partnership         | 22,623  | 701     |        | (39)    |
| KEPCO Canada Uranium Investment Limited Partnership | 89,223  |         |        | (5)     |
| Sylardus Holding B.V.                               | 103     | 178     |        | (52)    |
| Akkuyu Finance B.V.                                 | 6       | 80      |        | (27)    |
| Akkuyu Fuel B.V.                                    | 7       | 75      |        | (26)    |
| Akkuyu Operations B.V.                              | 6       | 74      |        | (26)    |
| Korea Electric Power Nigeria Ltd.                   | 6       | 5       | 252    | (39)    |
| KEPCO Holdings de Mexico                            | 31      | 13      |        | (13)    |
| KST Electric Power Company                          | 345,416 | 387,121 |        | (8,498) |
| KEPCO Energy Service Company                        | 73      | 53      | 296    | 13      |
| KEPCO Netherlands S3 B.V.                           | 480     | 10      |        | (88)    |
| PT. KOMIPO Pembangkitan Jawa Bali                   | 19,175  | 8,449   | 21,439 | 5,714   |
| PT. Cirebon Power Service                           | 1,182   | 277     | 7,256  | 541     |
| KOWEPO International Corporation                    | 2,080   | 34      |        | (182)   |
| KOSPO Jordan, LLC.                                  | 6,375   | 1,108   | 14,186 | 2,606   |
| EWP Cebu Corporation                                | 10,329  | 1,441   | 9,991  | 2,744   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the six-month period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

| Subsidiaries   | December 31, 2012 |                   |        | Profit<br>(loss)<br>for the period |
|--|-------------------|-------------------|--------|------------------------------------|
|  | Total<br>assets   | Total liabilities | Sales  |                                    |
| EWP Philippine Holdings Corporation                  | 241               | 6                 |        | (1)                                |
| EWP America Inc. (*)                                 | 117,971           | 87,346            | 44,618 | (6,113)                            |
| KNF Canada Energy Limited                            | 2,412             | 5                 |        | (38)                               |
| PT KEPCO Resource Indonesia                          | 1,715             |                   |        | 1                                  |
| EWP Barbados 1 SRL                                   | 309,581           | 138               | 2,817  | 1,696                              |
| Gyeonggi Green Energy Co., Ltd.                      | 103,342           | 68,991            |        | (465)                              |
| PT. Tanggamus Electric Power                         | 12,583            | 386               |        | (3,199)                            |
| Gyeongju Wind Power Co., Ltd.                        | 48,501            | 34,355            | 1,605  | 980                                |
| KOMIPO America Inc.                                  | 6,427             |                   |        |                                    |
| Boulder Solar Power, LLC.                            | 8,553             | 6                 |        | (24)                               |
| KOSEP USA, INC.                                      | 30,734            | 249               |        | (424)                              |
| Nepal Water & Energy Development<br>Company Pty Ltd. | 21,114            | 12,114            |        | (2,901)                            |
| PT. EWP Indonesia                                    | 882               |                   |        | (289)                              |
| KOWEPO America, LLC.                                 | 4,517             | 346               |        | (2,147)                            |
| KEPCO Netherlands J3 B.V.                            | 33,138            | 31                |        | (31)                               |
| Korea Offshore Wind Power Co., Ltd.                  | 4,966             | 76                |        | (37)                               |
| EWP Barbados 2 SRL                                   | 779               |                   |        | (614)                              |
| Global One Pioneer B.V.                              | 71                |                   |        | (1)                                |
| Global Energy Pioneer B.V.                           | 71                |                   |        | (1)                                |
| KOSEP Wind Power, LLC.                               | 213               |                   |        | (1)                                |
| Mira Power Limited                                   | 1,841             | 11                |        | (2)                                |

(\*)

Financial information of EWP America Inc. includes that of nine other subsidiaries, EWP Renewable Co., Ltd., DG Fairhaven Power, LLC., DG Kings Plaza Holdings, LLC., DG Kings Plaza, LLC., DG Whitefield, LLC., Springfield Power, LLC., California Power Holdings, LLC., EWPRC Biomass Holdings, LLC. and DG Kings PlazaII, LLC.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

(4) Details of non-controlling interest prior to inter-group eliminations as of and for the six-month period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows:

*In millions of won*

| Description  | June 30, 2013           |   |                             |  |                                     |             | Total       |
|--|-------------------------|---|-----------------------------|--|-------------------------------------|-------------|-------------|
|  | KEPCO Ilija Corporation | Korea Plant Service & Engineering Co., Ltd. | Dongducheon Power Co., Ltd. | KEPCO Engineering & Construction Group, Inc. | Garorim Tidal Power Plant Co., Ltd. | Others      |             |
| Current assets   | 236,940                 | 511,283                                     | 12,502                      | 593,686                                      | 1,319                               | 545,843     | 1,901,573   |
| Non-current assets   | 507,600                 | 364,589                                     | 273,216                     | 249,196                                      | 35,367                              | 1,553,837   | 2,983,805   |
| Current liabilities  | (61,255)                | (271,786)                                   | (563)                       | (404,163)                                    | (1,563)                             | (375,586)   | (1,114,916) |
| Non-current liabilities  | (36,566)                | (74,801)                                    | (128)                       | (49,192)                                     | (66)                                | (1,221,788) | (1,382,541) |
| Net assets   | 646,719                 | 529,285                                     | 285,027                     | 389,527                                      | 35,057                              | 502,306     | 2,387,921   |
| Book value of non-controlling interest                                   | 316,892                 | 158,785                                     | 145,363                     | 97,927                                       | 17,879                              | 585,552     | 1,322,398   |
| Sales  | 70,428                  | 537,153                                     |                             | 353,656                                      |                                     | 145,976     | 1,107,213   |
| Profit (loss) for the period   | 34,637                  | 67,573                                      | (3,204)                     | 36,316                                       | (873)                               | 19,612      | 154,061     |
| Profit (loss) for the period attributable to non-controlling interest    | 16,972                  | 20,272                                      | (1,634)                     | 9,130  | (445)                               | 9,753       | 54,048      |
| Cash flows from operating activities                                     | 37,332                  | 48,412                                      | (2,976)                     | 30,360                                       | (430)                               | 7,095       | 119,793     |
| Cash flows from investing activities                                     | (26)                    | (14,760)                                    | (42,426)                    | (20,147)                                     | (302)                               | (77,478)    | (155,139)   |
| Cash flows from financing activities before dividends to non-controlling | (12,701)                | 5,832                                       | 27,040                      | 4,667  |                                     | 137,394     | 162,232     |

|  |        |          |          |          |       |          |          |
|--|--------|----------|----------|----------|-------|----------|----------|
| interest   |        |          |          |          |       |          |          |
| Dividends to non-controlling interest                |        | (19,440) |          | (18,564) |       | (13,913) | (51,917) |
| Effect of exchange rate fluctuation                  | 4,838  | (5)      |          | 675      |       | 1,351    | 6,859    |
| Net increase (decrease) of cash and cash equivalents | 29,443 | 20,039   | (18,362) | (3,009)  | (732) | 54,449   | 81,828   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(4) Details of non-controlling interest prior to inter-group eliminations as of June 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

| Description  | December 31, 2012 |   |                                   |  |                                     |           | Total       |
|--|-------------------|---|-----------------------------------|--|-------------------------------------|-----------|-------------|
|  | KEPCO Corporation | Korea Plant Service & Engineering Co., Ltd. | Dongducheon Dream Power Co., Ltd. | KEPCO Engineering & Construction Group, Inc. | Garorim Tidal Power Plant Co., Ltd. | Others    |             |
| Current assets   | 198,537           | 406,455                                     | 49,216                            | 637,560                                      | 3,702                               | 390,147   | 1,685,617   |
| Non-current assets   | 479,951           | 349,759                                     | 185,786                           | 224,322                                      | 33,774                              | 1,163,374 | 2,436,966   |
| Current liabilities  | (67,762)          | (173,630)                                   | (764)                             | (394,425)                                    | (1,492)                             | (235,801) | (873,874)   |
| Non-current liabilities  | (41,848)          | (51,044)                                    | (92)                              | (41,488)                                     | (54)                                | (925,458) | (1,059,984) |
| Net assets   | 568,878           | 531,540                                     | 234,146                           | 425,969                                      | 35,930                              | 392,262   | 2,188,725   |
| Book value of non-controlling interest                                   | 278,750           | 159,462                                     | 119,414                           | 107,089                                      | 18,324                              | 553,471   | 1,236,510   |
| Sales  | 146,295           | 1,006,609                                   |                                   | 785,586                                      |                                     | 298,479   | 2,236,969   |
| Profit (loss) for the period   | 83,647            | 117,888                                     | (4,289)                           | 134,310                                      | (1,404)                             | 47,671    | 377,823     |
| Profit (loss) for the period attributable to non-controlling interest    | 40,987            | 35,366                                      | (2,188)                           | 33,766                                       | (716)                               | 4,215     | 111,430     |
| Cash flows from operating activities                                     | 40,173            | 49,350                                      | (6,639)                           | 23,764                                       | 125                                 | 50,305    | 157,078     |
| Cash flows from investing activities                                     | (5,455)           | (24,105)                                    | (88,471)                          | 7,417  | (310)                               | (147,804) | (258,728)   |
| Cash flows from financing activities before dividends to non-controlling | (25,889)          | (3,648)                                     | 101,502                           | 40   |                                     | 97,177    | 169,182     |

|  |          |          |       |          |       |         |          |
|--|----------|----------|-------|----------|-------|---------|----------|
| interest   |          |          |       |          |       |         |          |
| Dividends to non-controlling interest                | (12,358) | (18,222) |       | (20,425) |       | (4,249) | (55,254) |
| Effect of exchange rate fluctuation                  | (4,031)  | (137)    |       | (128)    |       | (2,202) | (6,498)  |
| Net increase (decrease) of cash and cash equivalents | (7,560)  | 3,238    | 6,392 | 10,668   | (185) | (6,773) | 5,780    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(5) Business combination**

On April 29, 2013, the Group has obtained control of Commerce and industry energy Co., Ltd. by additionally acquiring 29.5% of its equity shares, which engages in the integrated Commerce and industry energy business. As a result, the Group's ownership for Commerce and industry energy Co., Ltd. has increased from 29.5% to 59.0%. The goodwill recognized in the six-month period ended June 30, 2013 are as follow:

*In millions of won*

|  | <b>Amount</b> |
|--|---------------|
| <b>I. Fair Value of Consideration Transferred</b>                                      |               |
| Carrying value of the equity method investees owned before                             | 5,829         |
| Fair value adjustment(*1)  | (1,022)       |
| Cash and cash equivalents paid and fair value of related commitments                   | 4,808         |
|  | <b>9,615</b>  |
| <b>II. Fair value of non-controlling interest (*2)</b>                                 |               |
|  | 4,882         |
|  | <b>14,497</b> |
| <b>III. Recognized amounts of identifiable assets acquired and liabilities assumed</b> |               |
| <b>&lt;Assets&gt;</b>  |               |
| Cash and cash equivalents  | 7,292         |
| Trade and other receivables  | 1,631         |
| Inventories  | 515           |
| Tangible assets  | 82,733        |
| Other Assets   | 3,460         |
| <b>&lt;Liabilities&gt;</b>   |               |
| Trade and other payables   | (1,777)       |



|                          |          |
|--------------------------|----------|
| Borrowings               | (81,752) |
| Other Liabilities        | (187)    |
| Fair Value of Net assets | 11,915   |
| <b>IV. Goodwill</b>      | 2,582    |

(\*1) Prior to business combination, 29.5% of the Group's equity shares was re-measured to fair value. As a result, the differences incurred from the remeasurement amounted to 1,022 million is recognized as a loss on the disposal of its interest in associates and joint ventures.

(\*2) Non-controlling interest is measured by proportionate share of non-controlling of the identifiable net assets. Assumed that if the Group acquired the equity shares of Commerce and industry energy Co. Ltd. on January 1, 2013, the sales and loss for the period would be shown on the consolidated comprehensive income statements for the six-month period ended June 30, 2013 amounted to 25,481,591 million and 1,427,729 million, respectively. After the acquisition, the subsidiary incurred sales and loss for the period amount to 2,976 million and 682 million, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(6) Changes in goodwill**

- (i) Details of goodwill as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---------------------------|----------------------|--------------------------|
| Acquisition cost          | 2,582                |                          |
| Accumulated impairment    |                      |                          |
| Carrying book value       | 2,582                |                          |

- (ii) Changes in goodwill for the six-month period ended June 30, 2013 are as follows:

| <i>In millions of won</i>   | <b>June 30, 2013</b> |
|-----------------------------|----------------------|
| Beginning balance           |                      |
| Changes                     |                      |
| Newly recognized            | 2,582                |
| Elimination due to disposal |                      |
| Others                      |                      |
| Ending balance              | 2,582                |

**17. Investments in Associates and Joint Ventures**

**(1) Investments in associates and joint ventures as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

| Investees   | June 30, 2013  |             | Percentage of ownership | Acquisition cost | Book value |
|---|--|-------------|-------------------------|------------------|------------|
|   | Key operation activities                             | Location    |                         |                  |            |
| <b>&lt;Associates&gt;</b>                             |  |             |                         |                  |            |
| Daegu Green Power Co., Ltd.                           | Power generation                                     | KOREA       | 48%                     | 76,193           | 74,966     |
| Korea Gas Corporation                                 | Importing and wholesaling LNG                        | KOREA       | 24%                     | 94,500           | 2,081,014  |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering                                 | KOREA       | 29%                     | 4,727            | 21,719     |
| YTN Co., Ltd.   | Broadcasting   | KOREA       | 21%                     | 59,000           | 37,380     |
| Cheongna Energy Co., Ltd.                             | Generating and distributing vapor and hot/cold water | KOREA       | 44%                     | 43,900           | 30,620     |
| Gangwon Wind Power Co., Ltd. (*1)                     | Wind power generation                                | KOREA       | 15%                     | 5,725            | 11,562     |
| Hyundai Green Power Co., Ltd.                         | Power generation                                     | KOREA       | 29%                     | 88,885           | 108,300    |
| Korea Power Exchange (*5)                             | Management of power market                           | KOREA       | 100%                    | 127,839          | 181,214    |
| AMEC Partners Korea (*2)                              | Resources development                                | KOREA       | 19%                     | 707              | 248        |
| Hyundai Energy Co., Ltd. (*8)                         | Power generation                                     | KOREA       | 29%                     | 59,470           | 36,547     |
| Ecollite Co., Ltd.                                    | Artificial light-weight aggregate                    | KOREA       | 36%                     | 1,516            | 1,860      |
| Taebaek Wind Power Co., Ltd.                          | Power generation                                     | KOREA       | 25%                     | 3,810            | 4,539      |
| Alternergy Philippine Investments Corporation         | Power generation                                     | PHILIPPINES | 50%                     | 3,881            | 1,799      |
| Muju Wind Power Co., Ltd.                             | Power generation                                     | KOREA       | 25%                     | 2,850            | 2,709      |
| Pyeongchang Wind Power Co., Ltd.                      | Power generation                                     | KOREA       | 25%                     | 638              | 602        |
| Daeryun Power Co., Ltd.                               | Power generation                                     | KOREA       | 20%                     | 25,477           | 25,022     |
| JinanJangsu Wind Power Co., Ltd.                      | Power generation                                     | KOREA       | 25%                     | 100              | 78         |
| Changjuk Wind Power Co., Ltd.                         | Power generation                                     | KOREA       | 30%                     | 3,801            | 4,942      |
| KNH Solar Co., Ltd.                                   | Power generation                                     | KOREA       | 27%                     | 1,296            | 1,258      |
| SPC Power Corporation                                 | Power generation                                     | PHILIPPINES | 38%                     | 20,635           | 44,777     |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

| Investees                             | Key operation activities                            | June 30, 2013 |                         | Acquisition cost | Book value |
|---------------------------------------|---|---------------|-------------------------|------------------|------------|
|                                       |   | Location      | Percentage of ownership |                  |            |
| Gemeng International Energy Co., Ltd. | Power generation                                    | CHINA         | 34%                     | 413,153          | 590,590    |
| PT. Cirebon Electric Power            | Power generation                                    | INDONESIA     | 28%                     | 39,217           | 27,903     |
| KNOC Nigerian East Oil Co., Ltd. (*3) | Resources development                               | NIGERIA       | 15%                     | 12               |            |
| KNOC Nigerian West Oil Co., Ltd. (*3) | Resources development                               | NIGERIA       | 15%                     | 12               |            |
| Dolphin Property Limited (*3)         | Rental company                                      | NIGERIA       | 15%                     | 12               |            |
| E-Power S.A.                          | Operation of utility plant and sales of electricity | HAITI         | 30%                     | 3,779            | 5,141      |
| PT Wampu Electric Power               | Power generation                                    | INDONESIA     | 46%                     | 18,935           | 17,402     |
| PT. Bayan Resources TBK               | Resources development                               | INDONESIA     | 20%                     | 615,860          | 648,027    |
| S-Power Co., Ltd.                     | Power generation                                    | KOREA         | 40%                     | 108,000          | 107,624    |
| Pioneer Gas Power Limited (*7)        | Power generation                                    | INDIA         | 40%                     | 46,654           | 44,388     |
| Eurasia Energy Holdings               | Power generation and resources development          | RUSSIA        | 40%                     | 461              |            |
| Xe-Pian Xe-Namnoy Power Co., Ltd.     | Power generation                                    | LAOS          | 25%                     | 29               |            |

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|   |  |             |     |           |           |
|---|--|-------------|-----|-----------|-----------|
| Busan Solar Co., Ltd. (*2)                      | Power generation                                   | KOREA       | 20% | 643       | 545       |
| Hadong Mineral Fiber Co., Ltd.                  | Recycling fly ashes                                | KOREA       | 25% | 50        | 5         |
| Green Biomass Co., Ltd.                         | Power generation                                   | KOREA       | 34% | 714       | 462       |
| Gumi-ochang Photovoltaic Power Co., Ltd. (*1)   | Power generation                                   | KOREA       | 10% | 288       | 326       |
| Chungbuk Photovoltaic Power Co., Ltd. (*1)      | Power generation                                   | KOREA       | 10% | 166       | 171       |
| Cheonan Photovoltaic Power Co., Ltd. (*1)       | Power generation                                   | KOREA       | 10% | 122       | 115       |
| PT. Mutiara Jawa                                | Manufacturing and operating floating coal terminal | INDONESIA   | 29% | 2,978     | 2,762     |
| KOSCON Photovoltaic Co., Ltd(*1)                | Power generation                                   | KOREA       | 19% | 245       | 243       |
| Yeongwol Energy Station Co., Ltd(*1)            | Power generation                                   | KOREA       | 13% | 1,862     | 1,862     |
| Yeonan Photovoltaic Co., Ltd(*1)                | Power generation                                   | KOREA       | 19% | 157       | 157       |
| Q1 Solar Co., Ltd                               | Power generation                                   | KOREA       | 28% | 1,005     | 887       |
| Jimbhuvish Power Generation (*1)                | Power generation                                   | INDIA       | 2%  | 4,345     | 4,345     |
| Best Solar Energy Co., Ltd.                     | Power generation                                   | KOREA       | 23% | 1,242     | 1,025     |
| Seokcheon Solar Power Co., Ltd.(*1)             | Power generation                                   | KOREA       | 10% | 970       | 1,016     |
| SE Green Energy Co., Ltd.                       | Power generation support                           | KOREA       | 48% | 3,821     | 3,771     |
| Daegu Photovoltaic Co., Ltd.                    | Power generation                                   | KOREA       | 29% | 1,230     | 1,065     |
| Jeongam Wind Power Co., Ltd.                    | Power generation                                   | KOREA       | 40% | 800       | 693       |
| Korea Power Engineering Service Co., Ltd.       | Construction and service                           | KOREA       | 29% | 290       | 483       |
| Golden Route J Solar Power Co., Ltd. (*1)       | Photovoltaic power generation                      | KOREA       | 10% | 82        | 82        |
|   |  |             |     | 1,892,084 | 4,132,246 |
| <b>&lt;Joint ventures&gt;</b>                   |  |             |     |           |           |
| KEPCO-Uhde Inc. (*6)                            | Power generation                                   | KOREA       | 66% | 11,355    | 9,918     |
| Eco Biomass Energy Sdn. Bhd. (*6)               | Power generation                                   | MALAYSIA    | 62% | 9,661     |           |
| Datang Chaoyang Renewable Power Co., Ltd.       | Power generation                                   | CHINA       | 40% | 27,660    | 29,974    |
| Shuweihaat Asia Power Investment B.V.           | Holding company                                    | NETHERLANDS | 49% | 507       | 91        |
| Shuweihaat Asia Operation & Maintenance Company | Maintenance of utility plant                       | CAYMAN      | 55% | 30        | 32        |

(\*6)

|   |   |             |     |        |         |
|---|---|-------------|-----|--------|---------|
| Waterbury Lake Uranium L.P.                   | Power generation                            | CANADA      | 40% | 25,839 | 22,533  |
| ASM-BG Investicii AD                          | Power generation                            | BULGARIA    | 50% | 16,101 | 18,095  |
| RES Technology AD                             | Power generation                            | BULGARIA    | 50% | 15,595 | 14,917  |
| KV Holdings, Inc.                             | Power generation                            | PHILIPPINES | 40% | 2,103  | 2,056   |
| KEPCO SPC Power Corporation (*6)              | Construction and operation of utility plant | PHILIPPINES | 75% | 94,579 | 125,339 |
| Canada Korea Uranium Limited Partnership (*4) | Resources development                       | CANADA      | 13% | 5,404  | 5,181   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

| Investees                                       | Key operation activities     | June 30, 2013 |                         | Acquisition cost | Book value |
|---|------------------------------|---------------|-------------------------|------------------|------------|
|   |                              | Location      | Percentage of ownership |                  |            |
| KEPCO Energy Resource Nigeria Limited           | Holding company              | NIGERIA       | 30%                     | 8,463            | 5,756      |
| Gansu Datang Yumen Wind Power Co., Ltd.         | Power generation             | CHINA         | 40%                     | 16,621           | 21,462     |
| Datang Chifeng Renewable Power Co., Ltd.        | Power generation             | CHINA         | 40%                     | 121,928          | 177,121    |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | Power generation             | CHINA         | 40%                     | 10,858           | 11,143     |
| Rabigh Electricity Company                      | Sales of electricity         | SAUDI ARABIA  | 40%                     | 109,743          |            |
| Rabigh Operation & Maintenance Company          | Maintenance of utility plant | SAUDI ARABIA  | 40%                     | 70               | 2,603      |
| Jamaica Public Service Company Limited          | Power generation             | JAMAICA       | 40%                     | 301,910          | 313,679    |
| KW Nuclear Components Co., Ltd.                 | R&D                          | KOREA         | 45%                     | 833              | 1,938      |
| Busan shinho Solar power Co., Ltd.              | Power generation             | KOREA         | 25%                     | 2,100            | 2,553      |
| STX Electric Power Co., Ltd.                    | Power generation             | KOREA         | 49%                     | 127,400          | 125,604    |
| YEONGAM Wind Power Co., Ltd.                    | Power generation             | KOREA         | 49%                     | 11,584           | 11,585     |
|   |                              | KOREA         | 29%                     | 290              | 222        |

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|   |  |        |     |           |           |
|---|--|--------|-----|-----------|-----------|
| Global Trade Of Power System Co., Ltd.            | Exporting products and technology of small or medium business by proxy |        |     |           |           |
| Expressway Solar-light Power Generation Co., Ltd  | Power generation   | KOREA  | 29% | 3,132     | 3,256     |
| Yeongam F1 Solar Power Plant                      | Power generation   | KOREA  | 29% | 1,740     | 1,839     |
| KODE NOVUS 1 LLC.                                 | Power generation   | USA    | 50% | 19,213    | 16,337    |
| KODE NOVUS 2 LLC.                                 | Power generation   | USA    | 49% | 12,498    | 11,357    |
| Daejung Offshore Wind Power Co., Ltd.             | Power generation   | KOREA  | 50% | 4,990     | 4,382     |
| Arman Asia Electric Power Company (*6)            | Power generation   | JORDAN | 60% | 981       | 395       |
| KEPCO-ALSTOM Power Electronics Systems, Inc. (*6) | R&D  | KOREA  | 51% | 5,629     | 5,318     |
| Dongbu Power Dangjin Corporation                  | Power generation   | KOREA  | 40% | 40,000    | 39,825    |
| Honam Wind Power Co., Ltd.                        | Power generation   | KOREA  | 30% | 3,600     | 2,299     |
| Seokmun Energy Co., Ltd.                          | Integrated energy business   | KOREA  | 34% | 680       | 656       |
|   |  |        |     | 1,013,097 | 987,466   |
|   |  |        |     | 2,905,181 | 5,119,712 |

(\*1) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Group's financial and operating policy of the board of directors.

(\*2) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.

(\*3) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Group has significant financial transactions with the associate which can affect its influence on the entity.

(\*4) The Group holds less than 20% of the equity shares of the entity. However, the Group has joint control on the associates by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Group's financial and operating policy of the board of directors.



**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

**(1) Investments in associates and joint ventures as of June 30, 2013 and December 31, 2012 are as follows, continued:**

(\*5) The Group holds 100% of the equity shares of the entity. However, the Government regulates the Group's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Group's other subsidiaries. The Group can exercise significant influence by its right to nominate directors to the board of directors of the entity.

(\*6) The Group holds more than 50% of the equity shares of the entity. However, according to the shareholder agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.

(\*7) As of reporting date, the reporting period end of all associates and joint ventures ends in December, except for Pioneer Gas Power Limited.

(\*8) As of June 30, 2013, 21% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank while 29% is held by the Group. According to the shareholders' agreement reached on March 2011, not only does the Group have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Group. In connection with this agreement, the Group applied the equity method on the investment in Hyundai Energy Co., Ltd. with 50% of ownership. (See note 43)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

| Investees   | Key operation activities                             | December 31, 2012 |                         | Acquisition cost | Book value |
|---|--|-------------------|-------------------------|------------------|------------|
|   |  | Location          | Percentage of ownership |                  |            |
| <b>&lt;Associates&gt;</b>                             |  |                   |                         |                  |            |
| Daegu Green Power Co., Ltd.                           | Power generation                                     | KOREA             | 48%                     | 57,360           | 56,007     |
| Korea Gas Corporation                                 | Importing and wholesaling LNG                        | KOREA             | 24%                     | 94,500           | 2,049,340  |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering                                 | KOREA             | 29%                     | 4,727            | 18,936     |
| YTN Co., Ltd.   | Broadcasting   | KOREA             | 21%                     | 59,000           | 37,876     |
| Cheongna Energy Co., Ltd.                             | Generating and distributing vapor and hot/cold water | KOREA             | 30%                     | 43,900           | 33,379     |
| Gangwon Wind Power Co., Ltd. (*1)                     | Wind power generation                                | KOREA             | 15%                     | 5,725            | 12,113     |
| Hyundai Green Power Co., Ltd.                         | Power generation                                     | KOREA             | 29%                     | 88,885           | 110,346    |
| Korea Power Exchange (*5)                             | Management of power market                           | KOREA             | 100%                    | 127,839          | 176,264    |
| AMEC Partners Korea (*2)                              | Resources development                                | KOREA             | 19%                     | 707              | 141        |
| Hyundai Energy Co., Ltd.                              | Power generation                                     | KOREA             | 29%                     | 57,150           | 49,463     |
| Ecollite Co., Ltd.                                    | Artificial light-weight aggregate                    | KOREA             | 29%                     | 168              | 1,266      |
| Taebaek Wind Power Co., Ltd.                          | Power generation                                     | KOREA             | 25%                     | 3,810            | 3,728      |
|   | Power generation                                     | PHILIPPINES       | 50%                     | 3,313            | 1,600      |

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|   |   |             |     |         |         |  |
|---|---|-------------|-----|---------|---------|--|
| Alternergy Philippine Investments Corporation |   |             |     |         |         |  |
| Muju Wind Power Co., Ltd.                     | Power generation                                    | KOREA       | 25% | 2,850   | 2,711   |  |
| Pyeongchang Wind Power Co., Ltd.              | Power generation                                    | KOREA       | 25% | 638     | 613     |  |
| Daeryun Power Co., Ltd.                       | Power generation                                    | KOREA       | 20% | 25,477  | 25,017  |  |
| JinanJangsu Wind Power Co., Ltd.              | Power generation                                    | KOREA       | 25% | 100     | 78      |  |
| Changjuk Wind Power Co., Ltd.                 | Power generation                                    | KOREA       | 30% | 3,801   | 3,926   |  |
| Commerce and industry                         |   |             |     |         |         |  |
| energy Co., Ltd.                              | Power generation                                    | KOREA       | 30% | 8,500   | 7,066   |  |
| KNH Solar Co., Ltd.                           | Power generation                                    | KOREA       | 27% | 1,296   | 1,089   |  |
| SPC Power Corporation                         | Power generation                                    | PHILIPPINES | 38% | 20,635  | 36,760  |  |
| Gemeng International Energy Co., Ltd.         |   |             |     |         |         |  |
|   | Power generation                                    | CHINA       | 34% | 413,153 | 549,730 |  |
| PT. Cirebon Electric Power                    | Power generation                                    | INDONESIA   | 28% | 39,217  | 17,022  |  |
| KNOG Nigerian East Oil Co., Ltd. (*3)         |   |             |     |         |         |  |
|   | Resources development                               | NIGERIA     | 15% | 12      |         |  |
| KNOG Nigerian West Oil Co., Ltd. (*3)         |   |             |     |         |         |  |
|   | Resources development                               | NIGERIA     | 15% | 12      |         |  |
| Dolphin Property Limited (*3)                 |   |             |     |         |         |  |
|   | Rental company                                      | NIGERIA     | 15% | 12      |         |  |
| E-Power S.A.                                  |   |             |     |         |         |  |
|   | Operation of utility plant and sales of electricity | HAITI       | 30% | 3,779   | 5,646   |  |
| PT Wampu Electric Power                       | Power generation                                    | INDONESIA   | 46% | 18,935  | 15,644  |  |
| PT. Bayan Resources TBK                       |   |             |     |         |         |  |
|   | Resources development                               | INDONESIA   | 20% | 615,860 | 642,636 |  |
| S-Power Co., Ltd.                             | Power generation                                    | KOREA       | 40% | 82,000  | 81,679  |  |
| Pioneer Gas Power Limited (*7)                |   |             |     |         |         |  |
|   | Power generation                                    | INDIA       | 40% | 39,899  | 37,875  |  |
| Eurasia Energy Holdings                       |   |             |     |         |         |  |
|   | Power generation and resources development          | RUSSIA      | 40% | 461     |         |  |
| Xe-Pian Xe-Namnoy Power Co., Ltd.             |   |             |     |         |         |  |
|   | Power generation                                    | LAOS        | 25% | 29      | 27      |  |
| Busan Solar Co., Ltd. (*2)                    |   |             |     |         |         |  |
|   | Power generation                                    | KOREA       | 20% | 643     | 546     |  |
| Hadong Mineral Fiber Co., Ltd.                |   |             |     |         |         |  |
|   | Recycling fly ashes                                 | KOREA       | 25% | 50      | 5       |  |
| Green Biomass Co., Ltd.                       |   |             |     |         |         |  |
|   | Power generation                                    | KOREA       | 34% | 714     | 637     |  |
| Gumi-ochang Photovoltaic Power Co., Ltd. (*1) |   |             |     |         |         |  |
|   | Power generation                                    | KOREA       | 10% | 288     | 282     |  |
| Chungbuk Photovoltaic Power Co., Ltd. (*1)    |   |             |     |         |         |  |
|   | Power generation                                    | KOREA       | 10% | 166     | 159     |  |
| Cheonan Photovoltaic Power Co., Ltd. (*1)     |   |             |     |         |         |  |
|   | Power generation                                    | KOREA       | 10% | 122     | 109     |  |
| PT. Mutiara Jawa                              |   |             |     |         |         |  |
|   | Manufacturing and operating floating coal terminal  | INDONESIA   | 29% | 2,978   | 2,624   |  |

