

KOREA ELECTRIC POWER CORP

Form 6-K

June 03, 2014

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**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 June 2014**

**Commission File Number: 001-13372**

**KOREA ELECTRIC POWER CORPORATION**

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

**512 Yeongdongdaero, 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- .

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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.

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QUARTERLY BUSINESS REPORT

(For the period from January 1, 2014 to March 31, 2014)

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 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.

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**I. Company Overview**

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

2. Information of the company

(Address) 512 Yeongdongdaero, 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:

development of electric power resources;

generation, transmission, transformation and distribution of electricity and other related activities;

research and development of technology related to the businesses mentioned above;

overseas business related to the businesses mentioned above;

investment or contributions related to the businesses mentioned above;

development and operation of certain real estate holdings; and

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 March 31, 2014)

<b>Classification</b>	<b>Subsidiaries</b>	<b>Associates and joint ventures</b>	<b>Total</b>
Domestic	17	56	73
Overseas	62	38	100
<b>Total</b>	<b>79</b>	<b>94</b>	<b>173</b>

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## 5. Major changes in management

At the extraordinary general meeting of shareholders held on March 14, 2014, Mr. Koo, Bon-Woo was re-elected as a standing director of KEPCO, and Mr. Cho, Jeon-Hyeok and Mr. Choi, Gyo-Il, non-standing directors of KEPCO, were elected as members of the Audit Committee of KEPCO.

## 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. Dividends: Dividend payment of Won 90 per share for fiscal year 2013 (Won 56 billion in aggregate). No dividend payments for fiscal years 2012 and 2011.

**II. Business Overview**

## 1. Segment results

(In billions of Won)

	Jan. - Mar. 2014		Jan. - Mar. 2013	
	Sales	Operating income(loss)	Sales	Operating income(loss)
Electricity sales	14,681	-267	13,633	-479
Nuclear generation	2,448	949	2,012	554
Thermal generation	7,429	514	7,630	593
Others*	677	89	583	67
Subtotal	25,235	1,285	23,858	735
Adjustment of related-party transactions	-10,462	-58	-10,059	-77
<b>Total</b>	<b>14,773</b>	<b>1,227</b>	<b>13,799</b>	<b>658</b>

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

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Sales and operating income (loss) reflects amendments to Korean IFRS 1001 Presentation of Financial Statements.

## 2. Changes in unit prices of major products

(In Won per kWh)

<b>Business</b>			<b>2014</b>	<b>2013</b>
<b>sector</b>	<b>Company</b>		<b>Jan. - Mar.</b>	<b>Jan. - Dec.</b>
Electricity sold	Residential		130.20	127.02
	Commercial		129.34	121.98
	Educational		110.52	115.99
	Industrial	KEPCO	108.36	100.70
	Agricultural		47.17	45.51
	Street lighting		109.11	107.33
	Overnight usage		72.96	63.52
Electricity from nuclear generation	Nuclear generation	KHNP	64.03	45.32
Electricity from thermal generation	Thermal generation	KOSEP	75.66	67.50
		KOMIPO	108.83	101.40
		KOWEPO	108.40	103.06
		KOSPO	114.40	107.97
		EWP	98.11	97.39



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## 3. Major contracts in 2014

(In billions of Won)

Party	Date of contract	Nature of contract	Contract amount	Counterparty
KEPCO	2014.02.21	Inspection of transmission lines in 2014	62	KEPCO KPS Co., Ltd.
KHNP	2014.03.27	Re-wiring of the main generators for Hanbit units 3, 4	24	Doosan Heavy Industries & Construction Co., Ltd.
KOMIPO	2014.02.06	Procurement of water treatment facilities for Shin-Boryeong units 1, 2	25	POSCO Engineering Co., Ltd.
KOWEP	2014.01.31	Procurement of desulfurization facilities for Taean units 9, 10	90	STX Heavy Industries Co., Ltd.

## 4. Intellectual property as of March 31, 2014

	Patents		Utility	Trademarks		
	Domestic	Overseas	models	Designs	Domestic	Overseas
Number of registrations	4,627	507	799	146	367	60

**III. Financial Information**

## 1. Condensed consolidated financial results for the first three months ended March 31, 2014

(In billions of Won)

Consolidated statements of comprehensive income				Consolidated statements of financial position			
	Jan.-Mar.		Change (%)		As of	As of	Change (%)
	Jan.-Mar. 2013	Jan.-Mar. 2014			Dec. 31, 2013	Mar. 31, 2014	
Sales	13,799	14,773	7.1	Total assets	155,527	157,040	1.0
Operating income	658	1,227	86.5	Total liabilities	104,076	105,146	1.0
Net income	160	561	249.9	Total equity	51,451	51,894	0.9

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## 2. Condensed separate financial results for the first three months ended March 31, 2014

(In billions of Won)

	Separate statements of comprehensive income			Separate statements of financial position			
	Jan.-Mar. 2013	Jan.-Mar. 2014	Change (%)	As of Dec. 31, 2013	As of Mar. 31, 2014	Change (%)	
	Sales	13,633	14,681	7.7	Assets	98,250	98,081
Operating income	-479	-267	44.2	Liabilities	56,590	56,726	0.2
Net income	-17	-204	-1,102.4	Equity	41,660	41,355	-0.7