1,828,711 3,982,340

70

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(1) Investments in associates and joint ventures as of June 30, 2013 and December 31, 2012 are as follows, continued:

*In millions of won*

| Investees  | Key operation activities                    | December 31, 2012 |                         | Acquisition cost | Book value |
|--|---|-------------------|-------------------------|------------------|------------|
|  |   | Location          | Percentage of ownership |                  |            |
| <b>&lt;Joint ventures&gt;</b>                        |   |                   |                         |                  |            |
| KEPCO-Uhde Inc. (*6)                                 | Power generation                            | KOREA             | 66%                     | 11,355           | 10,269     |
| Eco Biomass Energy Sdn. Bhd. (*6)                    | Power generation                            | MALAYSIA          | 62%                     | 9,661            |            |
| Datang Chaoyang Renewable Power Co., Ltd.            | Power generation                            | CHINA             | 40%                     | 27,660           | 28,705     |
| Shuweihaat Asia Power Investment B.V.                | Holding company                             | NETHERLANDS       | 49%                     | 398              |            |
| Shuweihaat Asia Operation & Maintenance Company (*6) | Maintenance of utility plant                | CAYMAN            | 55%                     | 30               | 29         |
| Waterbury Lake Uranium L.P.                          | Resources development                       | CANADA            | 40%                     | 25,839           | 24,906     |
| ASM-BG Investicii AD                                 | Power generation                            | BULGARIA          | 50%                     | 14,731           | 16,024     |
| RES Technology AD                                    | Power generation                            | BULGARIA          | 50%                     | 14,698           | 14,637     |
| KV Holdings, Inc.                                    | Power generation                            | PHILIPPINES       | 40%                     | 2,103            | 2,023      |
| KEPCO SPC Power Corporation (*6)                     | Construction and operation of utility plant | PHILIPPINES       | 75%                     | 94,579           | 121,737    |
| Canada Korea Uranium Limited Partnership (*4)        | Resources development                       | CANADA            | 13%                     | 5,404            | 5,083      |
|  | Holding company                             | NIGERIA           | 30%                     | 8,463            | 5,663      |

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|   |  |              |     |         |         |
|---|--|--------------|-----|---------|---------|
| KEPCO Energy Resource<br>Nigeria Limited                |  |              |     |         |         |
| Gansu Datang Yumen<br>Wind Power Co., Ltd.              | Power generation   | CHINA        | 40% | 16,621  | 20,381  |
| Datang Chifeng<br>Renewable Power Co.,<br>Ltd.          |  |              |     |         |         |
|   | Power generation   | CHINA        | 40% | 121,928 | 156,449 |
| Datang KEPCO<br>Chaoyang Renewable<br>Power Co., Ltd.   |  |              |     |         |         |
|   | Power generation   | CHINA        | 40% | 10,858  | 10,125  |
| Rabigh Electricity<br>Company                           |  |              |     |         |         |
|   | Construction of<br>utility plant and sales<br>of electricity                             | SAUDI ARABIA | 40% | 1,357   |         |
| Rabigh Operation &<br>Maintenance Company               |  |              |     |         |         |
|   | Maintenance of<br>utility plant  | SAUDI ARABIA | 40% | 70      | 814     |
| Jamaica Public Service<br>Company Limited               |  |              |     |         |         |
|   | Power generation   | JAMAICA      | 40% | 301,910 | 293,007 |
| KW Nuclear Components<br>Co., Ltd.                      |  |              |     |         |         |
|   | R&D  | KOREA        | 43% | 833     | 1,222   |
| Busan shinho Solar power<br>Co., Ltd.                   |  |              |     |         |         |
|   | Power generation   | KOREA        | 25% | 2,100   | 2,056   |
| STX Electric Power Co.,<br>Ltd.                         |  |              |     |         |         |
|   | Power generation   | KOREA        | 49% | 98,000  | 96,698  |
| YEONGAM Wind Power<br>Co., Ltd.                         |  |              |     |         |         |
|   | Power generation   | KOREA        | 49% | 11,584  | 11,563  |
| Global Trade Of Power<br>System Co., Ltd.               |  |              |     |         |         |
|   | Exporting products<br>and technology of<br>small or medium<br>sized business by<br>proxy | KOREA        | 29% | 290     | 213     |
| Expressway Solar-light<br>Power Generation Co.,<br>Ltd. |  |              |     |         |         |
|   | Power generation   | KOREA        | 29% | 3,132   | 3,132   |
| Yeongam F1 Solar Power<br>Plant                         |  |              |     |         |         |
|   | Power generation   | KOREA        | 29% | 1,740   | 1,673   |
| KODE NOVUS 1 LLC.                                       |  |              |     |         |         |
|   | Power generation   | USA          | 50% | 19,213  | 17,691  |
| KODE NOVUS 2 LLC.                                       |  |              |     |         |         |
|   | Power generation   | USA          | 49% | 12,498  | 11,550  |
| Daejung Offshore Wind<br>Power Co., Ltd.                |  |              |     |         |         |
|   | Power generation   | KOREA        | 50% | 4,990   | 4,844   |
| Arman Asia Electric<br>Power Company (*6)               |  |              |     |         |         |
|   | Power generation   | JORDAN       | 60% | 981     | 687     |
| KEPCO-ALSTOM Power<br>Electronics Systems, Inc.<br>(*6) |  |              |     |         |         |
|   | R&D  | KOREA        | 51% | 5,629   | 5,629   |
| Dongbu Power Dangjin<br>Corporation                     |  |              |     |         |         |
|   | Power generation   | KOREA        | 40% | 40,000  | 40,000  |
| Honam Wind Power Co.,<br>Ltd.                           |  |              |     |         |         |
|   | Power generation   | KOREA        | 30% | 1,783   | 1,783   |
|   |  |              |     | 870,438 | 908,593 |

2,699,149 4,890,933

- (\*1) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Group's financial and operating policy of the board of directors.
- (\*2) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2013 and December 31, 2012 are as follows, continued:**

- (\*3) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Group has significant financial transactions with the associate which can affect its influence on the entity.
- (\*4) The Group holds less than 20% of the equity shares of the entity. However, the Group has joint control on the associates by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Group's financial and operating policy of the board of directors.
- (\*5) The Group holds 100% of the equity shares of the entity. However, the Government regulates the Group's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Group's other subsidiaries. The Group can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (\*6) The Group holds more than 50% of the equity shares of the entity. However, according to the shareholder agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (\*7) As of reporting date, the reporting period end of all associates and joint ventures ends in December, except for Pioneer Gas Power Limited.

**(2) The fair value of associates which are actively traded on the open market and have a readily available market value as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>                             |                      |                          |
|---|----------------------|--------------------------|
| <b>Investees</b>                                      | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
| <b>&lt;Associates&gt;</b>                             |                      |                          |
| Korea Electric Power Industrial Development Co., Ltd. | 36,256               | 49,066                   |
| Korea Gas Corporation                                 | 997,920              | 1,419,390                |
| YTN Co., Ltd.   | 24,660               | 31,770                   |
| PT. Bayan Resources TBK                               | 579,000              | 625,864                  |





**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:

*In millions of won*

| Investees   | June 30, 2013     |             |          |                    |                        |  | Ending balance |           |
|---|-------------------|-------------|----------|--------------------|------------------------|--|----------------|-----------|
|   | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) Others |                |           |
| <b>&lt;Associates&gt;</b>                             |                   |             |          |                    |                        |  |                |           |
| Daegu Green Power Co., Ltd.                           | 56,007            | 18,833      |          |                    | 200                    | (91)                                     | 17             | 74,966    |
| Korea Gas Corporation                                 | 2,049,340         |             |          | (30,996)           | 61,924                 | (1,435)                                  | 2,181          | 2,081,014 |
| Korea Electric Power Industrial Development Co., Ltd. | 18,936            |             |          | (255)              | 3,388                  |  | (350)          | 21,719    |
| YTN Co., Ltd.   | 37,876            |             |          | (90)               | (456)                  | 36                                       | 14             | 37,380    |
| Cheongna Energy Co., Ltd.                             | 33,379            |             |          |                    | (2,759)                |  |                | 30,620    |
| Gangwon Wind Power Co., Ltd.                          | 12,113            |             |          | (1,988)            | 1,437                  |  |                | 11,562    |
| Hyundai Green Power Co., Ltd.                         | 110,346           |             |          | (8,107)            | 6,060                  |  | 1              | 108,300   |
| Korea Power Exchange                                  | 176,264           |             |          |                    | 5,000                  |  | (50)           | 181,214   |
| AMEC Partners Korea                                   | 141               |             |          |                    | 107                    |  |                | 248       |
| Hyundai Energy Co., Ltd.                              | 49,463            | 2,320       |          |                    | (14,416)               |  | (820)          | 36,547    |
| Ecollite Co., Ltd.                                    | 1,266             | 1,349       |          |                    | (199)                  | (556)                                    |                | 1,860     |
| Taebaek Wind Power Co., Ltd.                          | 3,728             |             |          |                    | 811                    |  |                | 4,539     |
| Alternergy Philippine Investments Corporation         | 1,600             | 569         |          |                    | (395)                  | (32)                                     | 57             | 1,799     |
|   | 2,711             |             |          |                    | (2)                    |  |                | 2,709     |

|  |         |         |         |        |         |         |
|--|---------|---------|---------|--------|---------|---------|
| Muju Wind Power Co., Ltd.                |         |         |         |        |         |         |
| Pyeongchang Wind Power Co., Ltd.         | 613     |         | (11)    |        |         | 602     |
| Daeryun Power Co., Ltd.                  | 25,017  |         |         |        | 5       | 25,022  |
| JinanJangsu Wind Power Co., Ltd.         | 78      |         |         |        |         | 78      |
| Changjuk Wind Power Co., Ltd.            | 3,926   |         | 1,016   |        |         | 4,942   |
| Commerce and industry energy Co., Ltd    | 7,066   |         | (1,237) |        | (5,829) |         |
| KNH Solar Co., Ltd.                      | 1,089   |         | 169     |        |         | 1,258   |
| SPC Power Corporation                    | 36,760  |         | 7,704   | 1,292  | (979)   | 44,777  |
| Gemeng International Energy Co., Ltd.    | 549,730 |         | (7,104) | 47,964 |         | 590,590 |
| PT. Cirebon Electric Power               | 17,022  |         | 3,468   | 5,775  | 1,638   | 27,903  |
| KNOC Nigerian East Oil Co., Ltd.         |         |         | 188     | (535)  | 347     |         |
| KNOC Nigerian West Oil Co., Ltd.         |         |         | (669)   | (446)  | 1,115   |         |
| Dolphin Property Limited                 |         |         | 109     | (16)   | (93)    |         |
| E-Power S.A.                             | 5,646   | (1,878) | 1,025   | 327    | 21      | 5,141   |
| PT Wampu Electric Power                  | 15,644  |         | 586     |        | 1,172   | 17,402  |
| PT. Bayan Resources TBK                  | 642,636 |         | (4,013) | 9,966  | (562)   | 648,027 |
| S-Power Co., Ltd.                        | 81,679  | 26,000  | 67      | (125)  | 3       | 107,624 |
| Pioneer Gas Power Limited                | 37,875  | 6,755   | 426     | (668)  |         | 44,388  |
| Eurasia Energy Holdings                  |         |         | (678)   | 18     | 660     |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd         | 27      |         | (27)    |        |         |         |
| Busan Solar Co., Ltd.                    | 546     |         | (1)     |        |         | 545     |
| Hadong Mineral Fiber Co., Ltd.           | 5       |         |         |        |         | 5       |
| Green Biomass Co., Ltd.                  | 637     |         | (175)   |        |         | 462     |
| Gumi-ochang Photovoltaic Power Co., Ltd. | 282     |         | 44      |        |         | 326     |
| Chungbuk Photovoltaic Power Co., Ltd.    | 159     |         | 13      |        | (1)     | 171     |
| Cheonan Photovoltaic Power Co., Ltd.     | 109     |         | 6       |        |         | 115     |
| PT. Mutiara Jawa                         | 2,624   |         | 28      | 110    |         | 2,762   |
| KOSCON Photovoltaic Co., Ltd             |         | 245     | (2)     |        |         | 243     |
| Yeongwol Energy Station Co., Ltd         |         | 1,862   |         |        |         | 1,862   |
|  |         | 157     |         |        |         | 157     |

|                                 |       |       |      |       |
|---------------------------------|-------|-------|------|-------|
| Yeonan Photovoltaic Co., Ltd    |       |       |      |       |
| Q1 Solar Co., Ltd               | 1,005 | (107) | (11) | 887   |
| Jinhuvish Power Generation      | 4,345 |       |      | 4,345 |
| Best Solar Energy Co., Ltd.     | 1,242 | (217) |      | 1,025 |
| Seokcheon Solar Power Co., Ltd. | 970   | 46    |      | 1,016 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

| Investees                                 | June 30, 2013     |             |          |                    |                        |  | Ending balance |
|---|-------------------|-------------|----------|--------------------|------------------------|--|----------------|
|   | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) Others |                |
| SE Green Energy Co., Ltd.                 |                   | 3,821       |          |                    | (31)                   | (19)                                     | 3,771          |
| Daegu Photovoltaic Co., Ltd.              |                   | 1,230       |          |                    | (165)                  |  | 1,065          |
| Jeongam Wind Power Co., Ltd.              |                   | 800         |          |                    | (107)                  |  | 693            |
| Korea Power Engineering Service Co., Ltd. |                   | 290         |          |                    | 193                    |  | 483            |
| Golden Route J Solar Power Co., Ltd.      |                   | 82          |          |                    |                        |  | 82             |
|   | 3,982,340         | 71,875      | (43,314) | 61,244             | 61,565                 | (1,464)                                  | 4,132,246      |
| <b>&lt;Joint ventures&gt;</b>             |                   |             |          |                    |                        |  |                |
| KEPCO-Uhde Inc.                           | 10,269            |             |          | (354)              |                        | 3  | 9,918          |
| Eco Biomass Energy Sdn. Bhd.              |                   |             |          |                    |                        |  |                |
| Datang Chaoyang Renewable Power Co., Ltd. | 28,705            |             |          | (1,196)            | 2,465                  |  | 29,974         |
| Shuweiht Asia Power Investment B.V.       |                   | 109         |          | (22)               | (9)                    | 13                                       | 91             |

|   |         |         |         |        |           |         |       |
|---|---------|---------|---------|--------|-----------|---------|-------|
| Shuweihat Asia<br>Operation &<br>Maintenance Company    | 29      |         |         | 3      |           | 32      |       |
| Waterbury Lake<br>Uranium L.P.                          | 24,906  |         |         | 585    | (2,958)   | 22,533  |       |
| ASM-BG Investicii AD                                    | 16,024  | 1,371   | (200)   | 900    |           | 18,095  |       |
| RES Technology AD                                       | 14,637  | 897     | (1,393) | 776    |           | 14,917  |       |
| KV Holdings, Inc.                                       | 2,023   |         | (3)     | 48     | (12)      | 2,056   |       |
| KEPCO SPC Power<br>Corporation                          | 121,737 |         | 4,189   | (847)  | 260       | 125,339 |       |
| Canada Korea Uranium<br>Limited Partnership             | 5,083   |         |         |        | 98        | 5,181   |       |
| KEPCO Energy<br>Resource Nigeria<br>Limited             | 5,663   |         | (85)    | 178    |           | 5,756   |       |
| Gansu Datang Yumen<br>Wind Power Co., Ltd.              | 20,381  |         | (669)   | 1,821  | (71)      | 21,462  |       |
| Datang Chifeng<br>Renewable Power Co.,<br>Ltd.          | 156,449 |         | 6,593   | 14,058 | 21        | 177,121 |       |
| Datang KEPCO<br>Chaoyang Renewable<br>Power Co., Ltd.   | 10,125  |         | 122     | 896    |           | 11,143  |       |
| Rabigh Electricity<br>Company (*)                       |         | 108,385 | 6,880   | 19,324 | (134,589) |         |       |
| Rabigh Operation &<br>Maintenance Company               | 814     |         | (1,831) | 3,424  | 203       | (7)     | 2,603 |
| Jamaica Public Service<br>Company Limited               | 293,007 |         | (795)   | 21,468 | (1)       | 313,679 |       |
| KW Nuclear<br>Components Co., Ltd.                      | 1,222   |         | (457)   | 1,173  |           | 1,938   |       |
| Busan shinho Solar<br>power Co., Ltd.                   | 2,056   |         |         | 497    |           | 2,553   |       |
| STX Electric Power Co.,<br>Ltd.                         | 96,698  | 29,400  | (352)   | (142)  |           | 125,604 |       |
| YEONGAM Wind<br>Power Co., Ltd.                         | 11,563  |         |         | 22     |           | 11,585  |       |
| Global Trade Of Power<br>System Co. , Ltd               | 213     |         |         | 9      |           | 222     |       |
| Expressway Solar-light<br>Power Generation Co.,<br>Ltd. | 3,132   |         |         | 136    | (12)      | 3,256   |       |
| Yeongam F1 Solar<br>Power Plant                         | 1,673   |         |         | 166    |           | 1,839   |       |
| KODE NOVUS 1 LLC.                                       | 17,691  |         | (2,230) | (251)  | 1,127     | 16,337  |       |
| KODE NOVUS 2 LLC.                                       | 11,550  |         | (998)   | 806    | (1)       | 11,357  |       |
| Daejung Offshore Wind<br>Power Co., Ltd.                | 4,844   |         | (261)   |        | (201)     | 4,382   |       |
| Arman Asia Electric<br>Power Company                    | 687     |         | (329)   | (32)   | 69        | 395     |       |
|   | 5,629   |         | (311)   |        |           | 5,318   |       |

KEPCO-ALSTOM  
Power Electronics  
Systems, Inc.  
Dongbu Power Dangjin  
Corporation

40,000

(175)

39,825

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

| Investees                  | June 30, 2013     |             |          |                    |                        |                                   |           |                |
|----------------------------|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|-----------|----------------|
|                            | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others    | Ending balance |
| Honam Wind Power Co., Ltd. | 1,783             | 1,817       |          |                    | (29)                   | (1,272)                           |           | 2,299          |
| Seokmun Energy Co., Ltd.   |                   | 680         |          |                    | (24)                   |                                   |           | 656            |
|                            | 908,593           | 142,659     |          | (2,288)            | 13,785                 | 60,966                            | (136,249) | 987,466        |
|                            | 4,890,933         | 214,534     |          | (45,602)           | 75,029                 | 122,531                           | (137,713) | 5,119,712      |

(\*) During the six-month period ended June 30, 2013, part of loans to Rabigh Electricity Company was converted to equity, causing the investment to increase by 108,385 million.

*In millions of won*

| Investees                   | December 31, 2012 |             |          |                    |                        |                                   |        |                |
|-----------------------------|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|--------|----------------|
|                             | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others | Ending balance |
| <b>&lt;Associates&gt;</b>   |                   |             |          |                    |                        |                                   |        |                |
| Daegu Green Power Co., Ltd. | 11,621            | 45,060      |          |                    | (316)                  | (343)                             | (15)   | 56,007         |



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|   |           |        |          |         |          |         |           |
|---|-----------|--------|----------|---------|----------|---------|-----------|
| Korea Gas Corporation                                 | 1,968,886 |        | (14,364) | 89,689  | 5,697    | (568)   | 2,049,340 |
| Korea Electric Power Industrial Development Co., Ltd. | 20,968    |        | (2,467)  | 788     |          | (353)   | 18,936    |
| YTN Co., Ltd.   | 36,977    |        | (225)    | 1,454   | (10)     | (320)   | 37,876    |
| Cheongna Energy Co., Ltd.                             | 24,576    | 13,900 |          | (5,097) |          |         | 33,379    |
| Gang won Wind Power Co., Ltd.                         | 10,112    |        | (852)    | 2,682   | 171      |         | 12,113    |
| Hyundai Green Power Co., Ltd.                         | 84,109    | 24,650 | (11,014) | 12,601  | 42       | (42)    | 110,346   |
| Korea Power Exchange                                  | 163,041   |        |          | 13,223  |          |         | 176,264   |
| AMEC Partners Korea                                   | 176       |        |          | (35)    |          |         | 141       |
| Hyundai Energy Co., Ltd.                              | 53,281    |        |          | (3,758) |          | (60)    | 49,463    |
| Ecollite Co., Ltd.                                    | 1,219     |        |          | (283)   | 330      |         | 1,266     |
| Taebaek Wind Power Co., Ltd.                          | 3,680     |        |          | 48      |          |         | 3,728     |
| Alternergy Philippine Investments Corporation         | 1,078     | 1,052  |          | (498)   | (32)     |         | 1,600     |
| Muju Wind Power Co., Ltd.                             | 2,735     |        |          | (24)    |          |         | 2,711     |
| Pyeongchang Wind Power Co., Ltd.                      | 627       |        |          | (14)    |          |         | 613       |
| Daeryun Power Co., Ltd.                               | 20,227    | 4,687  |          | 127     | (24)     |         | 25,017    |
| JinanJangsu Wind Power Co., Ltd.                      | 78        |        |          |         |          |         | 78        |
| Changjuk Wind Power Co., Ltd.                         | 3,749     |        |          | 177     |          |         | 3,926     |
| Commerce and industry energy Co., Ltd.                | 8,497     |        |          | (1,431) |          |         | 7,066     |
| Gyeongju Wind Power Co., Ltd.                         | 1,430     |        |          |         |          | (1,430) |           |
| KNH Solar Co., Ltd.                                   | 1,295     |        |          | (206)   |          |         | 1,089     |
| SPC Power Corporation                                 | 37,660    |        | (1,512)  | 1,035   | (617)    | 194     | 36,760    |
| Gemeng International Energy Co., Ltd.                 | 555,104   |        |          | 27,918  | (33,292) |         | 549,730   |
| PT. Cirebon Electric Power                            | 15,513    |        |          | 4,253   | (1,502)  | (1,242) | 17,022    |
| KNOC Nigerian East Oil Co., Ltd.                      |           |        |          | 1,286   | 650      | (1,936) |           |
| KNOC Nigerian West Oil Co., Ltd.                      |           |        |          | 1,915   | 565      | (2,480) |           |
| Dolphin Property Limited                              |           |        |          | 64      | 17       | (81)    |           |
| E-Power S.A   | 3,967     |        | (96)     | 2,083   | (308)    |         | 5,646     |
| PT Wampu Electric Power                               | 16,452    | 1,558  |          | (1,173) |          | (1,193) | 15,644    |
| PT. Bayan Resources TBK                               | 671,096   |        | (15,594) | (449)   | (11,946) | (471)   | 642,636   |
| S-Power Co., Ltd.                                     |           | 82,000 |          | (57)    | (260)    | (4)     | 81,679    |

|                                   |        |         |        |
|-----------------------------------|--------|---------|--------|
| Pioneer Gas Power Limited         | 39,899 | (2,024) | 37,875 |
| Eurasia Energy Holdings           | 461    | (461)   |        |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | 29     | (2)     | 27     |
| Busan Solar Co., Ltd.             | 643    | (97)    | 546    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

| Investees                                | December 31, 2012 |             |          |                    |                        |  | Ending balance |
|--|-------------------|-------------|----------|--------------------|------------------------|--|----------------|
|  | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) Others |                |
| Hadong Mineral Fiber Co., Ltd.           |                   | 50          |          |                    | (45)                   |  | 5              |
| Green Biomass Co., Ltd.                  |                   | 714         |          |                    | (77)                   |  | 637            |
| Gumi-ochang Photovoltaic Power Co., Ltd. |                   | 288         |          |                    | (6)                    |  | 282            |
| Chungbuk Photovoltaic Power Co., Ltd     |                   | 166         |          |                    | (7)                    |  | 159            |
| Cheonan Photovoltaic Power Co., Ltd      |                   | 122         |          |                    | (13)                   |  | 109            |
| PT. Mutiara Jawa                         |                   | 2,978       |          |                    | (110)                  | (244)                                    | 2,624          |
|  | 3,718,154         | 218,257     |          | (46,124)           | 145,186                | (43,132) (10,001)                        | 3,982,340      |
| <b>&lt;Joint ventures&gt;</b>            |                   |             |          |                    |                        |  |                |
| KEPCO-Uhde Inc.                          | 11,172            |             |          |                    | (894)                  | (9)                                      | 10,269         |
| Eco Biomass Energy Sdn. Bhd.             | 9,783             |             |          |                    | (2,064)                | 1,263 (8,982)                            |                |
| Datang Chaoyang Renewable                | 29,971            |             |          | (2,479)            | 1,905                  | (1,702) 1,010                            | 28,705         |

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|  |         |         |          |        |          |          |         |
|--|---------|---------|----------|--------|----------|----------|---------|
| Power Co., Ltd.  |         |         |          |        |          |          |         |
| Shuweiha Asia<br>Power Investment<br>B.V.                |         | 114     |          | (98)   | (16)     |          |         |
| Shuweiha Asia<br>Operation &<br>Maintenance<br>Company   |         |         |          | 30     | (1)      |          | 29      |
| Waterbury Lake<br>Uranium L.P.                           | 21,691  | 4,053   |          |        | (667)    | (171)    | 24,906  |
| ASM-BG Investicii<br>AD                                  | 14,921  |         |          | 2,765  | (1,662)  |          | 16,024  |
| RES Technology<br>AD                                     | 14,563  |         |          | 1,298  | (1,224)  |          | 14,637  |
| KV Holdings, Inc.  | 2,044   |         | (89)     | 79     | (11)     |          | 2,023   |
| Kings Plaza JV,<br>LLC                                   | 8,651   | (9,150) |          | 499    |          |          |         |
| KEPCO SPC Power<br>Corporation                           | 98,943  |         |          | 24,591 | (1,875)  | 78       | 121,737 |
| Canada Korea<br>Uranium Limited<br>Partnership           | 5,348   |         |          | (12)   |          | (253)    | 5,083   |
| KEPCO Energy<br>Resource Nigeria<br>Limited              | 6,056   |         |          | (186)  | (207)    |          | 5,663   |
| Gansu Datang<br>Yumen Wind Power<br>Co., Ltd.            | 22,368  |         |          | (715)  | (1,272)  |          | 20,381  |
| Datang Chifeng<br>Renewable Power<br>Co., Ltd.           | 183,455 |         | (22,561) | 3,077  | (10,225) | 2,703    | 156,449 |
| Datang KEPCO<br>Chaoyang<br>Renewable<br>Power Co., Ltd. | 6,931   |         |          | 633    | (1,488)  | 4,049    | 10,125  |
| Rabigh Electricity<br>Company                            |         |         |          | 6,143  | (32,009) | 25,866   |         |
| Rabigh Operation &<br>Maintenance<br>Company             | 137     |         |          | 722    | (45)     |          | 814     |
| Jamaica Public<br>Service Company<br>Limited             | 311,750 |         | (2,216)  | 3,680  | 46       | (20,253) | 293,007 |
| KW Nuclear<br>Components Co.,<br>Ltd.                    |         |         |          | 1,222  |          |          | 1,222   |
| Busan shinoh Solar<br>power Co., Ltd.                    | 2       | 2,098   |          | (44)   |          |          | 2,056   |
| STX Electric Power<br>Co., Ltd.                          | 19,416  | 78,400  |          | (741)  | (377)    |          | 96,698  |
|  |         | 11,583  |          | (20)   |          |          | 11,563  |

|  |        |       |         |        |
|--|--------|-------|---------|--------|
| YEONGAM Wind Power Co., Ltd.                     |        |       |         |        |
| Global Trade Of Power System Co., Ltd            | 290    | (77)  |         | 213    |
| Expressway Solar-light Power Generation Co., Ltd | 3,132  |       |         | 3,132  |
| Yeongam F1 Solar Power Plant                     | 1,740  | (67)  |         | 1,673  |
| KODE NOVUS 1 LLC.                                | 19,213 | (485) | (1,037) | 17,691 |
| KODE NOVUS 2 LLC.                                | 12,498 | (189) | (759)   | 11,550 |
| Daejung Offshore Wind Power Co., Ltd.            | 4,990  | (146) |         | 4,844  |
| Arman Asia Electric Power Company                | 981    | (232) | (62)    | 687    |
| KEPCO-ALSTOM Power Electronics Systems, Inc.     | 5,629  |       |         | 5,629  |
| Dongbu Power Dangjin Corporation                 | 40,000 |       |         | 40,000 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

- (3) **Changes in investments in associates and joint ventures for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows, continued:**

*In millions of  
won*

| Investees                     | Beginning<br>balance | December 31, 2012 |          |                       |   |                               | Ending<br>balance |
|-------------------------------|----------------------|-------------------|----------|-----------------------|---|-------------------------------|-------------------|
|                               |                      | Acquisition       | Disposal | Dividends<br>received | Share of comprehensive<br>income (loss) | Other<br>income (loss) Others |                   |
| Honam Wind<br>Power Co., Ltd. |                      | 1,783             |          |                       |   |                               | 1,783             |
|                               | 767,202              | 186,504           | (9,150)  | (27,345)              | 40,674                                  | (53,330) 4,038                | 908,593           |
|                               | 4,485,356            | 404,761           | (9,150)  | (73,469)              | 185,860                                 | (96,462) (5,963)              | 4,890,933         |

- (4) **Summary of financial information of associates and joint ventures as of and for the six-month period ended June 30, 2013 and as of and for the year ended December 31 are as follows:**

*In millions of won*

| Investees  | June 30, 2013   |                   |            | Profit (loss) for the<br>period |
|--|-----------------|-------------------|------------|---------------------------------|
|  | Total<br>assets | Total liabilities | Sales      |                                 |
| <b>&lt;Associates&gt;</b>                                |                 |                   |            |                                 |
| Daegu Green Power Co., Ltd.                              | 271,754         | 114,921           | 13         | 440                             |
| Korea Gas Corporation                                    | 40,538,120      | 32,030,294        | 20,150,161 | 253,165                         |
| Korea Electric Power Industrial Development<br>Co., Ltd. | 139,215         | 64,320            | 138,311    | 10,266                          |
| YTN Co., Ltd.  | 356,372         | 181,942           | 54,058     | (1,330)                         |

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|  |           |           |         |          |
|--|-----------|-----------|---------|----------|
| Cheongna Energy Co., Ltd.                        | 434,450   | 370,698   | 26,140  | (5,681)  |
| Gangwon Wind Power Co., Ltd.                     | 138,030   | 61,279    | 19,256  | 12,448   |
| Hyundai Green Power Co., Ltd.                    | 1,106,844 | 733,811   | 152,269 | 22,572   |
| Korea Power Exchange                             | 204,403   | 23,189    | 41,487  | 8,179    |
| AMEC Partners Korea                              | 1,809     | 503       | 1,155   | 563      |
| Hyundai Energy Co., Ltd.                         | 534,123   | 456,447   | 11,150  | (31,375) |
| Ecollite Co., Ltd.                               | 8,503     | 3,349     |         | (589)    |
| Taebaek Wind Power Co., Ltd.                     | 55,967    | 37,812    | 6,076   | 2,931    |
| Alternergy Philippine<br>Investments Corporation | 3,606     | 8         |         | (439)    |
| Muju Wind Power Co., Ltd.                        | 10,836    |           |         | (6)      |
| Pyeongchang Wind Power Co., Ltd.                 | 2,408     | 1         |         | (48)     |
| Daeryun Power Co., Ltd.                          | 543,093   | 417,275   |         | 138      |
| JinanJangsu Wind Power Co., Ltd.                 | 309       |           |         | (1)      |
| Changjuk Wind Power Co., Ltd.                    | 48,370    | 31,897    | 5,717   | 2,962    |
| KNH Solar Co., Ltd.                              | 30,527    | 25,893    | 2,167   | 626      |
| SPC Power Corporation                            | 139,135   | 21,232    | 30,128  | 8,954    |
| Gemeng International Energy Co., Ltd.            | 6,357,983 | 4,620,953 | 816,559 | 56,314   |
| PT. Cirebon Electric Power                       | 1,078,254 | 976,791   | 144,325 | 14,305   |
| KNOC Nigerian East Oil Co., Ltd.                 | 258,352   | 312,251   |         | (2,032)  |
| KNOC Nigerian West Oil Co., Ltd.                 | 156,887   | 206,336   |         | (1,708)  |
| Dolphin Property Limited                         | 7,702     | 10,238    | 235     | (120)    |
| E-Power S.A.                                     | 83,210    | 69,376    | 28,830  | 3,572    |
| PT Wampu Electric Power                          | 115,481   | 77,650    | 18,345  | (1,585)  |
| PT. Bayan Resources TBK                          | 1,976,022 | 1,359,659 | 583,750 | 18,007   |
| S-Power Co., Ltd.                                | 379,667   | 110,937   |         | 174      |
| Pioneer Gas Power Limited                        | 165,452   | 99,528    | 19      | 19       |
| Eurasia Energy Holdings                          | 1,871     | 3,679     | 325     | (2,838)  |
| Xe-Pian Xe-Namnoy Power Co., Ltd.                | 28,081    | 28,493    | 14      | (147)    |
| Busan Solar Co., Ltd.                            | 17,700    | 14,945    | 916     | 24       |
| Hadong Mineral Fiber Co., Ltd.                   | 15        |           |         | (1)      |
| Green Biomass Co., Ltd.                          | 7,658     | 6,298     |         | (514)    |
| Gumi-ochang Photovoltaic Power Co., Ltd.         | 20,655    | 17,392    | 1,812   | 437      |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(4) Summary of financial information of associates and joint ventures as of and for the six-period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

| Investees                                      | June 30, 2013 |                   |        | Profit (loss) for the period |
|--|---------------|-------------------|--------|------------------------------|
|  | Total assets  | Total liabilities | Sales  |                              |
| Chungbuk Photovoltaic Power Co., Ltd.          | 7,454         | 5,744             | 541    | (113)                        |
| Cheonan Photovoltaic Power Co., Ltd.           | 5,676         | 4,523             | 320    | (98)                         |
| PT. Mutiara Jawa                               | 9,537         | 12                |        | (26)                         |
| KOSCON Photovoltaic Co.,Ltd                    | 12,025        | 11,658            | 44     | (10)                         |
| Yeongwol Energy Station Co., Ltd               | 14,193        | 340               |        |                              |
| Yeonan Photovoltaic Co., Ltd                   | 247           |                   |        |                              |
| Q1 Solar Co., Ltd                              | 17,697        | 14,530            | 162    | (381)                        |
| Jinbhuvish Power Generation                    | 66,915        | 489               |        |                              |
| Best Solar Energy Co., Ltd.                    | 9,705         | 5,249             |        | (945)                        |
| Seokcheon Solar Power Co., Ltd.                | 14,606        | 4,161             | 690    | 475                          |
| SE Green Energy Co., Ltd.                      | 8,203         | 307               | 1      | (65)                         |
| Daegu Photovoltaic Co., Ltd.                   | 19,870        | 16,282            |        | (595)                        |
| Jeongam Wind Power Co., Ltd.                   | 1,734         | 1                 |        | (267)                        |
| Korea Power Engineering Service Co., Ltd.      | 1,720         | 54                | 1,063  | 666                          |
| Golden Route J Solar Power Co., Ltd.           | 5,476         | 4,656             | 254    | 4                            |
| <b>&lt;Joint ventures&gt;</b>                  |               |                   |        |                              |
| KEPCO-Uhde Inc.                                | 16,201        | 1,174             |        | (536)                        |
| Eco Biomass Energy Sdn. Bhd.                   | 17,494        | 3,888             |        |                              |
| Datang Chaoyang Renewable Power Co., Ltd.      | 192,136       | 117,201           | 11,074 | 1,750                        |
| Shuweihat Asia Power Investment B.V.           | 212           | 27                |        | (28)                         |
| Shuweihat Asia Operation & Maintenance Company | 286           | 229               |        |                              |
| Waterbury Lake Uranium L.P.                    | 64,020        | 401               |        |                              |
| ASM-BG Investicii AD                           | 108,920       | 72,730            | 7,162  | 249                          |
| RES Technology AD                              | 103,324       | 73,491            | 4,628  | (2,400)                      |
| KV Holdings, Inc.                              | 5,151         | 12                |        | 790                          |



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|   |           |           |         |         |
|---|-----------|-----------|---------|---------|
| KEPCO SPC Power Corporation                       | 551,951   | 355,505   | 85,973  | 6,982   |
| Canada Korea Uranium Limited Partnership          | 41,636    | 42        |         |         |
| KEPCO Energy Resource Nigeria Limited             | 67,697    | 48,512    |         | (323)   |
| Gansu Datang Yumen Wind Power Co., Ltd.           | 125,840   | 72,360    | 4,922   | (1,504) |
| Datang Chifeng Renewable Power Co., Ltd.          | 1,006,303 | 563,445   | 59,919  | 13,193  |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.   | 76,975    | 49,118    | 5,105   | 1,732   |
| Rabigh Electricity Company                        | 2,863,165 | 2,712,299 | 117,202 | 19,175  |
| Rabigh Operation & Maintenance Company            | 14,843    | 8,336     | 13,190  | 8,916   |
| Jamaica Public Service Company Limited            | 1,192,316 | 756,292   | 591,377 | 352     |
| KW Nuclear Components Co., Ltd.                   | 26,087    | 21,780    | 4,653   | 2,353   |
| Busan shinoh Solar power Co., Ltd.                | 57,960    | 47,788    | 3,961   | 1,696   |
| STX Electric Power Co., Ltd.                      | 264,728   | 8,393     |         | (719)   |
| YEONGAM Wind Power Co., Ltd.                      | 59,080    | 35,565    | 92      | 56      |
| Global Trade Of Power System Co., Ltd.            | 911       | 146       | 1,145   | 53      |
| Expressway Solar-light Power Generation Co., Ltd. | 18,684    | 7,456     | 767     | 510     |
| Yeongam F1 Solar Power Plant                      | 6,358     | 15        | 556     | 572     |
| KODE NOVUS 1 LLC.                                 | 127,963   | 104,213   | 1,072   | (4,554) |
| KODE NOVUS 2 LLC.                                 | 67,054    | 43,875    | 864     | (2,037) |
| Daejung Offshore Wind Power Co., Ltd.             | 8,787     | 6         |         | (524)   |
| Arman Asia Electric Power Company                 | 494,497   | 493,838   |         | (620)   |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 16,351    | 5,922     |         | (550)   |
| Dongbu Power Dangjin Corporation                  | 94,739    | 742       |         | (1,345) |
| Honam Wind Power Co., Ltd.                        | 13,793    | 6,203     |         | (96)    |
| Seokmun Energy Co., Ltd.                          | 1,933     | 5         |         | (71)    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(4) Summary of financial information of associates and joint ventures as of and for the six-period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

| Investees   | December 31, 2012 |                   | Sales      | Profit (loss) for the period |
|---|-------------------|-------------------|------------|------------------------------|
|   | Total assets      | Total liabilities |            |                              |
| <b>&lt;Associates&gt;</b>                             |                   |                   |            |                              |
| Daegu Green Power Co., Ltd.                           | 148,814           | 31,645            | 5          | (707)                        |
| Korea Gas Corporation                                 | 40,631,086        | 32,252,753        | 35,714,565 | 366,675                      |
| Korea Electric Power Industrial Development Co., Ltd. | 125,614           | 60,319            | 250,183    | 1,822                        |
| YTN Co., Ltd.   | 345,862           | 169,119           | 124,276    | 5,735                        |
| Cheongna Energy Co., Ltd.                             | 446,396           | 376,358           | 31,125     | (11,556)                     |
| Gangwon Wind Power Co., Ltd.                          | 145,628           | 65,203            | 34,342     | 18,770                       |
| Hyundai Green Power Co., Ltd.                         | 952,240           | 572,151           | 283,539    | 43,555                       |
| Korea Power Exchange                                  | 189,548           | 13,284            | 82,667     | 14,308                       |
| AMEC Partners Korea                                   | 1,119             | 375               | 1,045      | (181)                        |
| Hyundai Energy Co., Ltd.                              | 201,781           | 92,109            |            |                              |
| Ecollite Co., Ltd.                                    | 5,283             | 880               |            | (878)                        |
| Taebaek Wind Power Co., Ltd.                          | 51,901            | 36,988            | 3,849      | 194                          |
| Alternergy Philippine Investments Corporation         | 3,207             | 8                 |            | (899)                        |
| Muju Wind Power Co., Ltd.                             | 10,843            |                   |            | (96)                         |
| Pyeongchang Wind Power Co., Ltd.                      | 2,455             | 1                 |            | (53)                         |
| Daeryun Power Co., Ltd.                               | 366,059           | 240,264           |            | (559)                        |
| JinanJangsu Wind Power Co., Ltd.                      | 310               |                   |            |                              |
| Changjuk Wind Power Co., Ltd.                         | 40,922            | 27,835            | 1,749      | 591                          |
| Commerce and industry energy Co., Ltd.                | 101,001           | 77,685            | 14,075     | (4,083)                      |
| KNH Solar Co., Ltd.                                   | 30,665            | 26,657            | 1,385      | (764)                        |
| SPC Power Corporation                                 | 104,886           | 8,150             | 11,851     | 6,131                        |
| Gemeng International Energy Co., Ltd.                 | 5,234,058         | 3,617,205         | 1,575,590  | 75,650                       |
| PT. Cirebon Electric Power                            | 1,009,607         | 947,711           | 159,655    | 15,462                       |

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|  |           |           |           |         |
|--|-----------|-----------|-----------|---------|
| KNOC Nigerian East Oil Co., Ltd.         | 239,810   | 291,330   |           | (7,636) |
| KNOC Nigerian West Oil Co., Ltd.         | 145,322   | 187,148   |           | (6,704) |
| Dolphin Property Limited                 | 6,264     | 9,415     | 506       | (101)   |
| E-Power S.A.                             | 73,829    | 58,312    | 60,416    | 6,931   |
| PT Wampu Electric Power                  | 80,850    | 46,842    |           | (2,549) |
| PT. Bayan Resources TBK                  | 1,976,368 | 1,407,518 | 1,645,400 | 76,426  |
| S-Power Co., Ltd.                        | 205,853   | 1,985     |           | (142)   |
| Pioneer Gas Power Limited                | 65,000    | 16,371    |           |         |
| Eurasia Energy Holdings                  | 3,421     | 3,562     |           | (1,275) |
| Xe-Pian Xe-Namnoy Power Co., Ltd.        | 13,539    | 13,432    |           |         |
| Busan Solar Co., Ltd.                    | 12,991    | 10,233    | 444       | (492)   |
| Hadong Mineral Fiber Co., Ltd.           | 19        |           |           | (181)   |
| Green Biomass Co., Ltd.                  | 8,034     | 6,160     |           | (226)   |
| Gumi-ochang Photovoltaic Power Co., Ltd. | 20,136    | 17,316    | 1,314     | (60)    |
| Chungbuk Photovoltaic Power Co., Ltd.    | 8,599     | 7,014     | 302       | (77)    |
| Cheonan Photovoltaic Power Co., Ltd.     | 6,252     | 5,154     | 173       | (121)   |
| PT. Mutiara Jawa                         | 9,068     | 16        |           | (380)   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(4) **Summary of financial information of associates and joint ventures as of and for the six-period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

| Investees                                       | December 31, 2012 |                   |           | Profit (loss) for the period |
|---|-------------------|-------------------|-----------|------------------------------|
|   | Total assets      | Total liabilities | Sales     |                              |
| <b>&lt;Joint ventures&gt;</b>                   |                   |                   |           |                              |
| KEPCO-Uhde Inc.                                 | 16,063            | 504               |           | (1,354)                      |
| Eco Biomass Energy Sdn. Bhd.                    | 17,494            | 3,888             |           |                              |
| Datang Chaoyang Renewable Power Co., Ltd.       | 195,746           | 123,983           | 19,117    | 5,179                        |
| Shuweihaat Asia Power Investment B.V.           | 65                | 65                |           | (189)                        |
| Shuweihaat Asia Operation & Maintenance Company | 70                | 17                |           | (45)                         |
| Waterbury Lake Uranium L.P.                     | 62,885            | 621               |           |                              |
| ASM-BG Investicii AD                            | 99,485            | 67,437            | 15,453    | 3,551                        |
| RES Technology AD                               | 98,036            | 68,762            | 9,428     | (704)                        |
| KV Holdings, Inc.                               | 5,057             |                   |           | 198                          |
| KEPCO SPC Power Corporation                     | 527,718           | 333,972           | 159,412   | 33,100                       |
| Canada Korea Uranium Limited Partnership        | 40,866            | 41                |           | (10)                         |
| KEPCO Energy Resource Nigeria Limited           | 24,732            | 5,855             |           | (898)                        |
| Gansu Datang Yumen Wind Power Co., Ltd.         | 125,198           | 74,422            | 9,619     | (1,789)                      |
| Datang Chifeng Renewable Power Co., Ltd.        | 945,001           | 553,772           | 103,162   | 10,445                       |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 70,554            | 45,241            | 4,046     | 1,586                        |
| Rabigh Electricity Company                      | 2,383,131         | 2,579,352         | 6,479     | 44,518                       |
| Rabigh Operation & Maintenance Company          | 4,350             | 2,315             | 9,002     | 1,810                        |
| Jamaica Public Service Company Limited          | 1,167,350         | 761,650           | 1,286,441 | 19,694                       |
| KW Nuclear Components Co., Ltd.                 | 25,540            | 22,824            | 8,990     | 3,560                        |
| Busan shinoh Solar power Co., Ltd.              | 35,324            | 27,140            |           | (176)                        |
| STX Electric Power Co., Ltd.                    | 203,754           | 6,411             |           | (1,490)                      |
| YEONGAM Wind Power Co., Ltd.                    | 23,470            |                   |           | (58)                         |
| Global Trade Of Power System Co., Ltd.          | 754               | 20                |           | (266)                        |

|   |         |        |     |         |
|---|---------|--------|-----|---------|
| Expressway Solar-light Power Generation Co., Ltd. | 12,451  | 1,650  |     | 1       |
| Yeongam F1 Solar Power Plant                      | 55,011  | 49,241 |     | (230)   |
| KODE NOVUS 1 LLC.                                 | 122,061 | 95,603 | 166 | (1,222) |
| KODE NOVUS 2 LLC.                                 | 87,303  | 63,731 |     | (387)   |
| Daejung Offshore Wind Power Co., Ltd.             | 9,750   | 42     |     | (292)   |
| Arman Asia Electric Power Company                 | 55,119  | 53,973 |     | (386)   |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 11,473  | 435    |     |         |
| Dongbu Power Dangjin Corporation                  | 94,967  | 532    |     | (3,942) |
| Honam Wind Power Co., Ltd.                        | 9,112   | 3,243  |     | (72)    |

- (5) **As of June 30, 2013, there is no unrecognized equity interest to investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses.**
- (6) **As of June 30, 2013, shareholders agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows:**

(i) Gemeng International Energy Co., Ltd.

KEPCO Shanxi International Ltd., a consolidated subsidiary of the Group, established a consortium with two other investors, Deutche Capital Hongkong Ltd. and Shanxi International Energy Group Co., Ltd. with the Group's percentage of ownership of the consortium being 34%. This consortium, in order for business in Chinese power generating industry, established Gemeng International Energy Co., Ltd., which is an associate of the Group with the Group's percentage of ownership being 34%. KEPCO Shanxi International Ltd. has entered an agreement ( Put Option ) that if Gemeng International Co., Ltd. fails to be listed within 5 years after the initial capital paid in, Deutche Capital HongKong Ltd can require KEPCO Shanxi International Ltd. to acquire or recommend 3rd party to acquire its own investment in Gemeng International Co., Ltd. at the investment principal of USD 106,861,924 with an interest of 3M Libor-0.25% during the period from July 10, 2012 to July 9, 2014. However, Put Option Extension Agreement has changed this period; June 19, 2014 to July 9, 2014, and as of June 30, 2013, the Group guarantees this Put Option agreement

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

**(6) As of June 30, 2013, shareholders agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows, continued:**

(ii) Eco Biomass Energy Sdn. Bhd.

Eco Biomass Energy Sdn. Bhd., issued put options on preferred stock to its financial investors. An agreement was made between financial investors and shareholders that if Eco Biomass Energy Sdn. Bhd., the first obligator, fails to accept the put options when exercised, all shareholders of Eco Biomass Energy Sdn. Bhd., should fulfill their obligation as the second obligators and acquire the preferred stock from financial investors in proportion to each shareholder's percentage of ownership up to 4,050 million.

(iii) Hyundai Energy Co., Ltd.

As of June 30, 2013, Hyundai Energy Co., Ltd., an associate of the Group, which engages in the integrated energy business, carries long-term borrowings for project financing amounting to 450 billion from Korea Development Bank and others. In connection with these borrowings, the Group pledged its investment securities in Hyundai Energy Co., Ltd. to secure the long-term borrowings amounting to 390 billion on behalf of its investee. In addition, the Group has placed guarantees for the business performance of Hyundai Energy Co., Ltd., and has a payment guarantee in relation to the repayment of the principal and interest in arrears of unsubordinated borrowings amounting to 60 billion.

Related to the above project financing, NH Power II Co., Ltd. and Daewoo Securities Co., Ltd., has entered into an agreement with Yecheon TPL Co., Ltd. to acquire shares in Hyundai Energy Co., Ltd. held by Yecheon TPL Co., Ltd. The Group had placed guarantees for a fixed return on investment to the financial institutions and had obtained the rights to acquire the investment securities in return preferentially.

In addition, NH Power II Co., Ltd. and Daewoo Securities Co., Ltd. have a right, which can be exercised for 30 days from two month to one month prior to 17<sup>th</sup> year after the termination date of the contract the termination date of the contract, to sell their shares to the Group. If dividends to shareholders exceed annual revenue, the exceeding amount shall be evenly distributed to Yecheon TPL Co., Ltd. and the Company.

(iv) Taebaek Wind Power Co., Ltd.

In case non-controlling shareholders decide to dispose of their shares in Taebaek Wind Power Co., Ltd. after the warrant period of defect repair for wind power generator has expired, the Group is obligated to acquire those shares at fair value. The acquisition is to be made after the conditions of the acquisition are discussed among the parties involved, with the careful consideration of various factors such as financial status and business situation.

(v) Pyeongchang Wind Power Co., Ltd.

In case non-controlling shareholders decide to dispose of their shares in Pyeongchang Wind Power Co., Ltd. after commercial operation of the power plant has started, the Group is obligated to acquire those shares at fair value. The acquisition is to be made after the conditions of the acquisition are discussed among the parties involved, with the careful consideration of various factors such as financial status and business situation.

(vi) Daeryun Power Co., Ltd.

All Shareholders of Daeryun Power Co., Ltd. except for POSCO Construction Co., Ltd., have agreed to acquire the shares held by POSCO Construction Co., Ltd. This acquisition shall be made at issuance price of the share in proportion to each shareholder's percentage of ownership within two months after the completion of EPC construction. In connection with this agreement, the Group, one of the shareholders of Daeryun Power Co., Ltd., is obligated to acquire 1,210,772 shares of POSCO Construction Co., Ltd.'s investment, which amounts to 6,054 million.

(vii) Jeongam Wind Power Co., Ltd.

In case non-controlling shareholders except for financial investors decide to dispose of their shares in Jeongam Wind Power Co., Ltd. after the construction of the power plant has been completed, the Group is obligated to acquire those shares at fair value.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

**(6) As of June 30, 2013, shareholders agreements on investments in associates and jointventures that may cause future economic costs or cash outflows are as follows, continued:**

(viii) Daejung Offshore Wind Power Co., Ltd.

In case Samsung Heavy Industries Co., Ltd., a co-participant of the joint venture agreement, decides to dispose of its shares in Daejung Offshore Wind Power Co., Ltd., the Group is obligated to acquire those shares after evaluating the economic feasibility of the facilities installed by Samsung Heavy Industries Co., Ltd.

**18. Property, Plant and Equipment**

**(1) Property, plant and equipment as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

|                          | <b>June 30, 2013</b>        |                              |                                     |  |                       |
|--------------------------|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|                          | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>depreciation</b> | <b>Accumulated<br/>impairment<br/>losses (*)</b> | <b>Book<br/>value</b> |
| Land                     | 13,609,986                  | (3,134)                      |                                     |  | 13,606,852            |
| Buildings                | 12,278,205                  | (46,078)                     | (3,829,083)                         | (853)  | 8,402,191             |
| Structures               | 50,656,714                  | (186,546)                    | (13,362,458)                        | (1,183)  | 37,106,527            |
| Machinery                | 43,733,494                  | (105,484)                    | (11,687,846)                        | (12,390)   | 31,927,774            |
| Ships                    | 5,011                       |                              | (3,409)                             |  | 1,602                 |
| Vehicles                 | 179,135                     | (105)                        | (142,437)                           |  | 36,593                |
| Equipment                | 821,348                     | (778)                        | (648,422)                           |  | 172,148               |
| Tools                    | 676,276                     | (123)                        | (557,440)                           |  | 118,713               |
| Construction-in-progress | 27,195,117                  | (84,607)                     |                                     |  | 27,110,510            |
| Finance lease assets     | 2,385,274                   |                              | (1,586,427)                         |  | 798,847               |
| Asset retirement cost    | 7,774,146                   |                              | (1,957,365)                         |  | 5,816,781             |
| Others                   | 7,357,523                   |                              | (5,388,688)                         |  | 1,968,835             |



|             |           |              |          |             |
|-------------|-----------|--------------|----------|-------------|
| 166,672,229 | (426,855) | (39,163,575) | (14,426) | 127,067,373 |
|-------------|-----------|--------------|----------|-------------|

*In millions of won***December 31, 2012**

|                          | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>depreciation</b> | <b>Accumulated<br/>impairment<br/>losses (*)</b> | <b>Book<br/>value</b> |
|--------------------------|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
| Land                     | 13,504,739                  | (3,106)                      |                                     |  | 13,501,633            |
| Buildings                | 12,093,805                  | (44,387)                     | (3,538,059)                         | (853)  | 8,510,506             |
| Structures               | 49,877,698                  | (177,173)                    | (12,462,959)                        | (1,183)  | 37,236,383            |
| Machinery                | 42,782,904                  | (105,112)                    | (10,087,349)                        | (11,229)   | 32,579,214            |
| Ships                    | 5,011                       |                              | (3,225)                             |  | 1,786                 |
| Vehicles                 | 173,373                     | (128)                        | (136,128)                           |  | 37,117                |
| Equipment                | 801,679                     | (922)                        | (618,524)                           |  | 182,233               |
| Tools                    | 659,851                     | (192)                        | (537,720)                           |  | 121,939               |
| Construction-in-progress | 21,279,062                  | (94,676)                     |                                     |  | 21,184,386            |
| Finance lease assets     | 2,385,238                   |                              | (1,521,561)                         |  | 863,677               |
| Asset retirement cost    | 7,720,913                   |                              | (1,757,747)                         |  | 5,963,166             |
| Others                   | 7,286,289                   |                              | (5,092,189)                         |  | 2,194,100             |
|                          | 158,570,562                 | (425,696)                    | (35,755,461)                        | (13,265)   | 122,376,140           |

(\*) The Group separately recognizes impairment loss on each asset, reflecting various factors such as physical impairment during the replacement.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**18. Property, Plant and Equipment, Continued**

(2) Changes in property, plant and equipment for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b>     |                    |                 |                     |               | <b>Ending balance</b> |
|---------------------------|--------------------------|--------------------|-----------------|---------------------|---------------|-----------------------|
|                           | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Depreciation</b> | <b>Others</b> |                       |
| Land                      | 13,501,633               | 16,191             | (21,053)        |                     | 110,081       | 13,606,852            |
| Buildings                 | 8,510,506                | 610                | (3,303)         | (286,500)           | 180,878       | 8,402,191             |
| Structures                | 37,236,383               | 275                | (86,532)        | (970,571)           | 926,972       | 37,106,527            |
| Machinery                 | 32,579,214               | 133,127            | (52,595)        | (1,631,622)         | 899,650       | 31,927,774            |
| Ships                     | 1,786                    |                    |                 | (183)               | (1)           | 1,602                 |
| Vehicles                  | 37,117                   | 1,110              | (204)           | (9,042)             | 7,612         | 36,593                |
| Equipment                 | 182,233                  | 24,327             | (85)            | (42,042)            | 7,715         | 172,148               |
| Tools                     | 121,939                  | 9,753              | (124)           | (27,282)            | 14,427        | 118,713               |
| Construction-in-progress  | 21,184,386               | 7,807,053          | (2,972)         |                     | (1,877,957)   | 27,110,510            |
| Finance lease assets      | 863,677                  |                    | (7,456)         | (69,538)            | 12,164        | 798,847               |
| Asset retirement cost     | 5,963,166                |                    |                 | (292,860)           | 146,475       | 5,816,781             |
| Others                    | 2,194,100                | 4,844              | (9)             | (293,194)           | 63,094        | 1,968,835             |
|                           | 122,376,140              | 7,997,290          | (174,333)       | (3,622,834)         | 491,110       | 127,067,373           |

| <i>In millions of won</i> | <b>December 31, 2012</b> |                    |                 |                     |               | <b>Ending balance</b> |
|---------------------------|--------------------------|--------------------|-----------------|---------------------|---------------|-----------------------|
|                           | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Depreciation</b> | <b>Others</b> |                       |
| Land                      | 13,158,742               | 151,350            | (3,580)         |                     | 195,121       | 13,501,633            |
| Buildings                 | 8,152,423                | 12,350             | (7,055)         | (560,069)           | 912,857       | 8,510,506             |
| Structures                | 36,528,004               | 712                | (297,660)       | (1,883,418)         | 2,888,745     | 37,236,383            |
| Machinery                 | 30,011,098               | 352,216            | (101,987)       | (3,328,844)         | 5,646,731     | 32,579,214            |
| Ships                     | 1,240                    |                    | (6)             | (294)               | 846           | 1,786                 |
| Vehicles                  | 38,217                   | 3,526              | (49)            | (16,701)            | 12,124        | 37,117                |
| Equipment                 | 172,458                  | 43,291             | (760)           | (86,330)            | 53,574        | 182,233               |

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|                          |             |            |           |             |             |             |
|--------------------------|-------------|------------|-----------|-------------|-------------|-------------|
| Tools                    | 116,455     | 26,159     | (78)      | (54,655)    | 34,058      | 121,939     |
| Construction-in-progress | 19,911,800  | 10,841,215 |           |             | (9,568,629) | 21,184,386  |
| Finance lease assets     | 992,200     |            |           | (128,451)   | (72)        | 863,677     |
| Asset retirement cost    | 1,725,446   |            |           | (291,867)   | 4,529,587   | 5,963,166   |
| Others                   | 1,576,798   | 16,015     |           | (551,747)   | 1,153,034   | 2,194,100   |
|                          | 112,384,881 | 11,446,834 | (411,175) | (6,902,376) | 5,857,976   | 122,376,140 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**19. Investment Properties****(1) Investment properties as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

|           | <b>June 30, 2013</b>    |                          |                                 |                                      | <b>Book value</b> |
|-----------|-------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------|
|           | <b>Acquisition cost</b> | <b>Government grants</b> | <b>Accumulated depreciation</b> | <b>Accumulated impairment losses</b> |                   |
| Land      | 536,918                 |                          |                                 |                                      | 536,918           |
| Buildings | 39,725                  | (13)                     | (15,836)                        |                                      | 23,876            |
|           | 576,643                 | (13)                     | (15,836)                        |                                      | 560,794           |

*In millions of won*

|           | <b>December 31, 2012</b> |                          |                                 |                                      | <b>Book value</b> |
|-----------|--------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------|
|           | <b>Acquisition cost</b>  | <b>Government grants</b> | <b>Accumulated depreciation</b> | <b>Accumulated impairment losses</b> |                   |
| Land      | 564,195                  |                          |                                 |                                      | 564,195           |
| Buildings | 42,460                   | (243)                    | (16,189)                        |                                      | 26,028            |
|           | 606,655                  | (243)                    | (16,189)                        |                                      | 590,223           |

**(2) Changes in investment properties for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

*In millions of won*

|  | <b>June 30, 2013</b>     |                    |                 |                     |                   | <b>Ending balance</b> |
|--|--------------------------|--------------------|-----------------|---------------------|-------------------|-----------------------|
|  | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Depreciation</b> | <b>Impairment</b> |                       |
|  |                          |                    |                 |                     |                   |                       |

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|           |         |       |          |         |
|-----------|---------|-------|----------|---------|
| Land      | 564,195 |       | (27,277) | 536,918 |
| Buildings | 26,028  | (458) | (1,694)  | 23,876  |
|           | 590,223 | (458) | (28,971) | 560,794 |

*In millions of won*

**December 31, 2012**

|           | <b>Beginning<br/>balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Depreciation</b> | <b>Impairment</b> | <b>Others</b> | <b>Ending<br/>balance</b> |
|-----------|------------------------------|--------------------|-----------------|---------------------|-------------------|---------------|---------------------------|
| Land      | 498,280                      |                    |                 |                     |                   | 65,915        | 564,195                   |
| Buildings | 18,869                       |                    |                 | (974)               |                   | 8,133         | 26,028                    |
|           | 517,149                      |                    |                 | (974)               |                   | 74,048        | 590,223                   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**19. Investment Properties, Continued****(3) Income and expenses related to investment properties for the three and six-month periods ended June 30, 2013 and 2012 are as follows:**

| <i>In millions of won</i>  | <b>June 30, 2013</b>                    |                                   | <b>June 30, 2012</b>                    |                                   |
|--|---|-----------------------------------|---|-----------------------------------|
|  | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> |
| Rental income  | 3,104                                   | 5,064                             | 2,266                                   | 4,426                             |
| Operating and maintenance expenses<br>(related to investment property which incurs<br>rental income) | (232)                                   | (458)                             | (239)                                   | (470)                             |
|  | 2,872                                   | 4,606                             | 2,027                                   | 3,956                             |

**(4) Fair value of investment properties as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b>  |                   | <b>December 31, 2012</b> |                   |
|---------------------------|-----------------------|-------------------|--------------------------|-------------------|
|                           | <b>Book<br/>value</b> | <b>Fair value</b> | <b>Book value</b>        | <b>Fair value</b> |
| Land                      | 536,918               | 566,626           | 564,195                  | 596,197           |
| Buildings                 | 23,876                | 24,671            | 26,028                   | 26,918            |
|                           | 560,794               | 591,297           | 590,223                  | 623,115           |

As of January 1, 2010, K-IFRS date adoption, the Group assessed the fair value of its investment property by using an independent third party. The independent third party has adequate experiences and qualifications to assess investment properties in Republic of Korea. The independent third party used benchmarking methods considering the economic value and similar other properties in the market. The fair values of the investment properties as of the reporting date were determined in consideration of the fluctuation on the publicly notified individual land price after the K-IFRS

adoption date.