**IV. Independent Auditor's Opinion**

1. Independent auditor's opinion on consolidated financial statements for the first three months ended March 31, 2014:  
**Unqualified**

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

Jan. 1, 2014	Mar. 31, 2014	Jan. 1, 2013	Dec. 31, 2013	Jan. 1, 2012	Dec. 31, 2012
KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.	Deloitte Anjin LLC	Deloitte Anjin LLC

**V. Board of Directors**

1. Composition of the 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

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## 2. Board meetings and agendas

Number of meetings	Number of agendas	Classification			
		Resolutions	Status	Reports	Status
3	12	8	Approved as proposed	4	Accepted as reported

Audit Committee: 2 meetings held where 12 agendas were discussed (of which, 6 were resolved as proposed and 6 were approved as reported).

## 3. Major activities of the Board of Directors

Date	Agenda	Status	Type
2014. 1. 14	Approval to close the shareholders registry	Approved as proposed	Resolution
	Research and development plans for 2014	Accepted as reported	Report
2014. 2. 20	Recommendation of candidates to become new members of the Audit Committee	Approved as proposed	Resolution
	Approval to call for the 54th extraordinary general meeting of shareholders	Approved as proposed	Resolution
	Approval of consolidated and separate financial statements for fiscal year 2013	Approved as proposed	Resolution
	Approval of aggregate ceiling on remuneration for directors in 2014	Approved as proposed	Resolution
	Approval to call for the 53rd annual general meeting of shareholders	Approved as proposed	Resolution
	Development plans for the next-generation Electricity Sales Information System	Approved as proposed	Resolution
	Auditor's report to the Board of Directors for fiscal year 2013	Accepted as reported	Report
2014. 3. 20	Approval of ceilings on the issue amounts of commercial papers and electronic short-term bonds in 2014	Approved as proposed	Resolution
	Annual report on internal control over financial reporting for fiscal year 2013	Accepted as reported	Report
	Annual evaluation report on internal control over financial reporting for fiscal year 2013	Accepted as reported	Report

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## 4. Major activities of the Audit Committee

<b>Date</b>	<b>Agenda</b>	<b>Status</b>	<b>Type</b>
2014. 1. 29	Auditor's report on the agendas for the extraordinary meeting of shareholders	Approved as proposed	Resolution
	Audit plans for fiscal year 2014	Approved as proposed	Resolution
	Approval of selection of independent auditors of subsidiaries (KOSEP Material Co., Ltd. and KEPCO KPS Philippines Corp.)	Approved as proposed	Resolution
	Independent auditor's report on audit plans for fiscal year 2013	Accepted as reported	Report
	Education plans for auditors for 2014	Accepted as reported	Report
	Auditor's report for fiscal year 2013	Accepted as reported	Report
2014. 3. 20	Election of the chairman of the Audit Committee	Approved as proposed	Resolution
	Auditor's report on the agendas for the annual general meeting of shareholders	Approved as proposed	Resolution
	Approval of selection of independent auditors of subsidiaries	Approved as proposed	Resolution
	Independent auditor's report on the auditing results for the consolidated and separate financial statements for fiscal year 2013	Accepted as reported	Report
	Annual report on internal control over financial reporting for fiscal year 2013	Accepted as reported	Report
	Annual evaluation report on internal control over financial reporting for fiscal year 2013	Accepted as reported	Report

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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 March 31, 2014

		<b>Number of shareholders</b>	<b>Shares owned</b>	<b>Percentage (%)</b>
Korean Government		1	135,917,118	21.17
Korea Finance Corporation		1	192,159,940	29.94
National Pension Service		1	41,775,649	6.51
KEPCO (held in the form of treasury stock)*		1	18,929,995	2.95
Public	Common shares	1,086	118,634,815	18.48
(non-Koreans)	American depository shares	1	31,977,417	4.98
Public	Corporate	1,552	68,468,358	10.66
(Koreans)	Individual	383,104	34,100,785	5.31
<b>Total</b>		<b>385,747</b>	<b>641,964,077</b>	<b>100.0</b>

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

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## 1. Remuneration for directors

A. Aggregate ceiling on remuneration for directors approved by shareholders:  
Won 1.9 billion

B. Actual amount paid to directors

Type	Number of directors	Total remuneration	
		(Jan. 1, 2014	Mar. 31, 2014)
Total	15	Won 250 million	

C. Stock option: None

## 2. Employees as of March 31, 2014

Employees			Average years of employment	Total remuneration	
Regular	Contract	Total		(Jan. 1, 2014	Mar. 31, 2014)
19,499	369	19,868	18.5	Won 364 billion	

**VIII. Other Information Relating to the Protection of Investors**

1. Number of shareholders meetings held in 2014: twice

(One annual general meeting of shareholders held on March 28, 2014 / one extraordinary general meeting of shareholders held on March 14, 2014)

2. Pending legal proceedings

Type	Number of lawsuits	Litigation value
Lawsuits where KEPCO and its subsidiaries and affiliates are engaged as the defendant	642	Won 464 billion
Lawsuits where KEPCO and its subsidiaries and affiliates are engaged as the plaintiff	137	Won 270 billion

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**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/ Ko, Weon-Gun  
Name: Ko, Weon-Gun  
Title: Vice President

Date: June 03, 2014

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Financial Statements

March 31, 2014

(Unaudited)

(With Independent Auditors' Review Report Thereon)



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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 Company), which comprise the consolidated interim statement of financial position as of March 31, 2014, the consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2014 and 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 reviews.