- (5) All of the Group's investment property is held under freehold interests.

## 20. Construction Contracts

- (1) Changes in balance of construction contracts for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:

*In millions of won*

|   |                   | June 30, 2013            |                    |                |
|---|-------------------|--------------------------|--------------------|----------------|
|   | Beginning balance | Increase and decrease(*) | Recognized revenue | Ending balance |
| Nuclear power plant construction in UAE | 20,359,685        | 1,223,924                | (741,202)          | 20,842,407     |
| Kazakhstan EPC and others               | 607,231           | 439,427                  | (252,056)          | 749,602        |
|   | 20,966,916        | 1,663,351                | (993,258)          | 21,637,009     |

- (\*) For the six-month period ended June 30, 2013, the increased balance of contracts from new orders and other is 1,667,249 million and the decreased balance of contracts from changes in size of construction is 3,897 million.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**20. Construction Contracts, Continued**

- (2) **Changes in balance of construction contracts for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

|   |                          | <b>December 31, 2012</b>        |                           |                       |
|---|--------------------------|---------------------------------|---------------------------|-----------------------|
|   | <b>Beginning balance</b> | <b>Increase and decrease(*)</b> | <b>Recognized revenue</b> | <b>Ending balance</b> |
| Nuclear power plant construction in UAE | 22,689,640               | (839,900)                       | (1,490,055)               | 20,359,685            |
| Kazakhstan EPC and others               | 864,937                  | 108,283                         | (365,990)                 | 607,230               |
|   | 23,554,577               | (731,617)                       | (1,856,045)               | 20,966,915            |

- (\*) For the year ended December 31, 2012, the increased balance of contracts from new orders and others is 201,823 million and the decreased balance of contracts from changes in size of construction is 933,440 million.

- (3) **Accumulated earned revenue, expense and others related to the Group's construction as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

|   | <b>June 30, 2013</b>              |                            |                           |                                  |                  |
|---|-----------------------------------|----------------------------|---------------------------|----------------------------------|------------------|
|   | <b>Accumulated earned revenue</b> | <b>Accumulated expense</b> | <b>Accumulated profit</b> | <b>Unearned advance receipts</b> | <b>Retention</b> |
| Nuclear power plant construction in UAE | 4,000,358                         | 3,775,001                  | 225,058                   |                                  |                  |
| Kazakhstan EPC and others               | 736,011                           | 697,124                    | 38,886                    | 149                              |                  |
|   | 4,736,069                         | 4,472,125                  | 263,944                   | 149                              |                  |



*In millions of won***December 31, 2012**

|   | <b>Accumulated<br/>earned revenue</b> | <b>Accumulated<br/>expense</b> | <b>Accumulated<br/>profit</b> | <b>Unearned<br/>advance<br/>receipts</b> | <b>Retention</b> |
|---|---------------------------------------|--------------------------------|-------------------------------|--|------------------|
| Nuclear power plant construction in UAE | 3,258,857                             | 3,090,859                      | 167,998                       |  |                  |
| Kazakhstan EPC and others               | 629,980                               | 592,340                        | 37,640                        | 541                                      |                  |
|   | 3,888,837                             | 3,683,199                      | 205,638                       | 541                                      |                  |

- (4) **Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won***June 30, 2013****December 31, 2012**

|   | <b>Assets<br/>(*1)</b> |                         | <b>Liabilities (*2)</b> |                         |
|---|------------------------|-------------------------|-------------------------|-------------------------|
|   | <b>Assets (*1)</b>     | <b>Liabilities (*2)</b> | <b>Assets (*1)</b>      | <b>Liabilities (*2)</b> |
| Nuclear power plant construction in UAE |                        | 541,887                 |                         | 464,489                 |
| Kazakhstan EPC and Others               | 138,225                | 1,228                   | 136,760                 | 11,085                  |
|   | 138,225                | 543,115                 | 136,760                 | 475,574                 |

(\*1) Accounted for as trade receivables in the Group's financial statements.

(\*2) Accounted for as advance received in the Group's financial statements.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**21. Intangible Assets other than goodwill****(1) Intangible assets as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

|  | <b>June 30, 2013</b>        |                              |                                     |  |                       |
|--|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|  | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>amortization</b> | <b>Accumulated<br/>impairment<br/>losses</b> | <b>Book<br/>value</b> |
| Software   | 320,740                     | (278)                        | (250,100)                           |  | 70,362                |
| Licences and franchises                                | 3,398                       |                              | (2,875)                             |  | 523                   |
| Copyrights, patents rights and other industrial rights | 26,676                      |                              | (5,877)                             |  | 20,799                |
| Mining rights  | 520,769                     |                              | (4,983)                             |  | 515,786               |
| Development expenditures                               | 698,908                     | (9,567)                      | (627,341)                           |  | 62,000                |
| Intangible assets under development                    | 59,804                      | (12,270)                     |                                     |  | 47,534                |
| Usage rights of donated assets and other               | 372,145                     | (59)                         | (304,223)                           |  | 67,863                |
| Leasehold rights                                       | 19,112                      |                              | (18,282)                            |  | 830                   |
| Others   | 150,983                     | (1)                          | (61,158)                            | (12,436)                                     | 77,388                |
|  | 2,172,535                   | (22,175)                     | (1,274,839)                         | (12,436)                                     | 863,085               |

*In millions of won*

|  | <b>December 31, 2012</b>    |                              |                                     |  |                       |
|--|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|  | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>amortization</b> | <b>Accumulated<br/>impairment<br/>losses</b> | <b>Book<br/>value</b> |
| Software   | 319,044                     | (198)                        | (235,675)                           |  | 83,171                |
| Licences and franchises                                | 3,398                       |                              | (2,554)                             |  | 844                   |
| Copyrights, patents rights and other industrial rights | 20,621                      |                              | (4,140)                             |  | 16,481                |
| Mining rights  | 530,169                     |                              | (4,363)                             |  | 525,806               |
| Development expenditures                               | 691,918                     | (12,371)                     | (611,229)                           |  | 68,318                |
| Intangible assets under development                    | 44,316                      | (7,305)                      |                                     |  | 37,011                |

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|  |           |          |             |          |         |
|--|-----------|----------|-------------|----------|---------|
| Usage rights of donated assets and other | 372,145   | (64)     | (299,802)   |          | 72,279  |
| Leasehold rights                         | 19,112    |          | (18,265)    |          | 847     |
| Others                                   | 148,738   | (1)      | (57,244)    | (12,436) | 79,057  |
|  | 2,149,461 | (19,939) | (1,233,272) | (12,436) | 883,814 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**21. Intangible Assets other than goodwill, Continued****(2) Changes in intangible assets for as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

|  | <b>June 30, 2013</b>     |                    |                 |                     |                   |               | <b>Ending balance</b> |
|--|--------------------------|--------------------|-----------------|---------------------|-------------------|---------------|-----------------------|
|  | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Amortization</b> | <b>Impairment</b> | <b>Others</b> |                       |
| Software   | 83,171                   | 6,128              |                 | (20,168)            |                   | 1,231         | 70,362                |
| Licences and franchises                                | 844                      |                    |                 | (321)               |                   |               | 523                   |
| Copyrights, patents rights and other industrial rights | 16,481                   | 472                |                 | (1,233)             |                   | 5,079         | 20,799                |
| Mining rights  | 525,806                  | 12,921             |                 | (910)               |                   | (22,031)      | 515,786               |
| Development expenditures                               | 68,318                   | 623                |                 | (13,564)            |                   | 6,623         | 62,000                |
| Intangible assets under development                    | 37,011                   | 17,538             |                 |                     | (2)               | (7,013)       | 47,534                |
| Usage rights of donated assets and other               | 72,279                   |                    |                 | (4,393)             |                   | (23)          | 67,863                |
| Leasehold rights                                       | 847                      |                    |                 | (17)                |                   |               | 830                   |
| Others   | 79,057                   | 1,407              | (16)            | (3,438)             |                   | 378           | 77,388                |
|  | 883,814                  | 39,089             | (16)            | (44,044)            | (2)               | (15,756)      | 863,085               |

*In millions of won*

|  | <b>December 31, 2012</b> |                    |                 |                     |                   |               | <b>Ending balance</b> |
|--|--------------------------|--------------------|-----------------|---------------------|-------------------|---------------|-----------------------|
|  | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Amortization</b> | <b>Impairment</b> | <b>Others</b> |                       |
| Software   | 93,071                   | 7,214              | (3)             | (38,548)            |                   | 21,437        | 83,171                |
| Licences and franchises                                | 1,487                    |                    |                 | (643)               |                   |               | 844                   |
| Copyrights, patents rights and other industrial rights | 4,075                    | 2,356              | (294)           | (634)               | (6)               | 10,984        | 16,481                |
| Mining rights  | 470,882                  | 22,510             |                 | (4,188)             |                   | 36,602        | 525,806               |
| Development expenditures                               | 72,508                   | 2,463              |                 | (33,621)            |                   | 26,968        | 68,318                |
|  | 45,903                   | 28,580             |                 |                     | (13)              | (37,459)      | 37,011                |

Intangible assets under  
development

|   |         |        |         |          |       |        |         |
|---|---------|--------|---------|----------|-------|--------|---------|
| Usage rights of donated assets<br>and other | 79,979  |        |         | (8,812)  |       | 1,112  | 72,279  |
| Leasehold rights                            | 880     |        |         | (34)     |       | 1      | 847     |
| Others                                      | 79,924  | 4,592  | (2,311) | (6,880)  | (440) | 4,172  | 79,057  |
|   | 848,709 | 67,715 | (2,608) | (93,360) | (459) | 63,817 | 883,814 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**21. Intangible Assets other than goodwill, Continued****(3) Significant specific intangible assets as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won and thousands of Australian dollar*

| Type   | Description  | June 30, 2013 |         | Remaining useful years |
|--|--|---------------|---------|------------------------|
|  |  | Currency      | Amount  |                        |
| Software   |  |               |         | 5 months ~             |
|  | ERP system and others  | KRW           | 11,453  | 2 years and 8 months   |
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right                                   | KRW           | 9,000   | 4 years and 6 months   |
| Mining rights  | Mining right of Bylong mine  | AUD           | 401,225 |                        |
| Development expenditures                               | Development of manufacturing technology Zircaloy tube  | KRW           | 1,230   | 6 months               |
| Development expenditures                               | KOSPO Evolutionary Efficient & Powerful System(KEEPS)  | KRW           | 10,010  | 4 years                |
| Development expenditures                               | Development of maintenance system for utility plant  | KRW           | 2,148   | 4 years and 5 months   |
| Intangible assets under development                    | Contributions to APR NRC DC  | KRW           | 18,252  |                        |
| Intangible assets under development                    | CHF testing for best representative of HIPER/X2-Gen Fuel and development of best explanatory CHF correlation | KRW           | 6,388   |                        |
| Usage rights of donated assets                         | Songdo international business district(sector 1, 3) sharing charge   | KRW           | 6,602   | 4 years and 4 months   |
| Usage rights of donated assets                         | Dangjin power plant load facility usage right  | KRW           | 48,796  | 7 years and 9 months   |
| Others   | Shingwangju electricity supply facility usage right  | KRW           | 3,978   | 5 years and 11 months  |
| Others   | Sillim electricity supply facility usage right   | KRW           | 3,759   | 8 years and 5 months   |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**21. Intangible Assets other than goodwill, Continued****(4) Significant specific intangible assets as of June 2013 and December 31, 2012 are as follows, continued:***In millions of won and thousands of Australian dollar***December 31, 2012**

| Type                                | Description  | Currency | Amount  | Remaining useful years |
|-------------------------------------|--|----------|---------|------------------------|
| Software                            |  |          |         | 5 months ~             |
|                                     | ERP system   | KRW      | 13,417  | 3 years and 2 months   |
| Mining rights                       | Mining right of Bylong mine  | AUD      | 401,225 |                        |
| Development expenditures            | Development of manufacturing technology Zircaloy tube                      | KRW      | 2,460   | 1 year                 |
| Development expenditures            | WH type improved nuclear fuel  | KRW      | 532     | 3 months               |
| Development expenditures            | KOSPO Evolutionary Efficient & Powerful System(KEEPS)                      | KRW      | 11,367  | 4 years and 6 months   |
| Intangible assets under development | Smart technology verification and standard design project conducting right | KRW      | 2,816   |                        |
| Usage rights of donated assets      | Songdo international business district(sector 1, 3) Sharing charge         | KRW      | 7,363   | 4 years and 10 months  |
| Usage rights of donated assets      | Dangjin power plant load facility usage right                              | KRW      | 51,944  | 9 years                |
| Others                              | Shingwangju electricity supply facility usage right                        | KRW      | 4,314   | 6 years and 5 months   |

**(5) For the six-month periods ended June 30, 2013 and 2012, the Group recognized research and development expenses of 237,769 million and 232,345 million, respectively.****22. Trade and Other Payables****Trade and other payables as of June 30, 2013 and the December 31, 2012 are as follows**



| <i>In millions of won</i>   | <b>June 30, 2013</b> |                    | <b>December 31, 2012</b> |                    |
|-----------------------------|----------------------|--------------------|--------------------------|--------------------|
|                             | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Trade payables              | 3,167,682            |                    | 3,282,240                |                    |
| Other payables              | 1,684,471            | 3,211,487          | 1,552,780                | 3,147,010          |
| Accrued expenses            | 1,577,208            | 1,989              | 1,395,274                | 1,700              |
| Leasehold deposits received | 1,633                |                    | 1,627                    |                    |
| Other deposits received     | 85,006               | 88,241             | 63,104                   | 83,376             |
| Finance lease liabilities   | 121,160              | 825,112            | 121,804                  | 885,365            |
| Dividends payable           | 1,556                |                    | 1,605                    |                    |
| Others                      | 44                   | 46,996             | 30                       | 56,240             |
|                             | 6,638,760            | 4,173,825          | 6,418,464                | 4,173,691          |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**23. Borrowings and debt securities****(1) Borrowings and debt securities as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>                                 | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---|----------------------|--------------------------|
| <b>Current liabilities</b>                                |                      |                          |
| Short-term borrowings                                     | 3,149,353            | 689,310                  |
| Current portion of long-term borrowings                   | 699,436              | 1,528,237                |
| Current portion of debt securities                        | 5,990,327            | 5,480,331                |
| Less: Current portion of discount on long-term borrowings | (1,431)              | (1,586)                  |
| Less: Current portion of discount on debt securities      | (10,481)             | (1,611)                  |
|   | <b>9,827,204</b>     | <b>7,694,681</b>         |
| <b>Non-current liabilities</b>                            |                      |                          |
| Long-term borrowings                                      | 5,040,578            | 4,695,358                |
| Debt securities   | 44,310,514           | 40,944,992               |
| Less : Discount on long-term borrowings                   | (21,926)             | (20,423)                 |
| Less : Discount on debt securities                        | (90,793)             | (95,199)                 |
|   | <b>49,238,373</b>    | <b>45,524,728</b>        |
|   | <b>59,065,577</b>    | <b>53,219,409</b>        |

**(2) Short-term borrowings as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i> |                                |                          | <b>June 30, 2013</b> |
|---------------------------|--------------------------------|--------------------------|----------------------|
| <b>Type</b>               | <b>Creditor</b>                | <b>Interest rate (%)</b> |                      |
|                           | Korea Exchange Bank and Others | 2.61 ~ 2.80              | 1,833,665            |

|                               |                |             |           |
|-------------------------------|----------------|-------------|-----------|
| Local short-term borrowings   |                |             |           |
| Foreign short-term borrowings | RBS and others | 0.54 ~ 6.50 | 1,315,688 |
|                               |                |             | 3,149,353 |

*In millions of won*

| Type                          | Creditor                       | Interest rate (%) | December 31, 2012 |
|-------------------------------|--------------------------------|-------------------|-------------------|
| Local short-term borrowings   | Korea Exchange Bank and Others | 2.95 ~ 4.15       | 461,350           |
| Foreign short-term borrowings | DBS and Others                 | 0.78 ~ 1.25       | 227,960           |
|                               |                                |                   | 689,310           |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(3) Long-term borrowings as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won and thousands of foreign currencies*

|                                   |                                | <b>June 30, 2013</b>                |      |                 |   |
|-----------------------------------|--------------------------------|-------------------------------------|------|-----------------|---|
|                                   | <b>Type</b>                    | <b>Interest rate<br/>(%)</b>        |      | <b>Maturity</b> | <b>Foreign<br/>currency    Local<br/>currency</b> |
| <b>Local long-term borrowings</b> |                                |                                     |      |                 |   |
| Korea Development Bank            | Others                         | 0.50                                |      | 2013 ~ 2044     | \$ 9,024  |
|                                   | Facility                       | 4.60                                |      | 2028            | 29,500  |
|                                   | Facility                       | 3yr KTB rate                        | 1.25 | 2027            | 9,000   |
| Korea Exchange Bank               | Commercial Paper               | 3M CD +<br>0.03 ~ 0.54              |      | 2013 ~ 2016     | 1,600,000   |
|                                   | Facility                       | 3yr KTB rate<br>1.25                |      | 2013 ~ 2021     | 5,489   |
|                                   | Facility                       | 4.60                                |      | 2028            | 13,500  |
|                                   | Energy rationalization         | 3yr KTB rate<br>1.25                |      | 2019            | 1,150   |
|                                   | Others                         | 2.75                                |      | 2014            | 5,200   |
| Korea Industrial Bank             | Development of power resources | 4.00                                |      | 2016            | 14,200  |
|                                   | Development of power resources | 3yr KTB rate<br>1.25                |      | 2016            | 12,000  |
| Kookmin Bank                      | Development of power resources | 4.00                                |      | 2015            | 12,540  |
| Hana Bank                         | Development of power resources | 4.00                                |      | 2014            | 8,000   |
|                                   | Development of power resources | 3yr KTB rate<br>1.25                |      | 2014            | 12,300  |
|                                   | PF Refinancing                 | CD+1.7%                             |      | 2015            | 20,625  |
|                                   | PF Refinancing                 | 4.80                                |      | 2015            | 11,991  |
| Export-Import Bank of Korea       | Project loans                  | 2.00                                |      | 2026            | 38,300  |
| Korea Finance Corporation         | Facility                       | 1yr KoFC bond rate<br>+ 0.20 ~ 0.31 |      | 2017 ~ 2019     | 2,300,000   |
|                                   | Development of power resources |                                     |      | 2013 ~ 2027     | 74,377  |

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|                             |                |                           |             |           |
|-----------------------------|----------------|---------------------------|-------------|-----------|
| Korea Resources Corporation |                | 3yr KTB rate<br>2.25      |             |           |
|                             | Facility       | 0.75 ~ 1.75               | 2013 ~ 2023 | 5,510     |
|                             | Project loans  |                           |             | 13,122    |
| Shinhan Bank and others     |                | 3yr AA- CB rate +<br>1.10 | 2028        | 33,800    |
| Woori Bank                  | PF Refinancing | CD+1.7%                   | 2015        | 20,625    |
|                             | PF Refinancing | 4.80                      | 2015        | 11,991    |
| Others                      | Facility       | 4.60 ~ 5.80               | 2025 ~ 2028 | 115,100   |
|                             | PF Refinancing | 4.80                      | 2015        | 17,267    |
|                             |                | 3yr KTB rate              |             |           |
|                             | Others         | 2.25                      | 2023 ~ 2028 | 3,679     |
|                             |                |                           |             | 4,398,290 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(3) Long-term borrowings as of June 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won and thousands of foreign currencies*

|  | Type                       | June 30, 2013<br>Interest rate<br>(%) | Maturity    | Foreign<br>currency | Local<br>currency |
|--|----------------------------|---------------------------------------|-------------|---------------------|-------------------|
| <b>Foreign long-term borrowings</b>    |                            |                                       |             |                     |                   |
| Korea National Oil Corporation         | Project loans              |                                       |             | USD                 | 8,784             |
| Export-Import Bank of US and others    | Project loans              | 4.48~7.27                             | 2014        | USD                 | 16,802            |
| JBIC                                   | Project Loan               | 6M Libor + 0.012                      | 2014        | USD                 | 20,638            |
| Export-Import Bank of Korea and others | Direct loans and others    | 3M Libor + 2.60 ~ 3.70                | 2027        | JOD                 | 208,542           |
|  | Commercial Loan and others | 3M Libor+1.50 ~ 2.30                  | 2030 ~ 2033 | USD                 | 260,960           |
| XIP                                    | Share holder s and others  | 8.00                                  | 2031        | JOD                 | 8,498             |
| PT PJB                                 | Share holder s loan        | 12.75                                 | 2017        | IDR                 | 29,028,090        |
| Techint                                | Share holder s loan        | 5.00                                  | 2033        | USD                 | 28                |
| Others                                 |                            | USD 3M Libor +1.63                    | 2013        | USD                 | 170,609           |
|  | Facility and others        | 5.00 ~ 8.00                           | 2019 ~ 2031 | USD                 | 11,713            |
|  |                            |                                       |             |                     | 899,421           |
| <b>Syndicated Loan</b>                 |                            |                                       |             |                     |                   |
| HSBC and others                        |                            | 3M Libor +                            |             |                     |                   |
|  | Syndicated loan            | 0.27 ~ 1.50                           | 2014 ~ 2017 | USD                 | 384,712           |
|  |                            |                                       |             |                     | 442,303           |

|   |           |
|---|-----------|
|   | 5,740,014 |
| Less : Discount of long-term borrowings                   | (23,357)  |
| Less : Current portion of long-term borrowings            | (699,436) |
| Add : Current portion of discount of long-term borrowings | 1,431     |
|   | 5,018,652 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(3) Long-term borrowings as of June 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won and thousands of foreign currencies*

|                                   |                                | <b>December 31, 2012</b>     |                 |                             |                           |
|-----------------------------------|--------------------------------|------------------------------|-----------------|-----------------------------|---------------------------|
|                                   | <b>Type</b>                    | <b>Interest rate<br/>(%)</b> | <b>Maturity</b> | <b>Foreign<br/>currency</b> | <b>Local<br/>currency</b> |
| <b>Local long-term borrowings</b> |                                |                              |                 |                             |                           |
| Korea Development Bank            | Others                         | 0.5                          | 2013 ~ 2044     | \$                          | 9,393                     |
|                                   | Facility                       | 5.80                         | 2026            |                             | 21,800                    |
|                                   |                                | 3yr KTB rate                 |                 |                             |                           |
|                                   | Facility                       | 1.25                         | 2027            |                             | 9,000                     |
| Korea Exchange Bank               | Commercial Paper               | 3.63                         | 2013            |                             | 100,000                   |
|                                   |                                | 3M CD +                      |                 |                             |                           |
|                                   | Commercial Paper               | 0.03~0.58                    | 2013 ~ 2015     |                             | 1,900,000                 |
|                                   |                                | 3yr KTB rate                 |                 |                             |                           |
|                                   | Facility                       | 1.25                         | 2013 ~ 2021     |                             | 5,843                     |
|                                   |                                | 3yr KTB rate                 |                 |                             |                           |
|                                   | Facility                       | 1.25                         | 2013 ~ 2015     |                             | 16,000                    |
|                                   |                                | 3yr KTB rate                 |                 |                             |                           |
|                                   | Energy rationalization         | 1.25                         | 2019            |                             | 1,250                     |
|                                   |                                | 3yr KTB rate                 |                 |                             |                           |
|                                   | Development of power resources | 1.25                         | 2013            |                             | 6,000                     |
|                                   | Others                         | 3M CD + 0.25                 | 2013            |                             | 100,000                   |
|                                   | Others                         | 2.75                         | 2014            |                             | 5,200                     |
| Korea Industrial Bank             | Development of power resources | 4.00                         | 2016            |                             | 18,933                    |
|                                   |                                | 3yr KTB rate                 |                 |                             |                           |
|                                   | Development of power resources | 1.25                         | 2016            |                             | 16,000                    |
| Kookmin Bank                      | Development of power resources | 4.00                         | 2015            |                             | 18,810                    |
| Hana Bank                         | Development of power resources | 4.00                         | 2014            |                             | 16,000                    |
|                                   |                                | 3yr KTB rate                 |                 |                             |                           |
|                                   | Development of power resources | 1.25                         | 2014            |                             | 24,600                    |
| Export-Import Bank of Korea       | Project loans                  | 2.00                         | 2026            |                             | 38,300                    |



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|                             |                                |                             |             |           |
|-----------------------------|--------------------------------|-----------------------------|-------------|-----------|
| Korea Finance Corporation   |                                | 1yr KoFC bond rate + 0.08 ~ |             |           |
|                             | Facility                       | 0.31                        | 2017 ~ 2019 | 2,300,000 |
| Korea Resources Corporation |                                | 3yr KTB rate                |             |           |
|                             | Development of power resources | 2.25                        | 2013 ~ 2027 | 67,651    |
| Project loans               |                                |                             |             | 8,677     |
| Others                      |                                | 3yr KTB rate                |             |           |
|                             | Others                         | 2.25                        | 2023 ~ 2025 | 3,754     |
|                             |                                |                             |             | 4,687,211 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(3) Long-term borrowings as of June 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won and thousands of foreign currencies*

| Type                                    | December 31, 2012        |                           | Maturity    | Foreign currency | Local currency |           |
|---|--------------------------|---------------------------|-------------|------------------|----------------|-----------|
|   | Interest rate (%)        |                           |             |                  |                |           |
| <b>Foreign long-term borrowings</b>     |                          |                           |             |                  |                |           |
| Korea National Oil Corporation          | Project loans            | 3yr KTB rate<br>2.25      | 2021 ~ 2023 | USD              | 8,784          | 9,409     |
| Korea Finance Corporation               | Project loans and others | 3M Libor + 1.63           | 2014        | USD              | 138,240        | 147,962   |
| Export-Import Bank of US and others     | Project loans            | 4.48 ~ 8.28               | 2014        | USD              | 56,177         | 60,171    |
| Export-Import Bank of Korea and others  | Direct loans and others  | 3M Libor + 2.60<br>~ 3.70 | 2015        | USD              | 299,769        | 320,857   |
| SMBC and others                         | Senior loan and others   | 3M Libor + 1.10<br>~ 2.30 | 2013 ~ 2033 | USD              | 309,160        | 331,126   |
| DBS Bank                                | Facility                 | 3M Libor + 0.25           | 2013        | USD              | 200,000        | 214,220   |
| PT PJB                                  | Share holder's loan      | 12.75                     | 2017        | IDR              | 29,329,121     | 3,258     |
| Others                                  | Facility and others      | 5.00 ~ 8.00               | 2013 ~ 2031 | USD              | 24,259         | 25,976    |
|   |                          |                           |             |                  |                | 1,112,979 |
| <b>Syndicated Loan</b>                  |                          |                           |             |                  |                |           |
| Woori Bank                              |                          | 3M Libor +                |             |                  |                |           |
|   | Syndicated loan          | 0.27 ~ 1.50               | 2014 ~ 2017 | USD              | 395,299        | 423,405   |
|   |                          |                           |             |                  |                | 423,405   |
|   |                          |                           |             |                  |                | 6,223,595 |
| Less : Discount of long-term borrowings |                          |                           |             |                  |                | (22,009)  |

|   |             |
|---|-------------|
| Less : Current portion of long-term borrowings            | (1,528,237) |
| Add : Current portion of discount of long-term borrowings | 1,586       |
|   | 4,674,935   |