We conducted our reviews 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 reviews, 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 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 Company as of December 31, 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us and our report thereon, dated March 20, 2014, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Company as of December 31, 2013, presented for comparative purposes, is not different from that audited by us in all material respects.

KPMG Samjong Accounting Corp.

Seoul, Korea

May 14, 2014

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This report is effective as of May 14, 2014, 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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position

**As of March 31, 2014 and December 31, 2013**

(Unaudited)

<i>In millions of won</i>	<i>Note</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5,6,7,43	2,728,775	2,232,313
Current financial assets, net	5,10,11,12,43	316,390	436,213
Trade and other receivables, net	5,8,14,20,43,45	6,759,519	7,526,311
Inventories, net	13	4,359,764	4,279,593
Income tax receivables	40	81,970	223,803
Current non-financial assets	15	627,834	570,845
<b>Total current assets</b>		<b>14,874,252</b>	<b>15,269,078</b>
Non-current assets			
Non-current financial assets, net	5,6,9,10,11,12,43	1,917,721	1,902,953
Non-current trade and other receivables, net	5,8,14,43,45	1,665,489	1,644,333
Property, plant and equipment, net	18,27,47	131,411,165	129,637,596
Investment properties, net	19,27	549,414	538,327
Goodwill	16	2,582	2,582
Intangible assets other than goodwill, net	21,27	836,539	810,664
Investments in associates	4,17	4,206,836	4,124,574
Investments in joint ventures	4,17	1,192,064	1,106,181
Deferred tax assets	40	255,724	359,535
Non-current non-financial assets	15	128,547	131,511
<b>Total non-current assets</b>		<b>142,166,081</b>	<b>140,258,256</b>
<b>Total Assets</b>	<b>4</b>	<b>157,040,333</b>	<b>155,527,334</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables, net	5,22,24,43,45	5,502,731	5,892,763
Current financial liabilities, net	5,11,23,43,45	8,446,504	8,425,231
Income tax payables	40	117,784	51,407
Current non-financial liabilities	20,28,29	5,270,714	4,730,631

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Current provisions	26,43	1,233,152	1,113,817
<b>Total current liabilities</b>		20,570,885	20,213,849
<b>Non-current liabilities</b>			
Non-current trade and other payables, net	5,22,24,43,45	3,977,897	3,971,519
Non-current financial liabilities, net	5,11,23,43,45	53,652,247	53,163,394
Non-current non-financial liabilities	28,29	7,004,728	6,985,641
Employee benefits obligations, net	25,43	2,194,527	2,137,296
Deferred tax liabilities	40	5,019,215	5,002,585
Non-current provisions	26,43	12,726,934	12,602,314
<b>Total non-current liabilities</b>		84,575,548	83,862,749
<b>Total Liabilities</b>	4	105,146,433	104,076,598

*(Continued)*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Financial Position, Continued

**As of March 31, 2014 and December 31, 2013**

(Unaudited)

<i>In millions of won</i>	<i>Note</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Equity</b>			
Contributed capital	1,30,43		
Share capital		3,209,820	3,209,820
Share premium		843,758	843,758
		4,053,578	4,053,578
Retained earnings	31		
Legal reserves		1,604,910	1,603,919
Voluntary reserves		22,999,359	22,753,160
Retained earnings before appropriations		8,623,100	8,409,007
		33,227,369	32,766,086
Other components of equity	33		
Other capital surpluses		828,121	830,982
Accumulated other comprehensive income		34,185	55,538
Treasury stock		(741,489)	(741,489)
Other equity		13,294,973	13,294,973
		13,415,790	13,440,004
Equity attributable to owners of the Company		50,696,737	50,259,668
Non-controlling interests	16	1,197,163	1,191,068
<b>Total Equity</b>		<b>51,893,900</b>	<b>51,450,736</b>
<b>Total Liabilities and Equity</b>		<b>157,040,333</b>	<b>155,527,334</b>

*See accompanying notes to the consolidated financial statements.*





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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

**For the three-month periods ended March 31, 2014 and 2013**

(Unaudited)

<i>In millions of won, except per share information</i>	<i>Note</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Sales</b>	4,34,43,45		
Sales of goods		14,073,576	13,234,359
Sales of services		64,578	80,372
Sales of construction services	20	548,748	405,780
Revenue related to transfer of assets from customers		85,745	78,587
		14,772,647	13,799,098
<b>Cost of sales</b>	13,25,41,45		
Cost of sales of goods		(12,518,259)	(12,264,769)
Cost of sales of services		(88,080)	(71,302)
Cost of sales of construction services		(503,382)	(363,614)
		(13,109,721)	(12,699,685)
<b>Gross profit</b>		1,662,926	1,099,413
<b>Selling and administrative expenses</b>	25,35,41,45	(435,849)	(441,644)
<b>Operating income</b>	4,50	1,227,077	657,769
<b>Other non-operating income</b>	36	70,723	88,059
<b>Other non-operating expenses</b>	36	(23,059)	(17,213)
<b>Other gains, net</b>	37	41,082	31,004
<b>Finance income</b>	5,11,38	278,058	436,728
<b>Finance expenses</b>	5,11,39	(802,121)	(1,059,543)
<b>Equity method income (loss) of associates and joint ventures</b>	4,17		
Share in income of associates and joint ventures		134,983	99,760
Share in loss of associates and joint ventures		(23,258)	(28,519)
Impairment losses on investments in associates and joint ventures		(1,558)	
		110,167	71,241

<b>Profit before income taxes</b>		901,927	208,045
<b>Income tax expense</b>	40	(340,656)	(47,620)
<b>Profit for the period</b>		561,271	160,425

*(Continued)*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income, Continued

**For the three-month periods ended March 31, 2014 and 2013**

(Unaudited)

<i>In millions of won, except per share information</i>	<i>Note</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Other comprehensive income</b>	5,11,25,31,33		
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial losses, net of tax	25,31	(15,345)	(98,217)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	31	(206)	585
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	33	(16,547)	28,620
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	5,11,33	3,325	(1,369)
Foreign currency translation of foreign operations, net of tax	33	58,805	59,673
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	33	(53,794)	57,203
<b>Other comprehensive income (loss), net of tax</b>		(23,762)	46,495
<b>Total comprehensive income for the period</b>		537,509	206,920
<b>Profit attributable to:</b>			
Owners of the Company	42	532,262	133,300
Non-controlling interests		29,009	27,125
		561,271	160,425
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		496,003	167,998
Non-controlling interests		41,506	38,922
		537,509	206,920
<b>Earnings per share</b>	42		
Basic and diluted earnings per share		854	214

*See accompanying notes to the consolidated financial statements.*



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity

**For the three-month periods ended March 31, 2014 and 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 for the period		133,300		133,300	27,125	160,425
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial losses, net of tax		(95,415)		(95,415)	(2,802)	(98,217)
Share in other comprehensive income of associates and joint ventures, net of tax		585		585		585
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			28,694	28,694	(74)	28,620
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			(1,467)	(1,467)	98	(1,369)
Foreign currency translation of foreign operations, net of tax			45,236	45,236	14,437	59,673
Share in other comprehensive income of associates and joint ventures, net of tax			57,065	57,065	138	57,203

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

Dividends paid					(39,936)	(39,936)
Issuance of share capital					7,920	7,920
Changes in consolidation scope					(4,558)	(4,558)

<b>Balance at March 31, 2013</b>	4,053,578	32,602,753	13,400,434	50,056,765	1,177,783	51,234,548
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*(Continued)*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity, Continued

**For the three-month periods ended March 31, 2014 and 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, 2014</b>	4,053,578	32,766,086	13,440,004	50,259,668	1,191,068	51,450,736
Total comprehensive income for the period						
Profit for the period		532,262		532,262	29,009	561,271
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial losses, net of tax		(14,700)		(14,700)	(645)	(15,345)
Share in other comprehensive loss of associates and joint ventures, net of tax		(206)		(206)		(206)
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			(16,545)	(16,545)	(2)	(16,547)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			456	456	2,869	3,325
Foreign currency translation of foreign operations, net of tax			48,417	48,417	10,388	58,805
Share in other comprehensive loss of associates and joint ventures, net of tax			(53,681)	(53,681)	(113)	(53,794)
<b>Transactions with owners of the Company,</b>						

**recognized directly in equity**

Dividends paid	(56,073)		(56,073)	(37,753)	(93,826)
Issuance of share capital		(155)	(155)	3,440	3,285
Changes in consolidation scope		(2,706)	(2,706)	(1,088)	(3,794)
Others				(10)	(10)

<b>Balance at March 31, 2014</b>	4,053,578	33,227,369	13,415,790	50,696,737	1,197,163	51,893,900
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*See accompanying notes to the consolidated financial statements.*



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

**For the three-month periods ended March 31, 2014 and 2013**

(Unaudited)