**(4) Local debt securities as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

|  | Issue date              | Maturity                | Interest rate<br>(%) | June 30,<br>2013 | December 31, 2012 |
|--|-------------------------|-------------------------|----------------------|------------------|-------------------|
| Electricity<br>Bonds                                       | 2003.06.18 ~ 2013.06.28 | 2013.04.24 ~ 2032.08.20 | 2.77 ~ 7.19          | 26,210,000       | 25,590,000        |
| Electricity<br>Bonds                                       | 2010.05.28 ~ 2013.06.25 | 2015.05.28 ~ 2018.06.25 | 0.25 ~ 1.05          | 1,160,000        | 1,010,000         |
| Corporate<br>Bonds   | 2008.04.11 ~ 2013.06.25 | 2013.04.11 ~ 2040.12.10 | 2.60 ~ 7.55          | 13,310,010       | 10,080,010        |
|  |                         |                         |                      | 40,680,010       | 36,680,010        |
| Less : Discount on local debt securities                   |                         |                         |                      | (35,255)         | (29,436)          |
| Less : Current portion of local debt securities            |                         |                         |                      | (4,380,000)      | (3,980,000)       |
| Add : Current portion of discount on local debt securities |                         |                         |                      | 1,245            | 814               |
|  |                         |                         |                      | 36,266,000       | 32,671,388        |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(5) Foreign debt securities as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

| Type   | Issue date              | Maturity                | Interest rate (%)      | June 30,<br>2013 | December 31,<br>2012 |
|--|-------------------------|-------------------------|------------------------|------------------|----------------------|
| FY-93  | 1993.04.14              | 2013.04.14              | 7.75                   |                  | 374,885              |
| FY-96  | 1996.04.01 ~ 1996.12.06 | 2026.12.06 ~ 2096.04.01 | 6.00 ~ 8.37            | 1,437,552        | 268,589              |
| FY-97  | 1997.01.31 ~ 1997.08.04 | 2027.01.31 ~ 2027.08.04 | 6.75 ~ 7.00            | 361,830          | 337,093              |
| FY-03  | 2003.06.26              | 2013.06.26              | 4.75                   |                  | 160,665              |
| FY-04(*)   | 2004.04.21 ~ 2004.07.21 | 2014.07.21 ~ 2034.04.21 | 5.13 ~ 5.75            | 517,365          | 481,995              |
| FY-06  | 2006.03.14 ~ 2006.09.29 | 2016.03.14 ~ 2016.09.29 | 4.81 ~ 6.00            | 747,305          | 696,215              |
| FY-08  | 2008.04.18 ~ 2008.11.27 | 2013.04.18 ~ 2018.11.27 | 4.19 ~ 5.38            | 233,430          | 892,160              |
| FY-09  | 2009.06.17 ~ 2009.07.21 | 2014.06.17 ~ 2014.07.21 | 5.50 ~ 6.25            | 574,850          | 1,606,650            |
| FY-10  | 2010.09.16 ~ 2010.10.05 | 2015.09.16 ~ 2015.10.05 | 3.00 ~ 3.13            | 1,379,640        | 1,285,320            |
| FY-10  | 2010.04.15 ~ 2010.11.18 | 2013.04.15 ~ 2015.11.18 | 3M USD Libor+0.80~1.64 | 287,425          | 589,105              |
| FY-11  | 2011.07.13 ~ 2011.07.29 | 2017.01.29 ~ 2021.07.13 | 3.63 ~ 4.75            | 919,760          | 856,880              |
| FY-11  | 2011.02.18 ~ 2011.04.15 | 2014.04.15 ~ 2014.09.17 | 3M USD Libor+0.80~1.00 | 344,910          | 321,330              |
| FY-12  | 2012.05.10 ~ 2012.09.19 | 2017.05.10 ~ 2022.09.19 | 2.50 ~ 3.83            | 2,011,975        | 1,874,426            |
| FY-13  | 2013.02.05 ~ 2013.03.05 | 2018.02.05 ~ 2018.03.05 | 3M USD Libor+0.84~1.88 | 459,880          |                      |
| FY-13  | 2013.02.05 ~ 2013.03.05 | 2018.02.05 ~ 2018.03.05 | 1.88                   | 344,909          |                      |
|  |                         |                         |                        | 9,620,831        | 9,745,313            |
| Less : Discount on foreign debt securities                   |                         |                         |                        | (66,019)         | (67,374)             |
| Less : Current portion of foreign debt securities            |                         |                         |                        | (1,610,327)      | (1,500,331)          |
| Add : Current portion of discount on foreign debt securities |                         |                         |                        | 9,236            | 797                  |
|  |                         |                         |                        | 7,953,721        | 8,178,405            |

(\*)

Global 4 in FY-04 (USD 300,000,000) can be redeemed on April 23, 2014 if bond holders claim the redemption 75-60 days prior to April 23, 2014.

## 24. Finance Lease Liabilities

### (1) Lease contracts

The Group enters into a power purchase agreements ( PPA ) under which the Group is committed to purchase an aggregate capacity of 3,770 megawatts for approximately twenty years from independent power producers, such as, GS EPS and three other providers. The Group recognizes these PPAs as finance leases; under the PPAs, there is no transfer of ownership or bargain purchase option of the plants at the end of the agreement, however, the present value of the future minimum power purchase payments equals substantially all of the plants' respective fair values over a twenty-year period which makes up the major part of the respective plants' economic life.

### (2) Finance lease liabilities as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b>          |  | <b>December 31, 2012</b>      |  |
|---------------------------|-------------------------------|--|-------------------------------|--|
|                           | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> |
| Less than 1 year          | 214,504                       | 121,160  | 221,381                       | 121,804  |
| 1 ~ 5 years               | 728,345                       | 529,808  | 744,702                       | 542,688  |
| More than 5 years         | 468,819                       | 295,304  | 556,276                       | 342,677  |
|                           | 1,411,668                     | 946,272  | 1,522,359                     | 1,007,169                                      |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**24. Finance Lease Liabilities, Continued**

- (3) **Current and non-current portion of financial lease liabilities as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>             | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---------------------------------------|----------------------|--------------------------|
| Current finance lease liabilities     | 121,160              | 121,804                  |
| Non-current finance lease liabilities | 825,112              | 885,365                  |
|                                       | 946,272              | 1,007,169                |

- (4) **Lease payments recognized as an expense from a lessee position for the three and six-month periods ended June 30, 2013 and 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b>            |                               | <b>June 30, 2012</b>            |                               |
|---------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                           | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Minimum lease payment     | 64,957                          | 134,677                       | 68,242                          | 139,638                       |
| Contingent rent payment   | (3,660)                         | (7,714)                       | (2,477)                         | (5,074)                       |
|                           | 61,297                          | 126,963                       | 65,765                          | 134,564                       |

- (5) **The Group does not have any irrevocable operating lease contracts as of June 30, 2013 and December 31, 2012.**

**25. Employment Benefits**

**(1) Principal assumptions on actuarial valuation as of June 30, 2013 and December 31, 2012 are as follows:**

|                                  | June 30, 2013 | December 31, 2012 |
|----------------------------------|---------------|-------------------|
| Discount rate                    | 3.71% ~ 4.12% | 3.51% ~ 3.58%     |
| Future salary and benefit levels | 1.77% ~ 9.40% | 1.80% ~ 15.30%    |

**(2) Details of expense relating to defined benefit plans for the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In millions of won*

|                                | June 30, 2013                  |                           | June 30, 2012                  |                           |
|--------------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|
|                                | Three-month<br>period<br>ended | Six-month<br>period ended | Three-month<br>period<br>ended | Six-month<br>period ended |
| Current service cost           | 85,917                         | 170,077                   | 75,762                         | 149,937                   |
| Interest cost                  | 23,615                         | 47,907                    | 25,131                         | 50,126                    |
| Expected return on plan assets | (4,204)                        | (7,634)                   | (4,804)                        | (10,161)                  |
| Others                         |                                |                           | (7)                            | (8)                       |
|                                | 105,328                        | 210,350                   | 96,082                         | 189,894                   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**25. Employment Benefits, Continued****(2) Details of expense relating to defined benefit plans for the three and six-month periods ended June 30, 2013 and 2012 are as follows, continued**

For the six-month periods ended June 30, 2013 and 2012, the expense relating to defined benefit plans of 150,262 million and 158,135 million, respectively, is recognized as cost of sales, and 36,683 and 35,543 million, respectively, is recognized as selling and administrative expenses, and 23,405 million and 19,018 million, respectively, is recognized as others (eg. Construction in-progress and others).

In addition, for the six-month periods ended June 30, 2013 and 2012, employee benefit obligations expenses of 19,869 and 21,089 million, respectively, is recognized as cost of sales, and 2,478 and 2,265 million, respectively, is recognized as selling and administrative expenses, and 5,906 and 5,555 million, respectively relates to the Group's defined contribution plans.

**(3) Employee benefit obligations as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>                                       | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---|----------------------|--------------------------|
| Present value of defined benefit obligation from funded plans   | 2,664,532            | 2,540,264                |
| Fair value of plan assets                                       | (476,805)            | (472,342)                |
|   | <b>2,187,717</b>     | <b>2,067,922</b>         |
| Present value of defined benefit obligation from unfunded plans | 219                  | 1,943                    |
| Net employee benefits obligation from defined benefit plans     | <b>2,187,946</b>     | <b>2,069,865</b>         |



- (4) **Changes in employee benefit obligations for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---------------------------|----------------------|--------------------------|
| Beginning balance         | 2,542,207            | 2,328,518                |
| Current service cost      | 170,077              | 325,016                  |
| Interest cost             | 47,907               | 99,473                   |
| Actuarial losses          | (33,769)             | 75,697                   |
| Actual payments           | (61,195)             | (286,501)                |
| Others                    | (476)                | 4                        |
| <b>Ending balance</b>     | <b>2,664,751</b>     | <b>2,542,207</b>         |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**25. Employment Benefits, Continued**

- (5) **Changes in the present value of plan assets for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

| <i>In millions of won</i>      | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|--------------------------------|----------------------|--------------------------|
| Beginning balance              | 472,342              | 459,342                  |
| Expected return                | 7,634                | 19,600                   |
| Actuarial gains (losses)       | 1,011                | (1,136)                  |
| Contributions by the employers | 2,511                | 94,763                   |
| Actual payments                | (6,693)              | (100,227)                |
| Ending balance                 | 476,805              | 472,342                  |

- (6) **Details of the fair value of plan assets as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---------------------------|----------------------|--------------------------|
| Equity instruments        | 61,372               | 58,972                   |
| Debt instruments          | 114,029              | 93,812                   |
| Bank deposit              | 102,202              | 109,800                  |
| Others                    | 199,202              | 209,758                  |
|                           | 476,805              | 472,342                  |

For the six-month period ended June 30, 2013 and for the year ended December 31, 2012, actual returns on plan assets are amounted to 8,482 million and 18,464 million, respectively.

- (7) **Other long-term employee benefit obligations as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>                    | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|--|----------------------|--------------------------|
| Other long-term employee benefit obligations | 75,891               | 74,469                   |
|  | 75,891               | 74,469                   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**26. Provisions****(1) Provisions as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>            | <b>June 30, 2013</b> |                    | <b>December 31, 2012</b> |                    |
|--------------------------------------|----------------------|--------------------|--------------------------|--------------------|
|                                      | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Litigation                           |                      | 22,870             |                          | 26,697             |
| Litigation provisions                |                      | 22,870             |                          | 26,697             |
| Decommissioning cost                 |                      | 12,375,095         |                          | 12,133,393         |
| Nuclear plants                       |                      | 9,675,178          |                          | 9,462,723          |
| Spent fuel                           |                      | 1,225,832          |                          | 1,207,842          |
| Waste                                |                      | 1,253,461          |                          | 1,242,396          |
| PCBs                                 |                      | 219,845            |                          | 219,669            |
| Other recovery provisions            |                      | 779                |                          | 763                |
| Others                               | 325,866              | 9,906              | 158,303                  | 10,716             |
| Power plant regional support program | 115,558              |                    | 106,763                  |                    |
| Provisions for tax                   |                      | 1,256              | 2,644                    | 1,256              |
| Provisions for financial guarantee   |                      | 8,077              |                          | 9,086              |
| Provisions for RPS                   | 209,927              |                    | 48,795                   |                    |
| Others                               | 381                  | 573                | 101                      | 374                |
|                                      | 325,866              | 12,407,871         | 158,303                  | 12,170,806         |

**(2) Changes in provisions for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

| <i>In millions of won</i> | <b>Beginning balance</b> | <b>Liabilities incurred</b> | <b>June 30, 2013</b>      |                |                 |              | <b>Ending balance</b> |
|---------------------------|--------------------------|-----------------------------|---------------------------|----------------|-----------------|--------------|-----------------------|
|                           |                          |                             | <b>Accretion expenses</b> | <b>Payment</b> | <b>Reversal</b> | <b>Other</b> |                       |
| Litigation                | 26,697                   | 9,310                       | 596                       | (3,169)        | (10,564)        | 22,870       |                       |

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|                                      |            |         |         |           |          |       |            |
|--------------------------------------|------------|---------|---------|-----------|----------|-------|------------|
| Litigation provisions                | 26,697     | 9,310   | 596     | (3,169)   | (10,564) |       | 22,870     |
| Decommissioning cost                 | 12,133,393 | 209,856 | 220,352 | (188,611) |          | 105   | 12,375,095 |
| Nuclear plants                       | 9,462,723  |         | 212,455 |           |          |       | 9,675,178  |
| Spent fuel                           | 1,207,842  | 199,999 |         | (182,009) |          |       | 1,225,832  |
| Waste                                | 1,242,396  | 9,841   | 2,124   | (1,005)   |          | 105   | 1,253,461  |
| PCBs                                 | 219,669    |         | 5,773   | (5,597)   |          |       | 219,845    |
| Other recovery provisions            | 763        | 16      |         |           |          |       | 779        |
| Others                               | 169,019    | 86,890  | 114,621 | (40,759)  | (1,018)  | 7,019 | 335,772    |
| Power plant regional support program | 106,763    |         | 22,669  | (19,495)  |          | 5,621 | 115,558    |
| Provisions for tax                   | 3,900      |         |         | (2,644)   |          |       | 1,256      |
| Provisions for financial guarantee   | 9,086      |         |         |           | (1,009)  |       | 8,077      |
| Provisions for RPS                   | 48,795     | 86,890  | 91,711  | (18,601)  |          | 1,132 | 209,927    |
| Others                               | 475        |         | 241     | (19)      | (9)      | 266   | 954        |
|                                      | 12,329,109 | 306,056 | 335,569 | (232,539) | (11,582) | 7,124 | 12,733,737 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**26. Provisions, Continued**

(2) **Changes in provisions for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows, continued:**

| <i>In millions of won</i>               | December 31, 2012    |                         |                       |           |          |        | Ending<br>balance |
|---|----------------------|-------------------------|-----------------------|-----------|----------|--------|-------------------|
|   | Beginning<br>balance | Liabilities<br>incurred | Accretion<br>expenses | Payment   | Reversal | Other  |                   |
| Litigation                              | 44,409               | 17,165                  | 202                   | (16,784)  | (18,295) |        | 26,697            |
| Litigation provisions                   | 44,409               | 17,165                  | 202                   | (16,784)  | (18,295) |        | 26,697            |
| Decommissioning cost                    | 6,942,418            | 5,213,276               | 313,128               | (337,991) |          | 2,562  | 12,133,393        |
| Nuclear plants                          | 5,061,265            | 4,173,744               | 227,714               |           |          |        | 9,462,723         |
| Spent fuel                              | 869,549              | 606,707                 | 39,780                | (310,458) |          | 2,264  | 1,207,842         |
| Waste                                   | 796,522              | 427,768                 | 33,080                | (15,272)  |          | 298    | 1,242,396         |
| PCBs                                    | 215,082              | 4,294                   | 12,554                | (12,261)  |          |        | 219,669           |
| Other recovery provisions               |                      | 763                     |                       |           |          |        | 763               |
| Others                                  | 105,791              | 106,561                 | 43,850                | (99,794)  | (2,882)  | 15,493 | 169,019           |
| Power plant regional<br>support program | 91,987               |                         | 41,661                | (42,386)  |          | 15,501 | 106,763           |
| Provisions for tax                      | 2,013                | 75                      | 2,109                 |           | (297)    |        | 3,900             |
| Provisions for financial<br>guarantee   | 11,300               |                         |                       |           | (2,214)  |        | 9,086             |
| Provisions for RPS                      |                      | 105,857                 |                       | (57,062)  |          |        | 48,795            |
| Others                                  | 491                  | 629                     | 80                    | (346)     | (371)    | (8)    | 475               |
|   | 7,092,618            | 5,337,002               | 357,180               | (454,569) | (21,177) | 18,055 | 12,329,109        |

**27. Deferred Revenues**

Deferred revenue related to the Group's construction contracts as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b> |                    | <b>December 31, 2012</b> |                    |
|---------------------------|----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Deferred revenue          | 304,930              | 5,877,932          | 293,792                  | 5,737,519          |

**28. Non-Financial Liabilities**

Non-financial liabilities as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b> |                    | <b>December 31, 2012</b> |                    |
|---------------------------|----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance received          | 3,941,823            | 609,648            | 3,095,628                | 407,819            |
| Unearned revenue          | 25,312               | 119,328            | 31,660                   | 130,426            |
| Deferred revenue          | 304,930              | 5,877,932          | 293,792                  | 5,737,519          |
| Withholdings              | 221,314              | 46,816             | 254,700                  | 3,886              |
| Others                    | 432,913              | 18,958             | 441,660                  | 19,000             |
|                           | 4,926,292            | 6,672,682          | 4,117,440                | 6,298,650          |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**29. Contributed Capital****(1) Details of shares issued as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won except share information*

|               | Shares<br>authorized | Shares<br>issued | June 30, 2013             |                           |                    | Total     |
|---------------|----------------------|------------------|---------------------------|---------------------------|--------------------|-----------|
|               |                      |                  | Par value<br>per<br>share | Owned by<br>government(*) | Owned by<br>others |           |
| Common shares | 1,200,000,000        | 641,964,077      | 5,000                     | 1,640,385                 | 1,569,435          | 3,209,820 |

*In millions of won except share information*

|               | Shares<br>authorized | Shares<br>issued | December 31, 2012         |                           |                    | Total     |
|---------------|----------------------|------------------|---------------------------|---------------------------|--------------------|-----------|
|               |                      |                  | Par value<br>per<br>share | Owned by<br>government(*) | Owned by<br>others |           |
| Common shares | 1,200,000,000        | 641,964,077      | 5,000                     | 1,640,385                 | 1,569,435          | 3,209,820 |

(\*) Korea Finance Corporation ownership of 960,800 million are included.

**(2) There were no changes in number of outstanding capital stock for the six-month period ended June 30, 2013 and for the year ended December 31, 2012.****(3) Details of share premium as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i> | June 30, 2013 | December 31, 2012 |
|---------------------------|---------------|-------------------|
| Share premium             | 843,758       | 843,758           |



**30. Retained Earnings and Dividends Paid****(1) Details of retained earnings as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>               | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---|----------------------|--------------------------|
| Legal reserve (*)                       | 1,603,919            | 1,603,919                |
| Voluntary reserves                      | 22,753,161           | 25,961,315               |
| Retained earnings before appropriations | 6,753,442            | 4,999,049                |
| Retained earnings                       | 31,110,522           | 32,564,283               |

(\*) The KEPCO Act requires the Group to appropriate a legal reserve equal to at least 20 percent of net income for each accounting period until the reserve equals 50 percent of the Group's common stock. The legal reserve is not available for cash dividends; however, this reserve may be credited to paid-in capital or offset against accumulated deficit by the resolution of the shareholders.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**30. Retained Earnings and Dividends Paid, Continued****(2) Details of voluntary reserves as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>                         | <b>June 30,<br/>2013</b> | <b>December 31, 2012</b> |
|---|--------------------------|--------------------------|
| Reserve for investment on social overhead capital | 5,277,449                | 5,277,449                |
| Reserve for research and human development(*)     | 330,000                  | 330,000                  |
| Reserve for business expansion                    | 16,935,712               | 20,143,866               |
| Reserve for equalizing dividends                  | 210,000                  | 210,000                  |
|   | <b>22,753,161</b>        | <b>25,961,315</b>        |

(\*) 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 for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

| <i>In millions of won</i>                                  | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|--|----------------------|--------------------------|
| Beginning balance  | 32,564,283           | 35,769,094               |
| Net loss for the period attributed to owner of the Company | (1,480,519)          | (3,166,616)              |
| Changes in equity method retained earnings                 | 47                   | (846)                    |
| Actuarial profits (losses)                                 | 26,711               | (37,349)                 |
| Ending balance   | <b>31,110,522</b>    | <b>32,564,283</b>        |

- (4) Dividends paid for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:

|               | Number of<br>shares<br>issued | June 30, 2013                |   | Dividends<br>Paid | Dividends paid<br>per<br>share |
|---------------|-------------------------------|------------------------------|---|-------------------|--------------------------------|
|               |                               | Number of<br>treasury stocks | Number of<br>shares eligible for<br>dividends |                   |                                |
| Common shares | 641,964,077                   | 18,929,995                   | 623,034,082                                   |                   |                                |

|               | Number of<br>shares<br>issued | December 31, 2012            |   | Dividends<br>Paid | Dividends paid<br>per<br>share |
|---------------|-------------------------------|------------------------------|---|-------------------|--------------------------------|
|               |                               | Number of<br>treasury stocks | Number of<br>shares eligible for<br>dividends |                   |                                |
| Common shares | 641,964,077                   | 18,929,995                   | 623,034,082                                   |                   |                                |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**30. Retained Earnings and Dividends Paid, Continued**

- (5) **Changes in retained earnings of investments in associates and joint ventures for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows**

| <i>In millions of won</i> | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---------------------------|----------------------|--------------------------|
| Beginning balance         | (7,904)              | (7,058)                  |
| Changes                   | 38                   | (1,155)                  |
| Income tax effect         | 9                    | 309                      |
| Ending balance            | (7,857)              | (7,904)                  |

- (6) **Changes in actuarial losses on employee benefit obligations for the six-month period ended June 30, 2013 and for the year December 31, 2012 are as follows**

| <i>In millions of won</i>                  | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|--|----------------------|--------------------------|
| Beginning balance                          | (76,088)             | (230,548)                |
| Changes                                    | 27,498               | (71,399)                 |
| Income tax effect                          | (787)                | 34,050                   |
| Transfer to reserve for business expansion |                      | 191,809                  |
| Ending balance                             | (49,377)             | (76,088)                 |

**31. Other Components of Equity**

- (1) **Other components of equity of the parent as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>              | <b>June 30,<br/>2013</b> | <b>December 31, 2012</b> |
|--|--------------------------|--------------------------|
| Other capital surpluses                | 694,423                  | 705,448                  |
| Accumulated other comprehensive income | 253,263                  | 11,957                   |
| Treasury stocks                        | (741,489)                | (741,489)                |
| Other equity                           | 13,294,990               | 13,294,990               |
|  | <b>13,501,187</b>        | <b>13,270,906</b>        |

- (2) **Changes in other capital surpluses for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b>                    |               | <b>December 31, 2012</b>            |               |
|---------------------------|---|---------------|-------------------------------------|---------------|
|                           | <b>Gains<br/>on<br/>disposal<br/>of</b> |               | <b>Gains<br/>on<br/>disposal of</b> |               |
|                           | <b>treasury stocks</b>                  | <b>Others</b> | <b>treasury stocks</b>              | <b>Others</b> |
| Beginning balance         | 303,028                                 | 402,420       | 303,028                             | 336,000       |
| Disposal of subsidiary    |   | (11,025)      |                                     | 87,624        |
| Income tax effect         |   |               |                                     | (21,204)      |
| Ending balance            | 303,028                                 | 391,395       | 303,028                             | 402,420       |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**31. Other Components of Equity, Continued**

- (3) **Changes in accumulated other comprehensive income (loss) for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

*In millions of won*

|   | 2013   |  |   |  |
|---|--|--|---|--|
|   | Available-for-sale<br>financial<br>asset<br>valuation<br>reserve | Share in<br>other<br>comprehensive<br>income of<br>investments<br>in<br>associates and joint<br>ventures | Reserve for<br>overseas operations<br>translation<br>credit | Reserve for<br>gains(loss)<br>on valuation of<br>derivatives |
| Beginning balance   | (23,929)   | 143,558  | (70,107)  | (37,565)   |
| Changes in the unrealized fair value of available-for-sale financial assets, net of tax             | 93,273   |  |   |  |
| Share in other comprehensive income of associates and joint ventures, net of tax                    |  | 109,805  |   |  |
| Foreign currency translation of foreign operations, net of tax                                      |  |  | 74,067  |  |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |  |  |   | (35,839)   |
| Ending balance  | 69,344   | 253,363  | 3,960   | (73,404)   |

*In millions of won*

|  | 2012                            |                   |                                    |                            |
|--|---------------------------------|-------------------|------------------------------------|----------------------------|
|  | Available-for-sale<br>financial | Share in<br>other | Reserve for<br>overseas operations | Reserve for<br>gains(loss) |

|   | asset<br>valuation<br>reserve | comprehensive<br>income (loss) of<br>investments<br>in<br>associates and joint<br>ventures | translation<br>credit | on valuation of<br>derivatives |
|---|-------------------------------|--|-----------------------|--------------------------------|
| Beginning balance   | (26,184)                      | 239,447  | 34,488                | 7,344                          |
| Changes in the unrealized fair value of available-for-sale financial assets, net of tax             | 2,255                         |  |                       |                                |
| Share in other comprehensive loss of associates and joint ventures, net of tax                      |                               | (95,889)   |                       |                                |
| Foreign currency translation of foreign operations, net of tax                                      |                               |  | (104,595)             |                                |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |                               |  |                       | (44,909)                       |
| Ending balance  | (23,929)                      | 143,558  | (70,107)              | (37,565)                       |

- (4) **There were no changes in treasury stocks for the six-month period ended June 30, 2013 and for the year ended December 31, 2012**
- (5) **There were no changes in other equity for the six-month period ended June 30, 2013 and for the year ended December 31, 2012.**

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**32. Sales**

Details of sales for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

*In millions of won*

|   | <b>June 30, 2013</b>                    |                                   |   |                                   |
|---|---|-----------------------------------|---|-----------------------------------|
|   | <b>Domestic</b>                         |                                   | <b>Overseas</b>                         |                                   |
|   | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> |
| Sales of goods  | 10,873,457                              | 24,052,635                        | 65,050                                  | 120,231                           |
| Electricity   | 10,802,110                              | 23,723,288                        |   |                                   |
| Heat supply   | 33,190                                  | 161,831                           |   |                                   |
| Others  | 38,157                                  | 167,516                           | 65,050                                  | 120,231                           |
| Sales of service  | 37,509                                  | 84,825                            | 32,823                                  | 65,879                            |
| Sales of construction services                          | 74,000                                  | 98,087                            | 513,478                                 | 895,171                           |
| Revenue related to transfer of assets<br>from customers | 79,947                                  | 158,534                           |   |                                   |
|   | 11,064,913                              | 24,394,081                        | 611,351                                 | 1,081,281                         |

*In millions of won*

|   | <b>June 30, 2012</b>                    |                                   |                                     |                                   |
|---|---|-----------------------------------|-------------------------------------|-----------------------------------|
|   | <b>Domestic</b>                         |                                   | <b>Overseas</b>                     |                                   |
|   | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> | <b>Three-month<br/>period ended</b> | <b>Six-month<br/>period ended</b> |
| Sales of goods  | 9,464,226                               | 21,691,279                        | 59,123                              | 115,623                           |
| Electricity   | 9,316,096                               | 21,331,425                        |                                     |                                   |
| Heat supply   | 24,119                                  | 135,460                           |                                     |                                   |
| Others  | 124,011                                 | 224,394                           | 59,123                              | 115,623                           |
| Sales of service  | 57,405                                  | 102,869                           | 32,830                              | 66,896                            |
| Sales of construction services                          | 25,629                                  | 45,224                            | 359,569                             | 843,196                           |
| Revenue related to transfer of assets from<br>customers | 73,443                                  | 147,631                           |                                     |                                   |



|           |            |         |           |
|-----------|------------|---------|-----------|
| 9,620,703 | 21,987,003 | 451,522 | 1,025,715 |
|-----------|------------|---------|-----------|

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**33. Selling and Administrative Expenses**