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Cash flows from operating activities</b>		
Profit for the period	561,271	160,425
Adjustments for:		
Income tax expense	340,656	47,620
Depreciation	1,888,262	1,812,745
Amortization	19,862	22,082
Employee benefit expense	87,045	93,484
Bad debt expense	12,371	3,492
Interest expense	597,046	595,282
Loss on sale of financial assets	2	
Loss on disposal of property, plant and equipment	2,944	11,222
Loss on abandonment of property, plant, and equipment	74,729	66,300
Impairment loss on property, plant and equipment		1,161
Impairment loss on intangible assets		2
Accretion expense to provisions, net	289,543	119,879
Loss on foreign currency translation, net	144,676	386,022
Valuation and transaction gain on derivative instruments, net	(155,782)	(303,796)
Share in income of associates and joint ventures, net	(111,724)	(71,241)
Impairment loss on investments in associates and joint ventures	1,558	
Gain on sale of property, plant and equipment	(1,619)	(12,746)
Interest income	(48,195)	(50,662)
Dividends income	(12,525)	(11,239)
Others, net	(665)	19,822
	3,128,184	2,729,429
Changes in:		
Decrease in trade receivables	839,907	862,995
Decrease in non-trade receivables	220,792	229,816
Decrease (increase) in accrued income	(63,485)	64,196
Decrease in other receivables	1,411	1,091
Decrease (increase) in other current assets	(103,743)	61,363
Increase in inventories	(284,922)	(341,324)
Decrease (increase) in other non-current assets	(2,284)	15,266

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Decrease in trade payables	(202,389)	(236,141)
Increase (decrease) in non-trade payables	20,006	(98,465)
Decrease in accrued expenses	(97,095)	(77,971)
Decrease in other payables	(171,938)	
Increase in other current liabilities	327,098	6,714
Increase in other non-current liabilities	241,112	264,591
Decrease in investments in associates and joint ventures	14,201	
Decrease in provisions	(113,316)	(21,841)
Payments of employee benefit obligations	(64,805)	(8,052)
Increase in plan assets	(112)	(105)
	560,438	722,133

*(Continued)*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

**For the three-month periods ended March 31, 2014 and 2013**

(Unaudited)

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Cash generated from operating activities</b>		
Dividends received	644	6,651
Interest paid	(615,071)	(610,364)
Interest received	41,016	35,046
Income taxes paid	(19,353)	(35,654)
<b>Net cash from operating activities</b>	<b>3,657,129</b>	<b>3,007,666</b>
<b>Cash flows investing activities</b>		
Proceeds from disposals of subsidiaries, associates and joint ventures	491	
Acquisition of subsidiaries, associates and joint ventures	(108,576)	(59,994)
Proceeds from disposals of property, plant and equipment	7,169	28,088
Acquisition of property, plant and equipment	(3,580,706)	(3,280,447)
Acquisition of intangible assets	(12,028)	(19,410)
Proceeds from disposals of financial assets	242,764	79,592
Acquisition of financial assets	(120,351)	(137,781)
Increase in loans	(36,622)	(130,050)
Decrease in loans	23,578	17,765
Increase in deposits	(107,938)	(8,473)
Decrease in deposits	97,689	2,658
Receipt of government grants	23,852	5,454
Usage of government grants	(1,597)	(61)
Other cash outflow from investing activities, net	(4,317)	(3,424)
<b>Net cash used in investing activities</b>	<b>(3,576,592)</b>	<b>(3,506,083)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings, net	346,444	420,504
Proceeds from long-term borrowings and debt securities	1,952,121	3,303,949
Repayment of long-term borrowings and debt securities	(1,804,376)	(1,538,034)
Payment of finance lease liabilities	(30,128)	(30,244)
Settlement of derivative instruments, net	(48,360)	24,808
Change in non-controlling interest	(367)	7,854
Dividends paid (hybrid bond)	(5,405)	(5,427)

Dividends paid	(1,442)	(1)
Other cash inflow (outflow) from financing activities, net	6,367	8,354
<b>Net cash from financing activities</b>	<b>414,854</b>	<b>2,191,763</b>
<b>Net increase in cash and cash equivalents before effect of exchange rate fluctuations</b>	<b>495,391</b>	<b>1,693,346</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>1,071</b>	<b>(9,327)</b>
<b>Net increase in cash and cash equivalents</b>	<b>496,462</b>	<b>1,684,019</b>
<b>Cash and cash equivalents at January 1</b>	<b>2,232,313</b>	<b>1,954,949</b>
<b>Cash and cash equivalents at March 31, 2014</b>	<b>2,728,775</b>	<b>3,638,968</b>

*See accompanying notes to the consolidated financial statements.*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

**March 31, 2014**

(Unaudited)

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

Korea Electric Power Corporation (the "KEPCO"), controlling company as defined in Korean International Financial Reporting Standards (K-IFRS) 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 KEPCO also provides power plant construction services. The KEPCO'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 March 31, 2014, the KEPCO's share capital amounts to 3,209,820 million and the KEPCO's shareholders are as follows:

	Number of shares	Percentage of ownership
Government of the Republic of Korea	135,917,118	21.17%
Korea Finance Corporation	192,159,940	29.93%
Foreign investors	150,612,232	23.46%
Other	163,274,787	25.44%
	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 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, 2013.

**(2) Basis of measurement**

The consolidated interim financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statements 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 ( Won ), which are the KEPCO's functional currency and the currency of the primary economic environment in which the Company operates.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**2. Basis of Preparation, Continued**

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

The preparation of the consolidated 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 Company owns Wolsong #1 nuclear power plant, which started its operation on November 21, 1982, and completed its operation on November 20, 2012, completing the permitted operation period of 30 years. As of March 31, 2014, the Company is in the process of obtaining safety assessments to obtain an approval from the Nuclear Safety and Security Commission to resume the plant's operation for another term. The Company has prepared the consolidated 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 Company 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 Company records the fair value of estimated decommissioning costs as a liability in the period in which the Company 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. The Company 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 Company 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 Company does not realize estimated future taxable income during the carry forward periods.

(iv) Valuations of financial instruments at fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**2. Basis of Preparation, Continued**

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

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows. If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(v) Defined employee liabilities

The Company 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. Defined benefit plans contain significant uncertainties in estimations due to its long-term nature.

(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 March 31, 2014 and 2013 is 1,499,049 million and 1,226,542 million, respectively.

**(5) Changes in accounting policies**

(i) Amendments to K-IFRS 1032, Financial Instruments: Disclosures

The Company adopted the amendments of K-IFRS 1032, Financial Instruments: Disclosures since January 1, 2014. K-IFRS 1032 requires that a financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity: (i) currently has a legally enforceable right to set off the recognized amounts; and (ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

A legally enforceable right of set-off must not be contingent on a future event; and must be legally enforceable in all of the following circumstances: (i) the normal course of business; (ii) the event of default; and (iii) the event of insolvency or bankruptcy of the entity and all of the counterparties.

If the Company can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement, the Company will meet the net settlement criterion in K-IFRS 1032. This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

The Company has not applied the amendment retrospectively since management believes the impact of the amendments on the Company's consolidated financial statements is clearly immaterial.

(ii) K-IFRS 2121, Levies

The Company adopted K-IFRS 2121, Levies since January 1, 2014. K-IFRS 2121 defines the obligating event that gives rise to a liability to pay a levy as the activity that triggers the payment of the levy, as identified by the legislation.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time and if the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached. Meanwhile, an entity shall recognise an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The Company has not applied the amendment retrospectively since management believes the impact of the amendments on the Company's consolidated financial statements is clearly immaterial.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies**

**(1) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (or one of its subsidiaries).

Income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income (loss) 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 Company 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 of the Company.

Transactions between the Company and its subsidiaries are eliminated during the consolidation.

Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Company'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 Company.

When the Company 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 Company 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 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 Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company 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 Companies) 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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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 entitles the holder to a proportionate share of the entity's net assets in an event of liquidation, 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 other K-IFRS.

When the consideration transferred by the Company 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 re-measured 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 re-measured at subsequent reporting dates in accordance with K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, or with K-IFRS 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 Company's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Company 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 Company 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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(3) Investments in associates**

An associate is an entity over which the Company 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 have 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 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. If the Company holds 20% ~ 50% of the voting power of the investee, it is presumed that the Company has significant influence.

After the disposal takes place, the Company shall account for any retained interest in associates in accordance with K-IFRS 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 Company's share of the income or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company'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 Company'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 1039, *Financial Instruments: Recognition and Measurement*, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company'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 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 1036 to the extent that the recoverable amount of the investment

subsequently increases.

Upon disposal of an associate that results in the Company 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 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 Company 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 Company reclassifies the gain or loss from equity to income or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(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 Company is a joint operator, the Company 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 joint arrangement is a joint venture, the Company is to account for that investment using the equity method accounting in accordance with K-IFRS 1028, Investment in Associates and Joint Ventures (see note 3 (3)), except when the Company is applicable to the K-IFRS 1105, Non-current Assets Held for Sale .

**(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 Company 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 Company 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) Goodwill**

The Company measures goodwill which acquired in a business combination at the amount recognized at the date on which it obtains control of the acquiree (acquisition date) less any accumulated impairment losses. Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the goodwill acquired.

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(7) Revenue recognition**

Revenue from the sale of goods, rendering of services or use of the Company 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 Company.

(i) Sales of goods

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

The Company 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 Company estimates daily power volumes of electricity for residential, commercial, general and etc. 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 services

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 reliably measures the services performed.

(iii) Dividend income and interest income

Dividend income is recognized in profit or loss on the date that the Company'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 Company's policy for recognition of revenue from operating leases is described in note 3 (9) below.

(v) Deferral of revenue – Transfer of Assets from Customers

The Company recovers a substantial amount of the cost related to its electric power distribution facilities from customers through the transfer of assets, while the remaining portion is recovered through electricity sales from such customers in the future. As such, the Company believes there exists a continued service obligation to the customers in accordance with K-IFRS 2118, Transfer of Assets from Customers when the Company 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 Company defers the amounts received, which are then recognized as revenue over the estimated service period which does not exceed the transferred asset's useful life.

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Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(8) Construction services revenue**

The Company provides services related to the construction of power plants related to 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.

**(9) Leases**

The Company classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Company 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 Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company'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 Company'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 Company 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 Company 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 Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(9) Leases, Continued**

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.

(iii) Determining whether an arrangement contains a lease

Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset) and the arrangement conveys a right to use the asset.