Selling and administrative expenses for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

| <i>In millions of won</i>         | <b>June 30, 2013</b>            |                               | <b>June 30, 2012</b>            |                               |
|-----------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                                   | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Salaries                          | 109,179                         | 265,807                       | 135,663                         | 269,313                       |
| Retirement benefit expense        | 19,126                          | 39,161                        | 18,287                          | 35,543                        |
| Welfare and benefit expense       | 24,687                          | 47,772                        | 29,551                          | 50,656                        |
| Insurance expense                 | 1,833                           | 3,728                         | 1,075                           | 2,090                         |
| Depreciation                      | 17,166                          | 33,779                        | 11,537                          | 22,498                        |
| Amortization of intangible assets | 12,432                          | 25,067                        | 12,705                          | 26,878                        |
| Bad debt expense                  | 12,165                          | 9,857                         | 15,447                          | 16,989                        |
| Commission                        | 144,704                         | 257,789                       | 135,798                         | 250,329                       |
| Advertising expense               | 5,857                           | 12,813                        | 6,110                           | 11,187                        |
| Training expense                  | 801                             | 2,275                         | 1,510                           | 2,572                         |
| Vehicle maintenance expense       | 3,176                           | 6,262                         | 2,977                           | 6,120                         |
| Publishing expense                | 871                             | 1,644                         | 616                             | 1,331                         |
| Business promotion expense        | 929                             | 1,844                         | 736                             | 1,637                         |
| Rent expense                      | 7,682                           | 16,322                        | 8,476                           | 16,418                        |
| Telecommunication expense         | 6,681                           | 12,986                        | 5,951                           | 11,493                        |
| Transportation expense            | 85                              | 178                           | 115                             | 245                           |
| Taxes and dues                    | 5,137                           | 9,634                         | 4,463                           | 9,311                         |
| Expendable supplies expense       | 1,111                           | 2,117                         | 1,276                           | 2,566                         |
| Water, light and heating expense  | 2,376                           | 5,246                         | 2,629                           | 5,177                         |
| Repairs and maintenance expense   | 6,048                           | 8,442                         | 3,060                           | 5,226                         |
| Ordinary development expense      | 34,385                          | 71,261                        | 26,245                          | 55,707                        |
| Travel expense                    | 3,614                           | 7,209                         | 3,134                           | 6,093                         |
| Clothing expense                  | 1,733                           | 1,754                         | 1,522                           | 1,541                         |
| Survey and analysis expense       | 174                             | 293                           | 225                             | 398                           |
| Membership fee                    | 241                             | 543                           | 98                              | 327                           |
| Others                            | 23,752                          | 43,806                        | 20,560                          | 39,267                        |

|         |         |         |         |
|---------|---------|---------|---------|
| 445,945 | 887,589 | 449,766 | 850,912 |
|---------|---------|---------|---------|

107

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**33. Other Income and Expense****(1) Other income for the three and six-month periods ended June 30, 2013 and 2012 are as follows :***In millions of won*

|  | June 30, 2013            |                        | June 30, 2012            |                        |
|--|--------------------------|------------------------|--------------------------|------------------------|
|  | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Reversal of other provisions                         | 10,212                   | 10,364                 |                          | 837                    |
| Reversal of allowance for doubtful accounts          | 1,142                    | 1,142                  | 3,749                    | 3,749                  |
| Gains on assets contributed                          | 36                       | 70                     | 793                      | 815                    |
| Gains on liabilities exempted                        |                          |                        | 595                      | 603                    |
| Compensation and reparations revenue                 | 10,571                   | 33,943                 | 36,719                   | 64,957                 |
| Gains on electricity infrastructure development fund | 7,268                    | 17,732                 | 8,918                    | 17,210                 |
| Revenue from research contracts                      |                          | 667                    | 1,940                    | 3,459                  |
| Rental income  | 50,837                   | 98,251                 | 46,497                   | 91,843                 |
| Others   | 8,530                    | 14,486                 | 4,061                    | 20,969                 |
|  | 88,596                   | 176,655                | 103,272                  | 204,442                |

**34. Other Income and Expense****(2) Other expense the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In millions of won*

|  | 2013                     |                        | 2012                     |                        |
|--|--------------------------|------------------------|--------------------------|------------------------|
|  | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |

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|  |       |        |        |        |
|--|-------|--------|--------|--------|
| Accretion expenses of other provisions         | 241   | 276    | 32     | 71     |
| Depreciation expenses on investment properties | 232   | 458    | 239    | 470    |
| Depreciation expenses on idle assets           | 1,659 | 3,317  | 1,655  | 3,307  |
| Other bad debt expense                         |       | 5,576  |        |        |
| Donations                                      | 2,473 | 9,796  | 2,735  | 16,334 |
| Others   | 4,328 | 6,723  | 12,811 | 19,227 |
|  | 8,933 | 26,146 | 17,472 | 39,409 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**35. Other Profit**

Details of other profit for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

*In millions of won*

|  | June 30, 2013            |                        | June 30, 2012            |                        |
|--|--------------------------|------------------------|--------------------------|------------------------|
|  | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Other profit                                       |                          |                        |                          |                        |
| Gains on disposal of property plant, and equipment | 9,434                    | 22,180                 | 9,646                    | 18,789                 |
| Gains on disposal of other non-current assets      |                          |                        |                          | 584                    |
| Reversal of impairment loss on intangible assets   |                          |                        |                          | 2                      |
| Gains on foreign currency translation              | 1,072                    | 2,422                  | 9,385                    | 5,404                  |
| Gains on foreign currency transaction              | 18,115                   | 29,250                 | 6,616                    | 32,810                 |
| Insurance proceeds                                 | 1,632                    | 1,632                  |                          | 5,375                  |
| Others   | 35,546                   | 90,036                 | 48,817                   | 95,690                 |
| Other loss   |                          |                        |                          |                        |
| Losses on disposal of property plant and equipment | (13,086)                 | (24,308)               | (18,035)                 | (22,595)               |
| Losses on disposal of intangible assets            |                          |                        | (5)                      | (8)                    |
| Impairment loss on property, plant and equipment   |                          | (1,161)                |                          |                        |
| Impairment loss on intangible assets               |                          | (2)                    | (18)                     | (18)                   |
| Losses on foreign currency translation             | (4,552)                  | (10,017)               |                          | (2,119)                |
| Losses on foreign currency transaction             | (23,718)                 | (46,175)               | (32,023)                 | (40,942)               |
| Others   | (17,798)                 | (24,329)               | (6,196)                  | (17,600)               |
|  | 6,645                    | 39,528                 | 18,187                   | 75,372                 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**36. Finance Income****(1) Finance income for the three and six-month periods ended June 30, 2013 and 2012 are as follows:**

*In millions of won*

|                                       | June 30, 2013            |                        | June 30, 2012            |                        |
|---------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                       | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Interest income                       | 46,536                   | 97,198                 | 47,665                   | 89,048                 |
| Dividends income                      | 423                      | 9,784                  | 16,716                   | 23,277                 |
| Gains on disposal of financial assets |                          |                        |                          | 189                    |
| Gains on valuation of derivatives     | 158,727                  | 462,978                | 115,891                  | 109,636                |
| Gains on transaction of derivatives   | 64,877                   | 104,571                | 25,756                   | 30,178                 |
| Gains on foreign currency translation | 20,931                   | 44,573                 |                          | 18,153                 |
| Gains on foreign currency transaction | 1,801                    | 9,040                  | 16,031                   | 35,333                 |
|                                       | 293,295                  | 728,144                | 222,059                  | 305,814                |

**(2) Interest income included in finance income for the three and six-month periods ended June 30, 2013 and 2012 are as follows:**

*In millions of won*

|                                     | June 30, 2013            |                        | June 30, 2012            |                        |
|-------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                     | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Cash and cash equivalents           | 18,842                   | 40,846                 | 22,585                   | 38,019                 |
| Held-to-maturity investments        | 16                       | 31                     | 18                       | 35                     |
| Available-for-sale financial assets | 283                      | 810                    |                          |                        |
| Loans and receivables               | 6,695                    | 21,190                 | 16,336                   | 30,311                 |
| Trade and other receivables         | 20,700                   | 34,321                 | 8,726                    | 20,683                 |

46,536

97,198

47,665

89,048

110



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**37. Finance Costs****(1) Finance costs for the three and six-month periods ended June 30, 2013 and 2012 are as follows:**

| <i>In millions of won</i>                         | <b>June 30, 2013</b>            |                               | <b>June 30, 2012</b>            |                               |
|---|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|   | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Interest expense                                  | 600,324                         | 1,195,607                     | 574,754                         | 1,136,058                     |
| Impairment of available-for-sale financial assets | 10,673                          | 10,673                        |                                 |                               |
| Losses on valuation of derivatives                | 5,152                           | 20,406                        |                                 | 29,127                        |
| Losses on transaction of derivatives              | 18,559                          | 43,456                        | 7,064                           | 24,682                        |
| Losses on foreign currency translation            | 324,000                         | 729,549                       | 129,206                         | 24,183                        |
| Losses on foreign currency transaction            | 65,116                          | 83,676                        | 3,131                           | 11,436                        |
|   | 1,023,824                       | 2,083,367                     | 714,155                         | 1,225,486                     |

**(2) Interest expense included in finance costs for the three and six-month periods ended June 30, 2013 and 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b>            |                               | <b>June 30, 2012</b>            |                               |
|---------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                           | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Trade and other payables  | 26,188                          | 52,410                        | 31,076                          | 60,493                        |
| Short-term borrowings     | 13,486                          | 21,296                        | 16,136                          | 28,058                        |
| Long-term borrowings      | 48,895                          | 103,551                       | 56,474                          | 107,265                       |
| Debt securities           | 556,082                         | 1,091,410                     | 541,389                         | 1,047,617                     |

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|                                   |           |           |           |           |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Other financial liabilities       | 141,600   | 282,325   | 95,300    | 194,428   |
|                                   | 786,251   | 1,550,992 | 740,375   | 1,437,861 |
| Less: Capitalized borrowing costs | (185,926) | (355,385) | (165,621) | (301,803) |
|                                   | 600,325   | 1,195,607 | 574,754   | 1,136,058 |

Capitalization rates for the six-month periods ended June 30, 2013 and 2012 are 3.82% ~ 4.62% and 3.10% ~ 5.00%, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense****(1) Income tax expense for the six-month periods ended June 30, 2013 and 2012 are as follows:**

*In millions of won*

|  | <b>2013</b>      | <b>2012</b>      |
|--|------------------|------------------|
| <b>Current income tax expense</b>  |                  |                  |
| Payment of income tax  | 514,394          | 165,827          |
| Adjustment recognized in the period for current tax of prior period  | (25,488)         | (11,566)         |
| Current income tax directly recognized in equity   | (30,658)         | 63,789           |
| Change in tax reserve for uncertain tax position   |                  | 77               |
|  | 458,248          | 218,127          |
| <b>Deferred income tax expense</b>   |                  |                  |
| Generation and realization of temporary differences  | (75,265)         | (2,515)          |
| Reclassified from equity to loss   |                  | (1,130)          |
| Recognition of unrecognized tax losses in the past, tax credit and temporary differences prior to prior period | 80,225           | 321,519          |
| Changes in deferred tax on tax losses incurred in the period   | (556,855)        | (1,065,726)      |
| Tax credit carry forwards  | (12,083)         |                  |
| Changes in tax rates or tax laws   |                  | (639)            |
|  | (563,978)        | (748,491)        |
| <b>Income tax expense</b>  | <b>(105,730)</b> | <b>(530,364)</b> |

**(2) Reconciliation between income tax expense and accounting income for the six-month periods ended June 30, 2013 and 2012 are as follows:**

*In millions of won*

|   | <b>2013</b>      | <b>2012</b>      |
|---|------------------|------------------|
| Loss before income tax expense (benefits)   | (1,530,158)      | (2,808,356)      |
| Income tax expense (benefits) computed at applicable tax rate (tax rate: 24.2%)                                 | (370,298)        | (679,622)        |
| <b>Adjustments:</b>   |                  |                  |
| Additional payment of income taxes and income tax refunds   | (31,238)         | (17,805)         |
| Effect of applying gradual tax rate   | (726)            | (673)            |
| Effect of non-taxable revenue   | (103,722)        | (172,879)        |
| Effect of non-deductible expenses   | 3,348            | 3,813            |
| Effects of tax credits and deduction  | (21,080)         | (14,974)         |
| Recognition of unrecognized tax losses in the past, tax credit, and temporary differences prior to prior period | 77,796           | (31,623)         |
| Investment in subsidiaries and associates   | 328,648          | 415,458          |
| Others, net   | 11,542           | (32,059)         |
|   | 264,568          | 149,258          |
| <b>Income tax expense</b>   | <b>(105,730)</b> | <b>(530,364)</b> |
| Average effective tax rate  | 6.9%             | 18.9%            |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

- (3) **Deferred income tax directly adjusted to shareholders' equity (except for accumulated other comprehensive income) for the six-month period ended June 30, 2013 is as follows:**

| <i>In millions of won</i>      | <b>2013</b> |
|--------------------------------|-------------|
| Dividends of hybrid securities | 2,612       |

- (4) **Income tax recognized as accumulated other comprehensive income for the six-month period ended June 30, 2013 is as follows:**

| <i>In millions of won</i>   | <b>2013</b> |
|---|-------------|
| Income tax recognized as accumulated other comprehensive income                                     |             |
| Gains (losses) on valuation of available-for-sale financial assets                                  | (21,973)    |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | 40,239      |
| Actuarial losses on employee benefit obligations  | (9,121)     |
| Investments in associates   | (42,416)    |
|   | (33,271)    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

(5) **Changes deferred income tax assets (liabilities) recognized in the statements of financial position for the six- month period ended June 30, 2013 and for the year ended 2012 are as follows:**

*In millions of won*

|   | Beginning<br>balance | Amounts<br>recognized in<br>profit or<br>loss | June 30, 2013<br>Amount<br>recognized<br>in<br>other<br>comprehensive<br>income | Amounts<br>recognized<br>directly<br>in equity | Ending<br>balance |
|---|----------------------|---|---|--|-------------------|
| <b>Deferred income tax on temporary differences</b>   |                      |   |   |  |                   |
| Employee benefits                                     | 547,115              | 33,082  | (9,121)   |  | 571,076           |
| Cash flow hedge                                       | (11,364)             | (13,518)                                      | 40,239  |  | 15,357            |
| Investments in associates or subsidiaries             | (5,273,904)          | (339,184)                                     | (42,416)  |  | (5,655,504)       |
| Property, plant and equipment                         | (6,326,201)          | 25,926  |   |  | (6,300,275)       |
| Finance lease   | (159,957)            | 1,149   |   |  | (158,808)         |
| Intangible assets                                     | 8,534                | 4,798   |   |  | 13,332            |
| Financial assets at fair value through profit or loss | 30,148               | 9,070   |   |  | 39,218            |
| Available-for-sale financial assets                   | (73,867)             | 110,259                                       | (21,973)  |  | 14,419            |
| Deferred revenue                                      | 43,752               | (979)   |   |  | 42,773            |
| Provisions  | 3,003,489            | 83,432  |   |  | 3,086,921         |
| Doubtful receivables                                  | 59                   | (5,111)                                       |   |  | (5,052)           |
| Other finance liabilities                             | 10,794               | (12,856)                                      |   | 2,612  | 550               |
| Gains (losses) on foreign exchange translation        | 6,017                | 2,233   |   |  | 8,250             |
| Allowance for doubtful accounts                       | (85)                 | 23  |   |  | (62)              |
| Accrued income  | (1,341)              | 8   |   |  | (1,333)           |
| Special deduction                                     | (194,925)            | 86,720  |   |  | (108,205)         |
| Impairment of non-current assets                      |                      |   |   |  |                   |
| Reserve for research and human development            | (40,485)             |   |   |  | (40,485)          |

Reserve for investment on social  
overhead capital

|        |             |         |          |       |             |
|--------|-------------|---------|----------|-------|-------------|
| Others | 398,870     | 191,659 |          |       | 590,529     |
|        | (8,033,351) | 176,711 | (33,271) | 2,612 | (7,887,299) |

**Deferred income tax on unused tax  
losses and tax credit**

|            |           |         |  |  |           |
|------------|-----------|---------|--|--|-----------|
| Tax losses | 2,696,165 | 410,541 |  |  | 3,106,706 |
| Tax credit | 97,196    | 11,732  |  |  | 108,928   |
| Others     | 16,481    | (4,347) |  |  | 12,134    |

|  |             |         |          |       |             |
|--|-------------|---------|----------|-------|-------------|
|  | 2,809,842   | 417,926 |          |       | 3,227,768   |
|  | (5,223,509) | 594,637 | (33,271) | 2,612 | (4,659,531) |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

- (5) **Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the six- month period ended June 30, 2013 and for the year ended 2012 are as follows, continued:**

*In millions of won*

|   |                              | <b>December 31, 2012</b>                                |  |  |                           |
|---|------------------------------|---|--|--|---------------------------|
|   | <b>Beginning<br/>balance</b> | <b>Amounts<br/>recognized in<br/>profit or<br/>loss</b> | <b>Amount<br/>recognized<br/>in<br/>other<br/>comprehensive<br/>income</b> | <b>Amounts<br/>recognized<br/>directly<br/>in equity</b> | <b>Ending<br/>balance</b> |
| <b>Deferred income tax on temporary differences</b>   |                              |   |  |  |                           |
| Employee benefits                                     | 453,084                      | 59,327  | 34,704   |  | 547,115                   |
| Cash flow hedge                                       | (71,459)                     | 61,940  | (1,845)  |  | (11,364)                  |
| Investments in associates or subsidiaries             | (5,141,190)                  | (110,133)   | (1,377)  | (21,204)   | (5,273,904)               |
| Property, plant and equipment                         | (4,940,423)                  | (1,385,778)   |  |  | (6,326,201)               |
| Finance lease   | (126,880)                    | (33,077)  |  |  | (159,957)                 |
| Intangible assets                                     | 32,549                       | (24,015)  |  |  | 8,534                     |
| Financial assets at fair value through profit or loss | 26,996                       | 3,152   |  |  | 30,148                    |
| Available-for-sale financial assets                   | (119,591)                    | 22,950  | 22,774   |  | (73,867)                  |
| Deferred revenue                                      | 46,538                       | (2,786)   |  |  | 43,752                    |
| Provisions  | 1,742,895                    | 1,260,594   |  |  | 3,003,489                 |
| Doubtful receivables                                  | 9                            | 50  |  |  | 59                        |
| Other finance liabilities                             | 7,066                        | 3,728   |  |  | 10,794                    |
| Gains (loss) on foreign exchange translation          | 97,078                       | (91,061)  |  |  | 6,017                     |
| Allowance for doubtful accounts                       | (1,646)                      | 1,561   |  |  | (85)                      |
| Accrued income  | (2,154)                      | 813   |  |  | (1,341)                   |
| Special deduction                                     | (194,648)                    | (277)   |  |  | (194,925)                 |
| Reserve for research and human development            | (33,563)                     | (6,922)   |  |  | (40,485)                  |



|   |             |           |        |          |             |
|---|-------------|-----------|--------|----------|-------------|
| Reserve for investment on social overhead capital |             |           |        |          |             |
| Others  | 286,400     | 109,347   | 3,123  |          | 398,870     |
|   | (7,938,939) | (130,587) | 57,379 | (21,204) | (8,033,351) |

**Deferred income tax on unused tax losses and tax credit**

|            |             |           |        |          |             |
|------------|-------------|-----------|--------|----------|-------------|
| Tax losses | 1,489,803   | 1,206,362 |        |          | 2,696,165   |
| Tax credit | 32,480      | 64,716    |        |          | 97,196      |
| Others     | 2,355       | 14,126    |        |          | 16,481      |
|            | 1,524,638   | 1,285,204 |        |          | 2,809,842   |
|            | (6,414,301) | 1,154,618 | 57,379 | (21,205) | (5,223,509) |

**(6) Deferred income tax assets (liabilities) recognized in the statements of financial position as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>       | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---------------------------------|----------------------|--------------------------|
| Deferred income tax asset       | 389,407              | 209,783                  |
| Deferred income tax liabilities | (5,048,938)          | (5,433,292)              |
|                                 | (4,659,531)          | (5,223,509)              |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

- (7) **Details of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>        | <b>June 30,<br/>2013</b> | <b>December 31, 2012</b> |
|----------------------------------|--------------------------|--------------------------|
| Deductible temporary differences | 1,108,324                | 300,517                  |
| Tax losses                       | 2,883,385                | 2,883,385                |
|                                  | <b>3,991,709</b>         | <b>3,183,902</b>         |

- (8) **Expiration dates of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2013</b> |                                  | <b>December 31, 2012</b> |                                  |
|---------------------------|----------------------|----------------------------------|--------------------------|----------------------------------|
|                           | <b>Tax losses</b>    | <b>Tax credits<br/>carryback</b> | <b>Tax losses</b>        | <b>Tax credits<br/>carryback</b> |
| Less than 1 year          | 2,883,385            |                                  | 2,883,385                |                                  |
| 1 ~ 2 years               |                      |                                  |                          |                                  |
| 2 ~ 3 years               |                      |                                  |                          |                                  |
| More than 3 years         | 1,108,324            | 421                              | 300,517                  |                                  |
|                           | <b>3,991,709</b>     | <b>421</b>                       | <b>3,183,902</b>         |                                  |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**39. Expenses Classified by Nature**

Expenses classified by nature for the six-month periods ended June 30, 2013 and 2012 are as follows

| <i>In millions of won</i>         | <b>2013</b>  |                          |              |
|-----------------------------------|--|--------------------------|--------------|
|                                   | <b>Selling<br/>and<br/>administrative expenses</b> | <b>Cost of<br/>sales</b> | <b>Total</b> |
| Raw materials used                |  | 11,938,129               | 11,938,129   |
| Salaries                          | 265,807  | 1,277,590                | 1,543,397    |
| Retirement benefit expense        | 39,161   | 170,131                  | 209,292      |
| Welfare and benefit expense       | 47,772   | 184,357                  | 232,129      |
| Insurance expense                 | 3,728  | 30,260                   | 33,988       |
| Depreciation                      | 33,779   | 3,585,280                | 3,619,059    |
| Amortization of intangible assets | 25,067   | 18,977                   | 44,044       |
| Bad debt expense                  | 9,857  |                          | 9,857        |
| Commission                        | 257,789  | 144,946                  | 402,735      |
| Advertising expense               | 12,813   | 2,967                    | 15,780       |
| Training expense                  | 2,275  | 3,629                    | 5,904        |
| Vehicle maintenance expense       | 6,262  | 4,675                    | 10,937       |
| Publishing expense                | 1,644  | 1,869                    | 3,513        |
| Business promotion expense        | 1,844  | 2,144                    | 3,988        |
| Rent expense                      | 16,322   | 45,324                   | 61,646       |
| Telecommunication expense         | 12,986   | 34,702                   | 47,688       |
| Transportation expense            | 178  | 1,857                    | 2,035        |
| Taxes and dues                    | 9,634  | 72,511                   | 82,145       |
| Expendable supplies expense       | 2,117  | 11,503                   | 13,620       |
| Water, light and heating expense  | 5,246  | 13,877                   | 19,123       |
| Repairs and maintenance expense   | 8,442  | 828,366                  | 836,808      |
| Ordinary development expense      | 71,261   | 166,508                  | 237,769      |
| Travel expense                    | 7,209  | 23,163                   | 30,372       |
| Clothing expense                  | 1,754  | 1,028                    | 2,782        |
| Survey and analysis expense       | 293  | 1,124                    | 1,417        |
| Membership fee                    | 543  | 4,545                    | 5,088        |
| Power purchase and others         | 43,806   | 6,454,689                | 6,498,495    |

887,589

25,024,151

25,911,740

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**39. Expenses Classified by Nature, Continued**

Expenses classified by nature for the six-month periods ended June 30, 2013 and 2012 are as follows, continued:

| <i>In millions of won</i>         | <b>2012</b>  |                          |              |
|-----------------------------------|--|--------------------------|--------------|
|                                   | <b>Selling<br/>and<br/>administrative expenses</b> | <b>Cost of<br/>sales</b> | <b>Total</b> |
| Raw materials used                |  | 12,228,073               | 12,228,073   |
| Salaries                          | 269,313  | 1,274,482                | 1,543,795    |
| Retirement benefit expense        | 35,543   | 158,135                  | 193,678      |
| Welfare and benefit expense       | 50,656   | 188,426                  | 239,082      |
| Insurance expense                 | 2,090  | 22,436                   | 24,526       |
| Depreciation                      | 22,498   | 3,407,015                | 3,429,513    |
| Amortization of intangible assets | 26,878   | 18,611                   | 45,489       |
| Bad debt expense                  | 16,989   |                          | 16,989       |
| Commission                        | 250,329  | 161,002                  | 411,331      |
| Advertising expense               | 11,187   | 3,126                    | 14,313       |
| Training expense                  | 2,572  | 3,416                    | 5,988        |
| Vehicle maintenance expense       | 6,120  | 5,018                    | 11,138       |
| Publishing expense                | 1,331  | 1,792                    | 3,123        |
| Business promotion expense        | 1,637  | 2,022                    | 3,659        |
| Rent expense                      | 16,418   | 44,133                   | 60,551       |
| Telecommunication expense         | 11,493   | 32,472                   | 43,965       |
| Transportation expense            | 245  | 1,839                    | 2,084        |
| Taxes and dues                    | 9,311  | 69,159                   | 78,470       |
| Expendable supplies expense       | 2,566  | 11,148                   | 13,714       |
| Water, light and heating expense  | 5,177  | 12,235                   | 17,412       |
| Repairs and maintenance expense   | 5,226  | 662,642                  | 667,868      |
| Ordinary development expense      | 55,707   | 176,638                  | 232,345      |
| Travel expense                    | 6,093  | 22,033                   | 28,126       |
| Clothing expense                  | 1,541  | 932                      | 2,473        |
| Survey and analysis expense       | 398  | 1,192                    | 1,590        |

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|                           |         |            |            |
|---------------------------|---------|------------|------------|
| Membership fee            | 327     | 2,880      | 3,207      |
| Power purchase and others | 39,267  | 5,953,025  | 5,992,292  |
|                           | 850,912 | 24,463,882 | 25,314,794 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**40. Loss Per Share****(1) Basic loss per share for the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In won*

| Type                 | June 30, 2013            |                        | June 30, 2012            |                        |
|----------------------|--------------------------|------------------------|--------------------------|------------------------|
|                      | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Basic loss per share | (2,590)                  | (2,376)                | (2,864)                  | (3,728)                |

**(2) Diluted loss per share for the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In won*

| Type                   | June 30, 2013            |                        | June 30, 2012            |                        |
|------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                        | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Diluted loss per share | (2,590)                  | (2,376)                | (2,864)                  | (3,728)                |

**(3) Basic loss per share**

Losses for the period and weighted average number of common shares used in the calculation of basic loss per share for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

*In millions of won except number of shares*

| Type | June 30, 2013 | June 30, 2012 |
|------|---------------|---------------|
|------|---------------|---------------|

|   | <b>Three-<br/>month<br/>period<br/>ended</b> | <b>Six-<br/>month<br/>period<br/>ended</b> | <b>Three-<br/>month<br/>period<br/>ended</b> | <b>Six-<br/>month<br/>period<br/>ended</b> |
|---|--|--|--|--|
| Controlling interest in net loss                                | (1,613,819)                                  | (1,480,519)                                | (1,784,299)                                  | (2,322,429)                                |
| Losses used in the calculation of<br>total basic loss per share | (1,613,819)                                  | (1,480,519)                                | (1,784,299)                                  | (2,322,429)                                |
| Weighted average number of<br>common shares                     | 623,034,082                                  | 623,034,082                                | 623,034,082                                  | 623,034,082                                |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**40. Loss Per Share, Continued****(4) Diluted loss per share**

Diluted loss per share is calculated by applying adjusted weighted average number of common shares under the assumption that all dilutive potential common shares are converted to common shares.

Losses used in the calculation of total diluted loss per share for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

*In millions of won*

| Type   | June 30, 2013            |                        | June 30, 2012            |                        |
|--|--------------------------|------------------------|--------------------------|------------------------|
|  | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Losses used in the calculation of total diluted loss per share | (1,613,819)              | (1,480,519)            | (1,784,299)              | (2,322,429)            |

Weighted average common shares used in calculating diluted loss per share are adjusted from weighted average common shares used in calculating basic loss per share. Detailed information of the adjustment for the three and six-month periods ended June 30, 2013 and 2012 is as follows:

*In number of shares*

| Type                                      | June 30, 2013            |                        | June 30, 2012            |                        |
|---|--------------------------|------------------------|--------------------------|------------------------|
|   | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Weighted average number of common shares  | 623,034,082              | 623,034,082            | 623,034,082              | 623,034,082            |
| Diluted weighted average number of shares | 623,034,082              | 623,034,082            | 623,034,082              | 623,034,082            |

There is no potential common shares for the six-month periods ended June 30, 2013 and 2012.

## 41. Risk Management

### (1) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue while maximizing the return to shareholder through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (offset by cash and cash equivalents) and equity. The Group's overall capital risk management strategy remains unchanged from that of the prior year.

Details of the Group's capital management accounts as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i>            | <b>June 30,<br/>2013</b> | <b>December 31, 2012</b> |
|--------------------------------------|--------------------------|--------------------------|
| Total borrowings and debt securities | 59,065,577               | 53,219,409               |
| Cash and cash equivalents            | 2,320,168                | 1,954,949                |
| Net borrowings and debt securities   | 56,745,409               | 51,264,460               |
| Total shareholder's equity           | 49,943,188               | 51,064,202               |
| Debt to equity ratio                 | 113.62%                  | 100.39%                  |

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued**

**(2) Financial risk management**

The Group is exposed to various risks related to its financial instruments, such as, market risk (currency risk, interest rate risk, price risk), credit risk. The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. The Group uses derivative financial instruments to certain hedge risk exposures. The Group's overall financial risk management strategy remains unchanged from that of the prior year.

**(i) Credit risk**

Credit risk is the risk of finance loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the sales activities, securities and derivatives. In addition, credit risk exposure may exist within financial guarantees and unused line of credits. As these financial institutions the Group makes transactions with are reputable financial institutions, the credit risk from them are considered limited. The Group decides credit transaction limits based on evaluation of client's credit, through information obtained from the credit bureau and disclosed financial position at committing contracts.

**Credit risk management**

Electricity sales, the main operations of the Group are the necessity for daily life and industrial activities of Korean nationals, and have importance as one of the national key industries. The Group dominates the domestic market supplying electricity to customers. The Group is not exposed to credit risk as customers of the Group are from various industries and areas. The Group uses publicly available information and its own internal data related to trade receivables, to rate its major customers and to measure the credit risk that a counter party will default on a contractual obligation. For the incurred but not recognized loss, it is measured considering overdue period.

**Impairment and allowance account**

In accordance with the Group policies, individual material financial assets are assessed on a regular basis, trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Value of the acquired collateral (including the confirmation of feasibility) and estimated collectable amounts are included in this assessment.