At inception or reassessment of the arrangement, management of the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If management of the Company concludes for a financial lease that it is impracticable to separate the payments reliably, the Company recognizes an asset and a liability at an amount equal to the fair value of the underlying asset that was identified as the subject of the lease. Subsequently, the liability shall be reduced as payments are made and an imputed finance charge on the liability recognized using the purchaser's incremental borrowing rate of interest.

**(10) Foreign currencies**

Transactions in foreign currencies are translated to the respective functional currencies of the Company 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;



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**3. Significant Accounting Policies, Continued**

**(10) Foreign currencies, continued**

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.

For the purpose of presenting financial statements, the assets and liabilities of the Company'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.

**(11) Borrowing costs**

The Company 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.

**(12) Government grants**

Government grants are not recognized unless there is reasonable assurance that the Company 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 Company received grants related to assets

Government grants whose primary condition is that the Company 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 Company received grants related to income

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

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

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**3. Significant Accounting Policies, Continued**

**(13) Employee benefits**

(i) Retirement benefits: defined contribution plans

When an employee has rendered service to the Company during a period, the Company 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.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(14) 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 Company 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 Company 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 Company 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 Company 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 Company 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.

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Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(14) 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.

**(15) 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 Company 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 Company uses the production method to measure and recognizes as expense the economic benefits of the assets.

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

	<b>Useful lives (years)</b>
Buildings	8 ~ 40

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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.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(16) 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 Company 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.

**(17) 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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued****(17) Intangible assets, continued**

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

	<b>Useful lives (years)</b>	<b>Amortization methods</b>
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

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

Intangible assets that are acquired in a business combination are recognized separately from goodwill and 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, and are recognized in income or loss when the asset is derecognized.

(v) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

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

At the end of each reporting period, the Company 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 Company 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.

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(18) Impairment of non-financial assets other than goodwill, 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.

**(19) 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.

**(20) Provisions**

Provisions are recognized when the Company 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 Company 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 Company is required to inspect the PCBs contents of transformers and dispose of PCBs in excess of safety standards under the legally settled procedures. The Company'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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) Provisions, continued**

(ii) Provision for decommissioning costs of nuclear power plants

The Company records the fair value of estimated decommissioning costs as a liability in the period in which the Company 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 Company is levied to pay the spent nuclear fuel fund for the management of spent nuclear fuel. The Company recognizes the provision of present value of the payments.

(iv) Provision for low and intermediate radioactive wastes

Under the Radioactive Waste Management Act, the Company 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

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. The Company recognizes the provision in relation to power plant regional support program.

(vi) Provision for employment benefits

The Company determines the provision for employment benefits as the incentive payments based on the results of the individual performance evaluation or management assessment.

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

The Company 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 Company recognizes financial assets in the statement of financial position when the Company 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.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) 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 Company 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 Company'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 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 re-measurement 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 Company 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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) 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 Company'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 Company'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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) 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 Company 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 Company is recognized as a separate asset or liability. If the Company retains substantially all the risks and rewards of ownership of the transferred financial assets, the Company 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 Company retains an option to repurchase part of a transferred asset), the Company 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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(22) Non-derivative financial liabilities and equity instruments issued by the Company**

(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 Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company'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 Company's own equity instruments.

(iii) Financial liabilities

Financial liabilities are recognized when the Company 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 Company 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 Company 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 Company'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 re-measurement 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.



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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(22) Non-derivative financial liabilities and equity instruments issued by the Company, 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 1037, Provisions, Contingent Liabilities and Contingent Assets; or (b) the amount initially recognized less, cumulative amortization recognized in accordance with K-IFRS 1018, Revenue.

(vii) De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company'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.

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

The Company 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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(ii) Hedge accounting

The Company 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 Company 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 Company 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 Company 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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**4. Segment, Geographic and Other Information**

**(1) Segment determination and explanation of the measurements**

The Company's operating segments are its business components that generates discrete financial information that is reported to and regularly revised by the Company's the chief operating decision maker, the Chief Executive Officer, for the purpose of resource allocation and assessment of segment performance. The Company's reportable segments, in accordance with K-IFRS 1108, are Transmission and distribution , Electric power generation (Nuclear) , Electric power generation (Non-nuclear) , Plant maintenance & engineering service and Others ; others mainly represent the business unit that manages the Company's foreign operations.

Segment operating income (loss) is determined the same way that consolidated operating income is determined under K-IFRS 1108 without any adjustment for corporate allocations. The accounting policies used by each segment are consistent with the accounting policies used in the preparation of the consolidated financial statements. Segment assets and liabilities are determined based on separate financial statements of the entities instead of on a consolidated basis. There are various transactions between the reportable segments, including sales of property, plant and equipment and so on, that are conducted on an arms-length basis at market prices that would be applicable to an independent third-party. For subsidiaries which are in a different segment from that of its immediate parent company, their carrying amount in separate financial statements is eliminated in the consolidating adjustments in the tables below. In addition, consolidation adjustments in the table below include adjustments of the amount of investment in associates and joint ventures from the cost basis amount reflected in segment assets to that determined using an equity method basis in the consolidated financial statements.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued**