Allowance for bad debts assessed on a collective basis are recognized for (i) the Group of assets which individually are not material and (ii) incurred but not recognized losses that are assessed using statistical methods, judgment and past experience.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(2) Financial risk management, continued**

Book values of the financial assets represent the maximum exposed amounts of the credit risk. Details of the Group's level of maximum exposure to credit risk as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i>                  | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|--|----------------------|--------------------------|
| Cash and cash equivalents                  | 2,320,168            | 1,954,949                |
| Derivative assets (trading)                | 85,833               | 55,891                   |
| Available-for-sale financial assets        | 1,261,856            | 1,141,194                |
| Held-to-maturity investments               | 2,113                | 2,216                    |
| Loans and receivables                      | 731,572              | 673,388                  |
| Long-term/short-term financial instruments | 547,836              | 469,393                  |
| Derivative assets (using hedge accounting) | 182,517              | 187,811                  |
| Trade and other receivables                | 7,261,304            | 8,438,955                |
| Financial guarantee contracts (*)          | 263,832              | 262,624                  |

(\*) Maximum exposure associated with the financial guarantee contracts is the maximum amounts of the obligation. Financial guarantee contracts as of June 30, 2013 are as follows:

| <i>In thousands of U.S. dollars</i> |                             |                 |                |
|-------------------------------------|-----------------------------|-----------------|----------------|
| <b>Type</b>                         | <b>Group</b>                | <b>Currency</b> | <b>Amounts</b> |
| Joint ventures                      | KEPCO SPC Power Corporation | USD             | 171,186        |
| Other                               | UAE Shuweihat S3            | USD             | 58,294         |

As of the reporting date, there are no financial assets and non-financial assets that were acquired through the exercise of the right of collateralized assets and reinforcement of credit arrangement.

(ii) Market risk

Market risk is the risk that the Group's fair values of the financial instruments or future cash flows are affected by the changes in the market. Market risk consists of interest rate risk, currency risk and other price risk.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(2) Financial risk management, continued**

## (iii) Sensitivity analysis

Significant assets and liabilities with uncertainties in underlying assumptions

## Defined benefit obligation

The following is a sensitivity analysis of defined benefit obligation assuming a 1% increase and decrease movements in the actuarial valuation assumptions as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | Type                       | Accounts | June 30, 2013 |             | December 31, 2012 |             |
|---------------------------|----------------------------|----------|---------------|-------------|-------------------|-------------|
|                           |                            |          | 1% Increase   | 1% Decrease | 1% Increase       | 1% Decrease |
| Future salary increases   | Defined benefit obligation |          | 331,453       | (298,559)   | 309,178           | (273,048)   |
| Discount rate             | Defined benefit obligation |          | (290,974)     | 341,032     | (279,062)         | 332,023     |

Changes of employee benefits assuming a 1% increase and decrease movements in discount rate on plan asset for the six-month periods ended June 30, 2013 and 2012 are 2,365 million and 2,309 million, respectively.

## Provisions

Changes in provisions due to movements in underlying assumptions as of June 30, 2013 and December 31, 2012 are as follows:

| Type | Accounts       | June 30, 2013 | December 31, 2012 |
|------|----------------|---------------|-------------------|
| PCBs | Inflation rate | 3.10%         | 3.10%             |

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|                |                |       |       |
|----------------|----------------|-------|-------|
|                | Discount rate  | 4.92% | 4.92% |
| Nuclear plants | Inflation rate | 2.93% | 2.93% |
|                | Discount rate  | 4.49% | 4.49% |
| Spent fuel     | Inflation rate | 2.93% | 2.93% |
|                | Discount rate  | 4.49% | 4.49% |

The following is a sensitivity analysis of provisions assuming a 0.1% increase and decrease movements in the underlying assumptions as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i><br>Type | Accounts       | June 30, 2013 |               | December 31, 2012 |               |
|-----------------------------------|----------------|---------------|---------------|-------------------|---------------|
|                                   |                | 0.1% Increase | 0.1% Decrease | 0.1% Increase     | 0.1% Decrease |
| Discount rate                     | PCBs           | (1,262)       | 1,273         | (1,262)           | 1,273         |
|                                   | Nuclear plants | (221,226)     | 227,461       | (220,842)         | 227,158       |
|                                   | Spent fuel     | (46,711)      | 48,522        | (45,385)          | 47,128        |
| Inflation rate                    | PCBs           | 1,295         | (1,285)       | 1,295             | (1,285)       |
|                                   | Nuclear plants | 235,543       | (229,341)     | 230,431           | (224,364)     |
|                                   | Spent fuel     | 49,223        | (47,451)      | 48,219            | (46,492)      |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(2) Financial risk management, continued**

Management judgment effected by uncertainties in underlying assumptions

## Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as of June 30, 2013 and December 31, 2012 are as follows:

*In thousands of foreign currencies*

| Type | Assets           |                      | Liabilities      |                      |
|------|------------------|----------------------|------------------|----------------------|
|      | June 30,<br>2013 | December 31,<br>2012 | June 30,<br>2013 | December 31,<br>2012 |
| AUD  | 46,852           | 1,188                | 172,242          | 152,692              |
| CAD  | 4                | 2,314                | 97               | 4                    |
| CNY  | 1                | 1                    |                  |                      |
| EUR  | 2,472            | 9,091                | 23,462           | 18,792               |
| IDR  | 937,755          | 711,304              | 3,186            | 1,726                |
| MXN  | 3,207            | 703                  | 123              |                      |
| PHP  | 226,643          | 1,043,932            | 20,580           | 31,675               |
| SAR  | 1,631            | 1,309                | 6,000            |                      |
| USD  | 256,931          | 292,256              | 10,479,639       | 9,866,661            |
| INR  | 379,640          | 417,544              | 16,815           | 52,755               |
| PKR  | 90,546           | 63,445               | 11               | 277                  |
| MGA  | 1,586,857        | 240,233              | 56,907           | 92,979               |
| JPY  | 520              | 520                  | 20,000,100       | 20,006,730           |
| KZT  | 345,816          | 720,121              |                  |                      |
| GBP  |                  | 6                    | 1,159            | 253                  |
| CHF  |                  |                      | 143              | 223                  |
| AED  | 487              | 220                  | 1,641            | 1,829                |
| ZAR  | 141              |                      |                  |                      |

|     |     |       |
|-----|-----|-------|
| SEK |     | 1,105 |
| JOD | 10  |       |
| BDT | 197 | 700   |

A sensitivity analysis on the Group's income for the period assuming a 10% increase and decrease in currency exchange rates as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i><br>Type               | June 30, 2013 |              | December 31, 2012 |              |
|---|---------------|--------------|-------------------|--------------|
|   | 10% Increase  | 10% Decrease | 10% Increase      | 10% Decrease |
| Increase (decrease) of income before income tax | (1,218,657)   | 1,218,657    | (1,064,578)       | 1,064,578    |
| Increase (decrease) of shareholder's equity(*)  | (1,218,657)   | 1,218,657    | (1,064,578)       | 1,064,578    |

(\*) The effect on the shareholders' equity excluding of the impact of income taxes.

Sensitivity analysis above is conducted for monetary assets and liabilities denominated in foreign currencies other than functional currency, without consideration of hedge effect of related derivatives, as of June 30, 2013 and December 31, 2012.

To manage its foreign currency risk related to foreign currency denominated receivables and payables, the Group has a policy to enter into currency forward agreements. In addition, to manage its foreign currency risk related to foreign currency denominated expected sales transactions and purchase transactions, the Group enters into cross-currency swap agreements.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(2) Financial risk management, continued**

## Interest rate risk

The Group is exposed to interest rate risk due to its borrowing with floating interest rates. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group's borrowings and debt securities with floating interest rates as of June 30, 2013 and December 31, 2012 are as follows:

*In millions of won*

| Type                  | June 30,<br>2013 | December 31, 2012 |
|-----------------------|------------------|-------------------|
| Short-term borrowings | 86,455           |                   |
| Long-term borrowings  | 5,385,188        | 5,897,076         |
| Debt securities       | 2,252,215        | 1,920,435         |
|                       | 7,723,858        | 7,817,511         |

A sensitivity analysis on the Group's long-term borrowings and debt securities assuming a 1% increase and decrease in interest rates, without consideration of hedge effect of related derivatives for the six-month periods ended June 30, 2013 and 2012 are as follows:

*In millions of won*

| Type  | 2013        |             | 2012        |             |
|---|-------------|-------------|-------------|-------------|
|   | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| Increase (decrease) of profit before income tax | (38,619)    | 38,619      | (39,731)    | 39,731      |
| Increase (decrease) of shareholder's equity (*) | (38,619)    | 38,619      | (39,731)    | 39,731      |

(\*) The effect on the shareholders' equity excluding of the impact of income taxes.

To manage its interest rate risks, the Group enters into certain interest swap agreements or maintains an appropriate mix of fixed and floating rate borrowings.

#### Electricity rates risk

The Group is exposed to electricity rates risk due to the rate regulation of the government which considers the effect of electricity rate on the national economy.

A sensitivity analysis on the Group's income for the period assuming a 1% increase and decrease in price of electricity for the six-month periods ended June 30, 2013 and 2012 are as follows:

| <i>In millions of won</i>                       | <b>2013</b>        |                    | <b>2012</b>        |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <b>1% Increase</b> | <b>1% Decrease</b> | <b>1% Increase</b> | <b>1% Decrease</b> |
| <b>Type</b>                                     |                    |                    |                    |                    |
| Increase (decrease) of profit before income tax | 241,439            | (241,439)          | 233,816            | (233,816)          |
| Increase (decrease) of shareholder's equity (*) | 241,439            | (241,439)          | 233,816            | (233,816)          |

(\*) The effect on the shareholders' equity excluding of the impact of income taxes.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(2) Financial risk management, continued**

## (iv) Liquidity risk

The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecasted and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

In addition, the Group has established credit lines on its trade financing and bank overdrafts, and through payment guarantees it has received, it maintains an adequate credit (borrowing) line. In addition, The Group has the ability to utilize excess cash or long-term borrowings for major construction investments.

The following table shows the details of maturities of non-derivative financial liabilities. This table, based on the undiscounted cash flows of the non-derivative financial liabilities, has been completed based on the respective liabilities' earliest maturity date.

*In millions of won*

| Type                             | June 30, 2013       |           |            |                      | Total      |
|----------------------------------|---------------------|-----------|------------|----------------------|------------|
|                                  | Less than<br>1 year | 1~2 Years | 2~5 Years  | More than<br>5 years |            |
| Borrowings and debt securities   | 9,839,116           | 6,884,923 | 21,350,732 | 21,115,437           | 59,190,208 |
| Finance lease liabilities        | 214,504             | 190,899   | 537,446    | 468,819              | 1,411,668  |
| Trade and other payables         | 6,517,600           | 378,799   | 724,694    | 2,245,220            | 9,866,313  |
| Financial guarantee contract (*) | 93,716              | 26,696    | 80,088     | 63,332               | 263,832    |
|                                  | 16,664,936          | 7,481,317 | 22,692,960 | 23,892,808           | 70,732,021 |

*In millions of won*

| Type | December 31, 2012   |           |           |                      | Total |
|------|---------------------|-----------|-----------|----------------------|-------|
|      | Less than<br>1 year | 1~2 Years | 2~5 Years | More than<br>5 years |       |

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|                                  |            |           |            |            |            |
|----------------------------------|------------|-----------|------------|------------|------------|
| Borrowings and debt securities   | 7,697,878  | 7,782,782 | 18,710,343 | 19,147,225 | 53,338,228 |
| Finance lease liabilities        | 221,381    | 202,309   | 542,393    | 556,276    | 1,522,359  |
| Trade and other Payables         | 6,296,935  | 375,567   | 792,829    | 2,120,081  | 9,585,412  |
| Financial guarantee Contract (*) | 24,871     | 87,309    | 74,614     | 75,830     | 262,624    |
|                                  | 14,241,065 | 8,447,967 | 20,120,179 | 21,899,412 | 64,708,623 |

(\*) Total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of June 30, 2013 and December 31, 2012 are 8,077 million and 9,086 million, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(2) Financial risk management, continued**

The expected maturities for non-derivative financial assets as of June 30, 2013 and December 31, 2012 in detail are as follows:

*In millions of won*

| Type                                       | June 30, 2013       |           |                         |           | Total      |
|--|---------------------|-----------|-------------------------|-----------|------------|
|  | Less than<br>1 year | 1~5 Years | More<br>than<br>5 years | Other (*) |            |
| Cash and cash equivalents                  | 2,320,168           |           |                         |           | 2,320,168  |
| Available-for-sale financial assets        |                     |           |                         | 1,261,856 | 1,261,856  |
| Held-to-maturity investments               | 220                 | 1,772     | 13                      | 108       | 2,113      |
| Loans and receivables                      | 57,072              | 350,683   | 386,561                 |           | 794,316    |
| Long-term/short-term financial instruments | 546,763             | 1,073     |                         |           | 547,836    |
| Trade and other receivables                | 5,794,025           | 635,329   | 773,789                 | 66,429    | 7,269,572  |
|  | 8,718,248           | 988,857   | 1,160,363               | 1,328,393 | 12,195,861 |

*In millions of won*

| Type                                       | December 31, 2012   |           |                      |           | Total     |
|--|---------------------|-----------|----------------------|-----------|-----------|
|  | Less than<br>1 year | 1~5 Years | More than<br>5 years | Other (*) |           |
| Cash and cash equivalents                  | 1,954,949           |           |                      |           | 1,954,949 |
| Available-for-sale financial assets        |                     |           |                      | 1,141,194 | 1,141,194 |
| Held-to-maturity investments               | 196                 | 1,912     |                      | 108       | 2,216     |
| Loans and receivables                      | 72,888              | 351,320   | 271,725              | 45,688    | 741,621   |
| Long-term/short-term financial instruments | 468,351             | 734       |                      | 308       | 469,393   |
| Trade and other receivables                | 7,187,490           | 621,050   | 640,287              |           | 8,448,827 |

|  |           |         |         |           |            |
|--|-----------|---------|---------|-----------|------------|
|  | 9,683,874 | 975,016 | 912,012 | 1,187,298 | 12,758,200 |
|--|-----------|---------|---------|-----------|------------|

(\*) Amount represents available-for-sale assets whose maturities cannot be presently determined.  
 Derivative liabilities classified by maturity periods which from reporting date to maturity date of contract as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b>    |                  |                  |                          | <b>Total</b> |
|---------------------------|-------------------------|------------------|------------------|--------------------------|--------------|
|                           | <b>Less than 1 year</b> | <b>1~2 Years</b> | <b>2~5 Years</b> | <b>More than 5 years</b> |              |
| <b>Type</b>               |                         |                  |                  |                          |              |
| Net settlement            |                         |                  |                  |                          |              |
| - Trading                 |                         |                  |                  |                          |              |
| Gross settlement          |                         |                  |                  |                          |              |
| - Trading                 | 101,234                 | 12,807           | 14,903           | 44,293                   | 173,237      |
| - Hedging                 | 8,138                   | 7,914            | 17,234           | 82,753                   | 116,039      |
|                           | 109,372                 | 20,720           | 32,137           | 127,046                  | 289,276      |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(2) Financial risk management, continued***In millions of won*

| Type             | December 31, 2012   |            |           |                      | Total     |
|------------------|---------------------|------------|-----------|----------------------|-----------|
|                  | Less than<br>1 year | 1~ 2 Years | 2~5 Years | More than<br>5 years |           |
| Net settlement   |                     |            |           |                      |           |
| - Trading        | (449)               |            |           |                      | (449)     |
| Gross settlement |                     |            |           |                      |           |
| - Trading        | (89,554)            | (214,501)  | (64,634)  |                      | (368,689) |
| - Hedging        | (53,091)            | (16,246)   | (88,147)  | (93,554)             | (251,038) |
|                  | (143,094)           | (230,747)  | (152,781) | (93,554)             | (620,176) |

**(3) Fair value risk**

The fair value of the Group's actively-traded financial instruments (i.e. short-term financial assets held for trading, available-for-sale financial assets, etc.) is based on the traded market-price as of the reporting period end. The fair value of the Group's financial assets is the amount which the asset could be exchanged for or the amount a liability could be settled for.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique.

For trade receivables and payables, the Group considers the carrying value net of impairment as fair value. While for disclosure purposes, the fair value of financial liabilities is estimated by discounting a financial instruments with similar contractual cashflows based on the effective interest method.



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(3) Fair value risk, continued**

- (i) Fair value and book value of financial assets and liabilities as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i>                    | <b>June 30, 2013</b> |                   | <b>December 31, 2012</b> |                   |
|--|----------------------|-------------------|--------------------------|-------------------|
| <b>Type</b>                                  | <b>Book value</b>    | <b>Fair value</b> | <b>Book value</b>        | <b>Fair value</b> |
| <b>Assets recognized at fair value</b>       |                      |                   |                          |                   |
| Available-for-sale financial assets          | 1,261,856            | 1,261,856         | 1,141,194                | 1,141,194         |
| Derivative assets (trading)                  | 85,833               | 85,833            | 55,891                   | 55,891            |
| Derivative assets (using hedge accounting)   | 182,517              | 182,517           | 187,811                  | 187,811           |
| Long-term financial instruments              | 1,073                | 1,073             | 1,042                    | 1,042             |
| Short-term financial instruments             | 546,763              | 546,763           | 468,351                  | 468,351           |
|  | 2,078,042            | 2,078,042         | 1,854,289                | 1,854,289         |
| <b>Assets carried at amortized cost</b>      |                      |                   |                          |                   |
| Held-to-maturity investments                 | 2,113                | 2,113             | 2,216                    | 2,216             |
| Loans and receivables                        | 731,572              | 731,572           | 673,388                  | 673,388           |
| Trade and other receivables                  | 7,261,304            | 7,261,304         | 8,438,955                | 8,438,955         |
| Cash and cash equivalents                    | 2,320,168            | 2,320,168         | 1,954,949                | 1,954,949         |
|  | 10,315,157           | 10,315,157        | 11,069,508               | 11,069,508        |
| <b>Liabilities recognized at fair value</b>  |                      |                   |                          |                   |
| Derivative liabilities (trading)             | 173,236              | 173,236           | 369,138                  | 369,138           |
| Derivative assets (using hedge accounting)   | 116,040              | 116,040           | 251,038                  | 251,038           |
|  | 289,276              | 289,276           | 620,176                  | 620,176           |
| <b>Liabilities carried at amortized cost</b> |                      |                   |                          |                   |
| Unsecured bond                               | 50,199,567           | 52,387,827        | 46,328,513               | 48,557,218        |

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|                             |            |            |            |            |
|-----------------------------|------------|------------|------------|------------|
| Finance lease liabilities   | 946,272    | 946,272    | 1,007,169  | 1,007,169  |
| Unsecured borrowings        | 8,866,010  | 8,938,083  | 6,890,896  | 6,898,344  |
| Trade and other payables(*) | 9,866,313  | 9,866,313  | 9,584,986  | 9,584,986  |
|                             | 69,878,162 | 72,138,495 | 63,811,564 | 66,047,717 |

(\*) Excludes finance lease liabilities.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(3) Fair value risk, continued****(ii) Interest rates used for determining fair value**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

The discount rate used for calculating fair value as of June 30, 2013 and December 31, 2012 are as follows:

| <b>Type</b>                    | <b>June 30, 2013 (%)</b> | <b>December 31, 2012 (%)</b> |
|--------------------------------|--------------------------|------------------------------|
| Derivatives                    | 0.25 ~ 2.73              | 0.34 ~ 2.64                  |
| Borrowings and debt securities | 0.60 ~ 5.19              | 2.85 ~ 3.75                  |
| Finance lease                  | 2.0 ~ 10.8               | 9.0 ~ 10.8                   |

**(iii) Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2, or 3, based on the degree to which the fair value is observable.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Fair values of financial instruments by hierarchy level as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i> | <b>June 30, 2013</b> |                |                | <b>Total</b> |
|---------------------------|----------------------|----------------|----------------|--------------|
|                           | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b> |              |
| <b>Type</b>               |                      |                |                |              |

| <b>Financial assets at fair value:</b> |         |         |         |           |
|--|---------|---------|---------|-----------|
| Available-for-sale financial assets    | 805,411 |         | 143,136 | 948,547   |
| Derivative assets                      |         | 268,350 |         | 268,350   |
|  | 805,411 | 268,350 | 143,136 | 1,216,897 |

| <b>Financial liabilities at fair value:</b> |  |         |  |         |
|---|--|---------|--|---------|
| Derivative liabilities                      |  | 289,276 |  | 289,276 |

*In millions of won*

| Type  | December 31, 2012 |         |         | Total     |
|---|-------------------|---------|---------|-----------|
|   | Level 1           | Level 2 | Level 3 |           |
| <b>Financial assets at fair value:</b>      |                   |         |         |           |
| Available-for-sale financial assets         | 652,142           |         | 192,155 | 844,297   |
| Derivative assets                           |                   | 243,702 |         | 243,702   |
|   | 652,142           | 243,702 | 192,155 | 1,087,999 |
| <b>Financial liabilities at fair value:</b> |                   |         |         |           |
| Derivative liabilities                      |                   | 610,685 | 9,491   | 620,176   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued****(3) Fair value risk, continued**

Changes of financial assets and liabilities which classified as level 3 for the six-month period ended June 30, 2013 and the year ended December 31, 2012 are as follows:

*In millions of won*

|   | Beginning<br>balance | Reclassified<br>Acquisitioncategory | June 30, 2013 |          |          | Ending<br>balance |
|---|----------------------|-------------------------------------|---------------|----------|----------|-------------------|
|   |                      |                                     | Valuation     | Disposal | Other(*) |                   |
| <b>Financial assets at fair value:</b>      |                      |                                     |               |          |          |                   |
| Available-for-sale financial assets         |                      |                                     |               |          |          |                   |
| Unlisted securities                         | 169,637              | 784                                 | (48,116)      |          |          | 122,305           |
| Debt securities                             | 22,518               |                                     |               |          | (1,687)  | 20,831            |
| <b>Financial liabilities at fair value:</b> |                      |                                     |               |          |          |                   |
| Derivative liabilities                      |                      |                                     |               |          |          |                   |
| Derivative liabilities (trading)            | 9,491                |                                     |               | (9,491)  |          |                   |

*In millions of won*

|   | Beginning<br>balance | Acquisition | December 31, 2012 |          |          | Ending balance |
|---|----------------------|-------------|-------------------|----------|----------|----------------|
|   |                      |             | Valuation         | Disposal | Other(*) |                |
| <b>Financial assets at fair value:</b>      |                      |             |                   |          |          |                |
| Available-for-sale financial assets         |                      |             |                   |          |          |                |
| Unlisted securities                         | 238,561              |             | (68,924)          |          |          | 169,637        |
| Debt securities                             |                      | 22,518      |                   |          |          | 22,518         |
| <b>Financial liabilities at fair value:</b> |                      |             |                   |          |          |                |
| Derivative liabilities                      |                      |             |                   |          |          |                |
| Derivative liabilities (trading)            | 7,779                |             | 9,491             | (7,779)  |          | 9,491          |

(\*) Amount due to foreign currency translation.

**42. Service Concession Arrangements****(1) Significant terms and concession period of the arrangement**

The Group has entered into a contract with National Power Corporation (the NPC), based on the Republic of the Philippines whereby the Group can collect the electricity rates which are composed of fixed costs and variable costs during the certain concession period after building, rehabilitating, operating the power plant.

**(2) Rights and classification of the arrangement**

The Group has the rights to use and own the power plant during the concession period from 2002 to 2022. At the end of concession period, the Group has obligation to transfer its ownership of power plant to NPC.

**(3) The Group's expected future collections of service concession arrangements as of June 30, 2013 are as follows:**

| <i>In millions of won</i> |                  |
|---------------------------|------------------|
| <b>Type</b>               | <b>Amounts</b>   |
| Less than 1 year          | 120,091          |
| 1 ~ 2 years               | 120,091          |
| 2 ~ 3 years               | 120,091          |
| More than 3 years         | 710,538          |
|                           | <b>1,070,811</b> |



**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties**

**(1) Related parties of the Group as of June 30, 2013 are as follows:**

| <b>Type</b>  | <b>Related party</b>                           |
|--------------|--|
| Parent       | Korean Government                              |
| Subsidiaries | Korea Hydro & Nuclear Power Co., Ltd.          |
|              | Korea South-East Power Co., Ltd.               |
|              | Korea Midland Power Co., Ltd.                  |
|              | Korea Western Power Co., Ltd.                  |
|              | Korea Southern Power Co., Ltd.                 |
|              | Korea East-West Power Co., Ltd.                |
|              | KEPCO Engineering & Construction Company, Inc. |
|              | Korea Plant Service & Engineering Co., Ltd.    |
|              | Korea Nuclear Fuel Co., Ltd.                   |
|              | Korea Electric Power Data Network Co., Ltd.    |
|              | KEPCO International Hong Kong Ltd.             |
|              | KEPCO International Philippines Inc.           |
|              | KEPCO Gansu International Ltd.                 |
|              | KEPCO Philippines Holdings Inc.                |
|              | KEPCO Lebanon SARL                             |

|                |   |
|----------------|---|
|                | KEPCO Neimenggu International Ltd.                    |
|                | KEPCO Shanxi International Ltd.                       |
|                | KEPCO Australia Pty Ltd.                              |
|                | KEPCO Canada Energy Ltd.                              |
|                | KEPCO Netherlands B.V.                                |
|                | Korea Imouraren Uranium Investment Corp.              |
|                | KEPCO Middle East Holding Company                     |
|                | KEPCO Electric Power Nigeria Ltd.                     |
|                | KEPCO Netherlands S3 B.V.                             |
| Associates     | KEPCO Holdings de Mexico and 56 other entities        |
|                | Daegu Green Power Co., Ltd.                           |
|                | Korea Gas Corporation                                 |
|                | Korea Electric Power Industrial Development Co., Ltd. |
|                | YTN Co., Ltd., Cheongna Energy Co., Ltd.              |
|                | Cheogna Energy Co., Ltd.                              |
|                | Gangwon Wind Power Co., Ltd.                          |
|                | Hyundai Green Power Co., Ltd.                         |
|                | Korea Power Exchange                                  |
|                | Hyundai Energy Co., Ltd.                              |
|                | Daeryun Power Co., Ltd.                               |
|                | SPC Power Corporation                                 |
|                | Gemeng International Energy Co., Ltd.                 |
|                | PT. Cirebon Electric Power                            |
|                | PT Wampu Electric Power                               |
|                | PT. Bayan Resources T.B.K. and 36 other entities      |
| Joint ventures | KEPCO-Unde Inc.                                       |

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Datang Chaoyang Renewable Power Co., Ltd.

KEPCO SPC Power Corporation

Gansu Datang Yumen Wind Power Co., Ltd.

Datang Chifeng Renewable Power Co., Ltd.

Jamaica Public Service Company Limited and 27 other entities

Others

Korea Finance Corporation

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued**

(2) **Transactions between the Company and its subsidiaries are eliminated during the consolidation and will be not shown as notes.**

(3) **Related party transactions for the six-month periods ended June 30, 2013 and 2012 are as follows:**

| <i>In millions of won</i>                             |  | <b>Sales and others</b> |             |
|---|--|-------------------------|-------------|
| <b>Company name</b>                                   | <b>Transaction type</b>                          | <b>2013</b>             | <b>2012</b> |
| Korea Gas Corporation                                 | Service  | 66,822                  | 43,551      |
| Korea Electric Power Industrial Development Co., Ltd. | Service  | 2,265                   | 7,236       |
| Korea Power Exchange                                  | Service  | 6,834                   | 5,144       |
| STX Electric Power Co., Ltd.                          | Architectural engineering                        | 1,690                   | 3,822       |
| YTN Co., Ltd.   | Service  | 513                     | 455         |
| Gangwon Wind Power Co., Ltd.                          | Service  | 2,068                   | 66          |
| Hyundai Green Power Co., Ltd.                         | Architectural engineering and technical advisory | 11,338                  | 2,360       |
| KNH Solar Co., Ltd.                                   | Service  | 10                      | 1           |
| Changjuk Wind Power Co., Ltd.                         | Service  | 312                     | 4           |
| Ecollite Co. Ltd.                                     | Service  | 838                     | 1           |
| Daeryun Power Co., Ltd.                               | Service  | 101                     | 20          |
| Cheongna Energy Co., Ltd.                             | Rental income and others                         | 1,071                   | 1,825       |
| Pyeongchang Wind Power Co., Ltd.                      | Architectural engineering                        |                         | 185         |
| Taebaek Wind Power Co., Ltd.                          | Service  | 336                     |             |
| Hyundai Energy Co., Ltd.                              | Power generation service                         | 10,740                  | 4,270       |
| KW Nuclear Components Co., Ltd.                       | Sales of service                                 | 335                     | 326         |
| Daegu Green Power Co., Ltd.                           | Service  | 16                      |             |
| Amman Asia Electric Power Group                       | Service  | 16,299                  |             |
| KEPCO SPC Power Corporation                           | Service  | 1,646                   | 9,084       |
| Datang Chifeng Renewable Power Co., Ltd.              | Interest income                                  | 1,306                   | 1,666       |
| Kings Plaza JV, LLC                                   | Service  |                         | 3,183       |
|   | Service  | 1,379                   | 1,427       |

Jamaica Public Service Company  
Limited

|   |                 |        |     |
|---|-----------------|--------|-----|
| E-POWER S.A                                     | Service         | 1,887  | 621 |
| PT. Cirebon Electric Power                      | Service         |        | 42  |
| KV Holdings                                     | Dividend income | 320    |     |
| Dolphin property limited                        | Service         | 32     |     |
| Shuweihaat Asia Power Investment<br>B.V.        | Service         | 30     |     |
| Rabigh O&M Company                              | Service         | 676    |     |
| Yeong Wol Energy Station Co., Ltd.              | Service         | 12,622 |     |
| Busan Solar Co., Ltd.                           | Service         | 1      |     |
| Daegu Photovoltaic Co., Ltd.                    | Service         | 5      |     |
| KEPCO-ALSTOM Power<br>Electronics Systems, Inc. | Service         | 364    |     |
| SE Green Energy Co. Ltd                         | Service         | 1      |     |
| Jeongam Wind Power Co., Ltd                     | Service         | 1      |     |
| KOSCON Photovoltaic Co., Ltd                    | Service         | 1      |     |
| Q1 Solar Co., Ltd                               | Service         | 2      |     |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(3) Related party transactions for the six-month periods ended June 30, 2013 and 2012 are as follows, continued:**

| <i>In millions of won</i>                             |                                   | <b>Purchase and others</b> |             |
|---|-----------------------------------|----------------------------|-------------|
| <b>Company name</b>                                   | <b>Transaction type</b>           | <b>2013</b>                | <b>2012</b> |
| Korea Gas Corporation                                 | Purchase of power generation fuel | 7,356,226                  | 6,268,442   |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering              | 98,343                     | 86,600      |
| Korea Power Exchange                                  | Electricity purchase              | 43,133                     | 38,726      |
| YTN Co., Ltd.   | Service                           | 225                        | 353         |
| Gangwon Wind Power Co., Ltd.                          | Electricity purchase              | 38,518                     | 17,912      |
| Hyundai Green Power Co., Ltd.                         | Electricity purchase              | 304,538                    | 143,391     |
| KNH Solar Co., Ltd.                                   | Service                           | 3,053                      | 164         |
| Changjuk Wind Power Co., Ltd.                         | Service                           | 6,146                      | 455         |
| Gumi-ochang Photovoltaic Power Co., Ltd.              | REC Purchase                      | 2,554                      | 545         |
| Chungbuk Photovoltaic Power Co., Ltd.                 | REC Purchase                      | 846                        |             |
| Cheonan Photovoltaic Power Co., Ltd.                  | REC Purchase                      | 505                        |             |
| Golden Root Je-2 PV Power Plant Co., Ltd.             | REC Purchase                      | 551                        |             |
| Hyundai Energy Co., Ltd.                              | Electricity purchase              | 528                        |             |
| Jamaica Public Service Company Limited                | Service                           |                            | 45          |
| Commerce and industry energy Co., Ltd.                | Service                           | 277                        |             |
| Taebaek Wind Power Co., Ltd.                          | REC Purchase                      | 6,663                      | 268         |
| Busan Solar Co., Ltd.                                 | REC Purchase                      | 1,166                      |             |
| Daegu Photovoltaic Co., Ltd.                          | REC Purchase                      | 2                          |             |
| KOSCON Photovoltaic Co., Ltd                          | Electricity purchase              | 88                         |             |
| Yeongam F1 Solar Power Plant                          | Electricity purchase              | 556                        |             |

|   |                      |       |
|---|----------------------|-------|
| Q1 Solar Co., Ltd                                   | Electricity purchase | 322   |
| Busan Shin-Ho Photovoltaic<br>Power Co., Ltd        | Electricity purchase | 4,808 |
| Seokcheon Solar Power Co., Ltd.                     | Electricity purchase | 698   |
| Expressway Solar-light Power<br>Generation Co. Ltd. | Electricity purchase | 1,534 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of June 30, 2013 and December 31, 2012 are as follows:**

| <i>In millions of won</i>                             |                   | <b>Receivables</b>   |                          | <b>Payables</b>      |                          |
|---|-------------------|----------------------|--------------------------|----------------------|--------------------------|
| <b>Company name</b>                                   | <b>Type</b>       | <b>June 30, 2013</b> | <b>December 31, 2012</b> | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
| Korea Gas Corporation                                 | Trade receivables | 4,747                | 4,585                    |                      |                          |
|   | Other receivables | 249                  | 204                      |                      |                          |
|   | Trade payables    |                      |                          | 1,200,340            | 1,409,650                |
|   | Other payables    |                      |                          | 155                  | 101                      |
| Korea Electric Power Industrial Development Co., Ltd. | Trade receivables | 1,021                | 40                       |                      |                          |
|   | Other receivables | 16                   | 552                      |                      |                          |
|   | Trade payables    |                      |                          | 2,930                |                          |
|   | Other payables    |                      |                          | 9,205                | 15,004                   |
| Korea Power Exchange                                  | Trade receivables | 3,084                | 2,296                    |                      |                          |
|   | Other receivables | 37                   | 41                       |                      |                          |
|   | Trade payables    |                      |                          |                      | 3,910                    |
|   | Other payables    |                      |                          | 20,552               | 3,490                    |
| Hyundai Energy Co., Ltd.                              | Trade receivables | 109                  | 150                      |                      |                          |
|   | Other receivables | 19,370               | 4,018                    |                      |                          |
|   | Other payables    |                      |                          | 9,160                |                          |
| YTN Co., Ltd.   | Trade receivables | 80                   | 1                        |                      |                          |
|   | Other payables    |                      |                          | 110                  | 28                       |
| Hyundai Green Power Co., Ltd.                         | Trade receivables | 645                  | 676                      |                      |                          |
|   | Trade payables    |                      |                          | 22,209               | 23,553                   |
| Gangwon Wind Power Co., Ltd.                          | Trade receivables | 17                   | 9                        |                      |                          |
|   | Trade payables    |                      |                          | 443                  | 3,679                    |
| Cheongna Energy Co., Ltd.                             | Trade receivables | 73                   | 158                      |                      |                          |
|   | Other receivables | 51                   | 2,093                    |                      |                          |



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|  |                   |        |       |
|--|-------------------|--------|-------|
|  | Other payables    |        | 361   |
| Daeryun Power Co., Ltd.                      | Trade receivables | 50     | 9     |
| Pyeongchang Wind Power Co., Ltd.             | Trade receivables | 485    |       |
| KNH Solar Co., Ltd.                          | Trade receivables | 1      | 1     |
| STX Electric Power Co., Ltd.                 | Trade receivables | 655    | 8,470 |
|  | Other receivables |        | 79    |
|  | Other payables    |        | 156   |
| Daegu Green Power Co., Ltd.                  | Trade receivables | 2      | 3     |
|  | Other receivables |        | 9,900 |
| Ecollite Co. Ltd.                            | Other receivables | 24,413 |       |
| KW Nuclear Components Co., Ltd.              | Other receivables | 34     |       |
| KEPCO SPC Power Corporation                  | Trade receivables | 3,709  | 3,673 |
|  | Other receivables | 1,632  | 9,934 |
| Datang Chifeng Renewable Power Co., Ltd      | Other receivables | 637    | 931   |
| Jamaica Public Service Company Limited       | Trade receivables | 1,735  | 984   |
| E-POWER S.A.                                 | Other receivables | 2      | 2     |
| Waterbury Lake Uranium Limited Partnership   | Other receivables |        | 59    |
| KEPCO-ALSTOM Power Electronics Systems, Inc. | Other payables    | 398    |       |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of June 30, 2013 and December 31, 2012 are as follows, continued:**

*In millions of won*

| Company name                              | Type              | Receivables   |                   | Payables      |                   |
|---|-------------------|---------------|-------------------|---------------|-------------------|
|   |                   | June 30, 2013 | December 31, 2012 | June 30, 2013 | December 31, 2012 |
| Jeongam Wind Power Co., Ltd               | Other payables    |               |                   | 18            |                   |
| Taebaek Wind Power Co., Ltd.              | Other payables    | 85            |                   | 28            |                   |
| Changjuk Wind Power Co., Ltd              | Other receivables | 76            |                   |               |                   |
| Yeong Wol Energy Station Co., Ltd.        | Trade receivables | 14,386        |                   |               |                   |
| Chungbuk Photovoltaic Power Co., Ltd.     | Other payables    |               |                   | 105           |                   |
| Cheonan Photovoltaic Power Co., Ltd.      | Other payables    |               |                   | 61            |                   |
| Golden Root Je-2 PV Power Plant Co., Ltd. | Other payables    |               |                   | 119           |                   |
| Busan Shin-Ho Photovoltaic Power Co., Ltd | Trade receivables |               |                   | 339           |                   |

**(5) Loans arising from related party transactions as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

| Type           | Company name                             | June 30, 2013 | December 31, 2012 |
|----------------|--|---------------|-------------------|
| Joint ventures | KEPCO SPC Power Corporation              | 96,345        | 89,758            |
| Joint ventures | Datang Chifeng Renewable Power Co., Ltd. | 42,758        | 43,456            |
| Associates     |  | 27,140        | 25,208            |

|            |                                  |     |         |
|------------|----------------------------------|-----|---------|
|            | KNOC Nigerian East Oil Co., Ltd. |     |         |
|            | KNOC Nigerian West Oil Co., Ltd. |     |         |
| Associates | Dolphin Property Limited         | 985 | 952     |
| Associates | Rabigh Electricity Company       |     | 208,796 |

(6) **Borrowings arising from related party transactions as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

| <b>Related parties</b>    | <b>Type</b>  | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|---------------------------|--------------|----------------------|--------------------------|
| Korea Finance Corporation | Facility     | 2,300,000            | 2,300,000                |
|                           | Project Loan | 141,596              | 147,735                  |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of June 30, 2013 are as follows:***In millions of won and thousands of foreign currencies*

| <b>Primary guarantor</b>         | <b>Secondary guarantor</b>  | <b>Type of guarantees</b>     | <b>Foreign currency</b> | <b>Credit limit</b> | <b>Guarantee</b>                                     |
|----------------------------------|---|-------------------------------|-------------------------|---------------------|--|
| Korea Electric Power Corporation | KEPCO SPC Power Co., Ltd.   | Debt guarantees               | USD                     | 171,186             | SMBC, ADB, Export-import Bank of Korea               |
| Korea Electric Power Corporation | Rabigh Electricity Company  | Performance guarantees        | SAR                     | 100,000             | Saudi Electricity Company (SEC)                      |
| Korea Electric Power Corporation | Shuweihat Asia Power Investment B.V.                                  | Performance guarantees        | USD                     | 17,900              | ADWEA  |
| Korea Electric Power Corporation | Shuweihat Asia O&M Co, Ltd.   | Performance guarantees        | USD                     | 11,000              | ADWEA  |
| Korea Electric Power Corporation | KNOC Nigerian East Oil Co., Ltd. and KNOC Nigerian West Oil Co., Ltd. | Performance guarantees        | USD                     | 34,650              | Korea National Oil Corporation (Nigerian government) |
| Korea Electric Power Corporation | Amman Asia Electric Power Company                                     | Performance guarantees        | USD                     | 19,800              | Standard Chartered Bank                              |
| Korea Western Power Co., Ltd     | Cheongna Energy Co. , Ltd.  | Collateralized money invested | KRW                     | 43,900              | Hana Bank, Korea Exchange Bank                       |
| Korea Western Power Co., Ltd     | Xe-Pian Xe-Namnoy Power Co., Ltd.                                     | Performance guarantees        | USD                     | 2,310               | Krung Thai Bank                                      |
| Korea East-West Power Co., Ltd.  | Busan shinho Solar power Co. , Ltd.                                   | Collateralized money invested | KRW                     | 61,880              | KT Capital Ltd.,Co.                                  |
|                                  |   |                               | KRW                     | 1,296               |  |

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|                                       |  |                               |     |           |  |
|---------------------------------------|--|-------------------------------|-----|-----------|--|
| Korea Southern Power Co., Ltd.        | KNH Solar Co. , Ltd.                           | Collateralized money invested |     |           | Shinhan Bank, Kyobo life insurance Co., Ltd. |
| Korea Southern Power Co., Ltd.        | Daeryun Power co. , Ltd.                       | Collateralized money invested | KRW | 25,477    | Korea development bank and others            |
| Korea Southern Power Co., Ltd.        | Changjuk Wind Power Co. , Ltd.                 | Collateralized money invested | KRW | 3,801     | Shinhan Bank, Woori Bank                     |
| Korea Southern Power Co., Ltd.        | Busan Solar Co., Ltd.                          | Collateralized money invested | KRW | 643       | NH Bank                                      |
| Korea Southern Power Co., Ltd.        | Taebaek Wind Power Co., Ltd.                   | Collateralized money invested | KRW | 3,810     | Shinhan Bank, Bank of Cheju                  |
| Korea Southern Power Co., Ltd.        | Daegu Green Power Co., Ltd.                    | Collateralized money invested | KRW | 76,193    | Korea Exchange Bank and others               |
| Korea Midland Power Co., Ltd.         | Hyundai Green Power Co.                        | Collateralized money invested | KRW | 1,195,080 | Korea development bank and others            |
| Korea Midland Power Co., Ltd.         | Gangwon Wind Power Co. , Ltd.                  | Collateralized money invested | KRW | 159,337   | Industrial Bank of Korea                     |
| Korea Midland Power Co., Ltd.         | PT. Cirebon Electric Power                     | Performance guarantees        | USD | 8,091     | Hana Bank                                    |
| Korea South-East Power Co., Ltd.      | Hyundai Energy Co., Ltd.                       | Collateralized money invested | KRW | 390,000   | Korea development bank and others            |
| Korea South-East Power Co., Ltd.      | Hyundai Energy Co., Ltd.                       | Debt & performance guarantees | KRW | 60,000    | Korea development bank and others            |
| Korea South-East Power Co., Ltd.      | RES Technology AD                              | Collateralized money invested | EUR | 59,469    | Korea development bank and others            |
| Korea South-East Power Co., Ltd.      | RES Technology AD                              | Debt guarantees               | EUR | 4,271     | Korea development bank and others            |
| Korea South-East Power Co., Ltd.      | ASM-BG investicii AD                           | Collateralized money invested | EUR | 59,243    | Korea development bank and others            |
| Korea South-East Power Co., Ltd.      | ASM-BG investicii AD                           | Debt guarantees               | EUR | 4,175     | Korea development bank and others            |
| Korea South-East Power Co., Ltd.      | Express solar-light Power Generation Co., Ltd. | Debt guarantees               | KRW | 6,000     | Woori Bank and others                        |
| Korea Hydro & Nuclear Power Co., Ltd. | Yeong Wol Energy Station Co., Ltd.             | Collateralized money invested | KRW | 151,200   | Daewoo Securities and others                 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(8) As of June 30, 2013, there are no guarantees provided by related parties.****(9) Salaries and other compensations to the key members of management of the Company for the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In millions of won*

| Type              | June 30, 2013                  |                           | June 30, 2012                  |                           |
|-------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|
|                   | Three-month<br>period<br>ended | Six-month<br>period ended | Three-month<br>period<br>ended | Six-month<br>period ended |
| Salaries          | 572                            | 813                       | 605                            | 766                       |
| Employee benefits | 16                             | 32                        | 18                             | 33                        |
|                   | 588                            | 845                       | 623                            | 799                       |

**44. Non-Cash Transactions****Significant non-cash investment and finance transactions excluded from statements of cash flows for the six-month periods ended June 30, 2013 and 2012 are as follows:***In millions of won*

| Transactions   | 2013      | 2012      |
|--|-----------|-----------|
| Transfer of long-term borrowings and debt securities from non-current to current | 4,071,635 | 4,724,706 |
| Conversion of investments in joint ventures from debt to equity                  | 108,385   |           |

**45. Commitments for Expenditure**

- (1) The agreements for acquisition of property, plant and equipment as of June 30, 2013 and December 31, 2012 are as follows:

| <i>In millions of won</i><br>Contracts         | June 30, 2013 |            | December 31, 2012 |            |
|--|---------------|------------|-------------------|------------|
|  | Amounts       | Balance    | Amounts           | Balance    |
| Construction of New Uljin units                | 14,559,941    | 12,071,861 | 14,559,941        | 12,671,159 |
| Construction of New Kori units                 | 14,097,914    | 8,535,177  | 14,097,914        | 8,927,535  |
| Construction of New Wolseong units             | 4,717,241     | 1,992      | 4,717,241         | 100,230    |
| Construction of Dangjin units                  | 931,238       | 707,652    | 1,486,875         | 1,309,750  |
| Construction of New Boryeong units             | 876,884       | 815,855    | 513,469           | 463,130    |
| Construction of Samcheok units                 | 2,053,724     | 1,871,193  | 2,279,865         | 2,087,101  |
| Construction of Taean IGCC units               | 805,222       | 654,886    | 805,222           | 709,848    |
| Construction of Taean units                    | 1,077,154     | 1,027,370  | 986,664           | 945,965    |
| Construction of Incheon units                  | 167,566       |            | 167,566           |            |
| Construction of office building (KDN)          | 106,493       | 94,355     | 106,493           | 98,572     |
| Construction of Sejong city cogeneration units | 439,655       | 88,958     | 425,459           | 293,938    |
| Purchase of Wonju cogeneration units           | 50,400        | 35,360     | 50,400            | 35,360     |
| Purchase of Ulsan combined cycle power units   | 256,760       | 227,792    | 565,151           | 539,324    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**45. Commitments for Expenditure, Continued**

- (1) **The agreements for acquisition of property, plant and equipment as of June 30, 2013 and December 31, 2012 are as follows, continued:**

| <i>In millions of won</i><br>Contracts            | June 30, 2013 |            | December 31, 2012 |            |
|---|---------------|------------|-------------------|------------|
|   | Amounts       | Balance    | Amounts           | Balance    |
| Purchase of Pyeongtaek combined cycle power units | 452,073       | 265,945    | 434,200           | 394,864    |
| Purchase of Andong main machine                   | 685,335       | 502,207    | 126,946           | 97,689     |
| Purchase of diesel for generation                 | 123,191       | 54,177     | 69,014            | 69,014     |
| Construction of New Yeongheung units              | 1,654,572     | 592,975    | 1,654,572         | 883,331    |
| Construction of New Yeosu units                   | 401,474       | 383,228    | 401,474           | 383,228    |
| Construction of New Seoul units                   | 225,993       | 225,993    | 20,236            | 16,949     |
| Other purchase contracts                          | 135,926       | 62,898     | 96,748            | 77,866     |
|   | 43,818,756    | 28,219,874 | 43,565,450        | 30,104,853 |

- (2) **As of June 30, 2013, details of contracts for inventory purchase are as follows:**

The Group imports all of its uranium ore concentrates from sources outside Korea (including the United States, United Kingdom, Kazakhstan, France, Russia, South Africa, Canada and Australia) which are paid for with currencies other than Won, primarily in U.S. dollars. In order to ensure stable supply, the Group entered into long-term and medium-term contracts with various suppliers, and supplements such supplies with purchases of fuels on spot markets. The long-term and medium-term contract periods vary among contractors and the stages of fuel manufacturing process. Contract prices for processing of uranium are generally based on market prices. Contract periods for ore concentrates, conversion, enrichment and design and fabrication are as follows:

| Type        | Periods     | Contracted amounts |
|-------------|-------------|--------------------|
| Concentrate | 2013 ~ 2023 | 39,952 Ton U3O8    |
| Transformed | 2013 ~ 2022 | 24,527 Ton U       |



|            |             |                |
|------------|-------------|----------------|
| Enrichment | 2013 ~ 2029 | 42,980 Ton SWU |
| Molded     | 2013 ~ 2015 | 815 Ton U      |

**46. Contingencies and Commitments**

- (1) **Ongoing litigations related with contingent liabilities and assets as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

|                  | June 30, 2013   |              | December 31, 2012 |              |
|------------------|-----------------|--------------|-------------------|--------------|
|                  | Number of cases | Claim amount | Number of cases   | Claim amount |
| As the defendant | 601             | 426,643      | 559               | 390,878      |
| As the plaintiff | 138             | 133,573      | 107               | 74,275       |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**46. Contingencies and Commitments, Continued****(2) Guarantees of borrowings provided to other companies as of June 30, 2013 and December 31, 2012 are as follows:***In thousands of U.S. dollars*

| <b>Guarantees</b>                                    | <b>Financial or non-financial institution</b> | <b>Date of contract</b> | <b>Period of contract</b> | <b>June 30, 2013</b> | <b>December 31, 2012</b> |
|--|---|-------------------------|---------------------------|----------------------|--------------------------|
| Repayment guarantees for UAE Shuweihat S3 borrowings | Mizuho, SMBC, HSBC                            | 2011-05-16              | 2011-05-16 ~ 2014-02-28   | USD 58,294           | USD 58,294               |

The Group provides performance guarantee related to construction completion to Kookmin Bank. As such performance guarantee does not meet the definition of financial guarantee contract in K-IFRS No. 1039 Financial Instruments; Recognition and Measurement, no related liability is recognized.

**(3) Credit lines provided by financial institutions as of June 30, 2013 are as follows:***In millions of won and thousands of foreign currencies*

| <b>Commitments</b>  | <b>Financial institutions</b>  | <b>Currency</b> | <b>Amount</b> |
|---|--------------------------------|-----------------|---------------|
| Commitments on Bank-overdraft                             | Nonghyup Bank and others       | KRW             | 1,813,000     |
| Commitments on Bank-daylight overdraft                    | Nonghyup Bank and others       | KRW             | 280,000       |
| Limit amount available for CP                             | Korea Exchange Bank and others | KRW             | 1,179,000     |
| Limit amount available for card                           | Hana Bank and others           | KRW             | 71,500        |
| Certification of payment on payables from foreign country | Korea Development Bank         | USD             | 185,771       |
| Loan limit  | Hana Bank and others           | KRW             | 125,030       |
|   | BNP Paribas and others         | USD             | 2,765,059     |
| Certification of payment on L/C                           | Korea Exchange Bank and others | USD             | 1,662,001     |
|   | Korea Exchange Bank            | GBP             | 61,169        |
|   |                                | KRW             | 90,321        |

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|  |                                      |     |           |
|--|--------------------------------------|-----|-----------|
| Certification of performance guarantee on contract             | Seoul Guarantee Insurance and others |     |           |
|  | Standard Chartered Bank              | BTN | 11,501    |
|  | HSBC and others                      | INR | 244,333   |
|  | SABB                                 | SAR | 100,000   |
|  | Standard Chartered Bank and others   | USD | 718,116   |
| Certification of bidding                                       | SMBC and others                      | USD | 18,050    |
|  | Gulf International Bank              | SAR | 45,000    |
| Advance payment bond, warranty bond, retention bond and others | Shinhan Bank                         | EUR | 5,438     |
|  | HSBC                                 | INR | 139,690   |
|  | Standard Chartered Bank and others   | USD | 18,126    |
|  | Korea Exchange Bank                  | BDT | 11,272    |
|  | Katumandu Bank and others            | NPR | 155,448   |
|  |                                      |     |           |
| Others   | Korea Exchange Bank and others       | KRW | 9,061     |
|  | BNP Paribas and others               | USD | 1,009,500 |
| Inclusive credit   | Korea Exchange Bank and others       | KRW | 880,000   |
|  | HSBC and others                      | USD | 584,000   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**46. Contingencies and Commitments, Continued**

**(4) As of June 30, 2013, the blank check and assets provided as collaterals or pledges to financial institutions by the Group are follows:**

*In millions of won and thousands of U.S. dollars*

| <b>Guarantor</b>                      | <b>Guarantee</b>                  | <b>Type of guarantee</b>                                    | <b>Currency</b> | <b>Amount</b> | <b>Description</b>   |
|---------------------------------------|-----------------------------------|---|-----------------|---------------|--|
| Korea Nuclear Fuel Co., Ltd.          | Korea Resources Corporation       | Blank check   | KRW             |               | Collateral for borrowings  |
| KEPCO International Philippines Inc.  |                                   |   |                 |               | Required pursuant to Pledge Agreement between KIPI, KEILCO and Citibank New York re: KEILCO Project Financing in Nov. 2000 |
|                                       | Citibank New York                 | All shareholdings of KIPI in KEILCO                         | USD             | 90,623        |  |
| Korea East-West Power Co., Ltd.       | Korea Development Bank and others | All shareholdings of Gyeongju Wind Power Co., Ltd.          | KRW             | 9,240         | Collateral for borrowings  |
| Korea Western Power Co., Ltd.         | Kookmin Bank and others           | All shareholdings of Dongducheon Dream Power Co., Ltd.      | KRW             | 118,090       | Collateral for borrowings  |
| Korea Hydro & Nuclear Power Co., Ltd. | Korea Development Bank and others | All shareholdings of Gyeonggi Green Energy Co., Ltd.        | KRW             | 47,000        | Collateral for borrowings  |
| Korea Midland Power Co., Ltd.         |                                   | All shareholdings of Commerce and Industry Energy Co., Ltd. |                 |               | Collateral for borrowings  |
|                                       | Hana Bank and others              |   | KRW             | 17,000        |  |

**(5) Others:**

Since July 1, 2011, electricity rates have been interlocked with the cost of electricity, according to the electricity regulation enacted by Ministry of Knowledge Economy of Korea. As of June 30, 2013, the difference between the

standard electricity rates and the real electricity rates, which has been accumulated from the enforcement date, is in the state of reservation at Korean government's command.

The accumulated difference as of June 30, 2013 is 962,585 million, which has decreased by 914,786 million from 1,877,371 million as of December 31, 2012.

Although this accumulated difference should be charged to electricity users in the future when the Korean government lifts the reservation state, it was not accounted for as assets in the Group's consolidated financial statements, as the reservation was still being held by the government as of June 30, 2013 and therefore caused the uncertainty of collection of accounts receivables.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**47. Subsequent Events**

- (1) **Subsequent to the reporting date, the subsidiaries of the Company, Korea Hydro & Nuclear Power Co., Ltd., Korea South-East Power Co., Ltd. have issued new debt securities for funds of facilities and operation as follows:**

*In millions of won and thousands of U.S. Dollars*

| Company name                          | Type                              | Issue date | Maturity   | Currency | Amounts |
|---------------------------------------|-----------------------------------|------------|------------|----------|---------|
| Korea Hydro & Nuclear Power Co., Ltd. | 38-1 <sup>st</sup> Unsecured Bond | 2013.07.19 | 2018.07.19 | KRW      | 50,000  |
|                                       | 38-2 <sup>nd</sup> Unsecured Bond | 2013.07.19 | 2023.07.19 | KRW      | 100,000 |
|                                       | 37-3 <sup>rd</sup> Unsecured Bond | 2013.07.19 | 2033.07.19 | KRW      | 90,000  |
| Korea South-East Power Co., Ltd.      | 36 <sup>th</sup> Public Bond      | 2013.07.25 | 2018.07.25 | USD      | 100,000 |

- (2) **The subsidiary of the Company, Korea West Power Co., Ltd. decided to acquire non-current asset as of July 24, 2013 as follows:**

*In millions of won*

| Acquisition asset                            | Amount | Construction Period | Board of Director s approval date |
|--|--------|---------------------|-----------------------------------|
| Fuel cell business of Western Incheon office | 68,300 | 2013.10 ~ 2014.06   | 2013.07.24                        |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**48. Adjusted Operating Income**

The operating profit or loss in the Group's consolidated statements of comprehensive income prepared in accordance with K-IFRS included in this report differs from that in its consolidated statements of comprehensive loss prepared in accordance with IFRS as issued by IASB. The table below sets forth a reconciliation of our results from operating activities as presented in our consolidated statements of comprehensive loss prepared in accordance with K-IFRS for each of the three and six-month periods ended June 30, 2013 and 2012 to the operating profit or loss as presented in our consolidated statements of comprehensive loss prepared in accordance with IFRS as issued by IASB for each of the corresponding years.

*In millions of won*

|  | 2013                           |                           | 2012                           |                           |
|--|--------------------------------|---------------------------|--------------------------------|---------------------------|
|  | Three-month<br>period<br>ended | Six-month<br>period ended | Three-month<br>period<br>ended | Six-month<br>period ended |
| <b>Operating loss on the statement of comprehensive loss</b> | (1,094,147)                    | (436,378)                 | (2,060,302)                    | (2,302,076)               |
| <b>Add</b>   |                                |                           |                                |                           |
| Other income   |                                |                           |                                |                           |
| Reversal of other provisions                                 | 10,212                         | 10,364                    |                                | 837                       |
| Reversal of allowance for doubtful accounts                  | 1,142                          | 1,142                     | 3,749                          | 3,749                     |
| Gains on assets contributed                                  | 36                             | 70                        | 793                            | 815                       |
| Gains on liabilities exempted                                |                                |                           | 595                            | 603                       |
| Compensation and reparations revenue                         | 10,571                         | 33,943                    | 36,719                         | 64,957                    |
| Electricity infrastructure development fund                  | 7,268                          | 17,732                    | 8,918                          | 17,210                    |
| Revenue from research contracts                              |                                | 667                       | 1,940                          | 3,459                     |
| Rental income  | 50,837                         | 98,251                    | 46,497                         | 91,843                    |
| Others   | 8,530                          | 14,486                    | 4,061                          | 20,969                    |
| <b>Other profit</b>  |                                |                           |                                |                           |
| Gains on disposal of property, plant and equipment           | 9,434                          | 22,180                    | 9,646                          | 18,789                    |
| Gains on disposal of other non-current assets                |                                |                           |                                | 584                       |
| Reversal of impairment loss on intangible assets             |                                |                           |                                | 2                         |
| Gains on foreign currency translation                        | 1,072                          | 2,422                     | 9,385                          | 5,404                     |
| Gains on foreign currency transaction                        | 18,115                         | 29,250                    | 6,616                          | 32,810                    |
| Gains on insurance   | 1,632                          | 1,632                     |                                | 5,375                     |

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|   |                    |                  |                    |                    |
|---|--------------------|------------------|--------------------|--------------------|
| Other profits                                       | 35,546             | 90,036           | 48,817             | 95,690             |
| <b>Deduct</b>                                       |                    |                  |                    |                    |
| Other expense                                       |                    |                  |                    |                    |
| Accretion expenses of other provisions              | (241)              | (276)            | (32)               | (71)               |
| Depreciation expenses on investment properties      | (232)              | (458)            | (239)              | (470)              |
| Depreciation expenses on idle assets                | (1,659)            | (3,317)          | (1,655)            | (3,307)            |
| Other bad debt expense                              |                    | (5,576)          |                    |                    |
| Donations   | (2,473)            | (9,796)          | (2,735)            | (16,334)           |
| Others  | (4,328)            | (6,723)          | (12,811)           | (19,227)           |
| Other loss  |                    |                  |                    |                    |
| Losses on disposal of property, plant and equipment | (13,086)           | (24,308)         | (18,035)           | (22,595)           |
| Losses on disposal of intangible assets             |                    |                  | (5)                | (8)                |
| Impairment loss on property, plant and equipment    |                    | (1,161)          |                    |                    |
| Impairment loss on intangible assets                |                    | (2)              | (18)               | (18)               |
| Losses on foreign currency translation              | (4,552)            | (10,017)         |                    | (2,119)            |
| Losses on foreign currency transaction              | (23,718)           | (46,175)         | (32,023)           | (40,942)           |
| Other losses  | (17,798)           | (24,329)         | (6,196)            | (17,600)           |
| <b>Adjusted operating loss</b>                      | <b>(1,007,839)</b> | <b>(246,341)</b> | <b>(1,956,315)</b> | <b>(2,061,671)</b> |



Table of Contents

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ Han, Key-Shik  
Name: Han, Key-Shik  
Title: Vice President

Date: August 30, 2013