- (2) **Financial information of the segments for the three-month periods ended March 31, 2014 and 2013 respectively are as follows:**

*In millions of  
won*

Segment	March 31, 2014							
	Total segment revenue	Intersegment revenue	Revenue from external customers	Depreciation and amortization	Interest income	Interest expense	Income(loss) of associates and joint ventures	Operating income (loss)
Transmission and distribution	14,681,061	285,952	14,395,109	671,919	6,965	359,889	107,056	(266,967)
Electric power generation (Nuclear)	2,448,121	2,445,463	2,658	703,211	3,952	145,797	740	948,969
Electric power generation (Non-nuclear)	7,428,668	7,301,758	126,910	517,069	8,150	74,913	3,572	514,372
Plant maintenance & engineering service	554,479	403,044	151,435	17,766	5,002	143	(1,201)	57,658
Others	122,200	25,665	96,535	6,657	26,896	18,568		31,107
Consolidation adjustments	(10,461,882)	(10,461,882)		(8,498)	(2,770)	(2,264)		(58,062)
	14,772,647		14,772,647	1,908,124	48,195	597,046	110,167	1,227,077
Other income								70,723

Other expenses	(23,059)
Other gains (losses), net	41,082
Finance income	278,058
Finance costs	(802,121)
Equity method Income of associates joint ventures	110,167
Profit before income tax	901,927

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued**

- (2) Financial information of the segments for the three-month periods ended March 31, 2014 and 2013, respectively are as follows, continued:

*In millions of  
won*

Segment	March 31, 2013							
	Total segment revenue	Intersegment revenue	Revenue from external customers	Depreciation and amortization	Interest income	Interest expense	Income(loss) of associates and joint ventures	Operating income (loss)
Transmission and distribution	13,632,974	207,370	13,425,604	653,948	7,984	386,448	80,665	(478,941)
Electric power generation (Nuclear)	2,011,717	1,983,604	28,113	694,463	5,512	139,491		553,932
Electric power generation (Non-nuclear)	7,630,708	7,474,032	156,676	472,950	11,956	61,376	(8,597)	593,417
Plant maintenance & engineering service	513,456	392,560	120,896	18,867	8,390	36	(827)	44,822
Others	69,316	1,507	67,809	2,024	19,500	11,353		21,905
Consolidation adjustments	(10,059,073)	(10,059,073)		(7,425)	(2,680)	(3,422)		(77,366)
	13,799,098		13,799,098	1,834,827	50,662	595,282	71,241	657,769



Other income	88,059
Other expenses	(17,213)
Other gains (losses), net	31,004
Finance income	436,728
Finance costs	(1,059,543)
Equity method Income of associates joint ventures	71,241
Profit before income tax	208,045

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued****(3) Total assets and liabilities of the segments as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

Segment	March 31, 2014			
	Segment assets	Investments in associates and joint ventures	Acquisition of non-current assets	Segment liabilities
Transmission and distribution	98,081,007	4,013,949	1,376,818	56,726,361
Electric power generation (Nuclear)	47,574,590	1,672	372,054	26,739,548
Electric power generation (Non-nuclear)	38,070,404	1,326,813	1,638,636	21,209,516
Plant maintenance & engineering service	2,488,282	56,466	39,540	1,007,671
Others	5,959,556		80,191	2,062,017
Consolidation adjustments	(35,133,506)		85,495	(2,598,680)
Consolidated totals	157,040,333	5,398,900	3,592,734	105,146,433

*In millions of won*

Segment	December 31, 2013			
	Segment assets	Investments in associates and joint ventures	Acquisition of non-current assets	Segment liabilities
Transmission and distribution	98,249,927	3,895,266	4,458,291	56,590,381
Electric power generation (Nuclear)	46,717,706	908	2,412,782	26,482,646

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Electric power generation (Non-nuclear)	36,455,090	1,275,330	6,882,630	19,832,122
Plant maintenance & engineering service	2,463,204	59,251	222,547	932,485
Others	5,617,304		429,626	2,008,541
Consolidation adjustments	(33,975,897)		(75,237)	(1,769,577)
Consolidated totals	155,527,334	5,230,755	14,330,639	104,076,598

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

The following information on revenue from external customers and non-current assets is determined by the location of the customers and of the assets:

*In millions of won*

	Revenue from external customers		Non-current assets (*2)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Domestic	14,164,630	13,329,168	133,587,578	131,876,535
Overseas (*1)	608,017	469,930	4,739,569	4,474,900
	14,772,647	13,799,098	138,327,147	136,351,435

(\*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 significant customers**

There is no individual customer comprising more than 10% of the Company's revenue for the three-month periods ended March 31, 2014 and 2013.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**5. Classification of Financial Instruments****(1) Classification of financial assets as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

	March 31, 2014					Total
	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Held-to- maturity investments	Derivative assets (using hedge accounting)	
<b>Current assets</b>						
Cash and cash equivalents		2,728,775				2,728,775
<b>Current financial assets</b>						
Held-to-maturity investments				133		133
Derivative assets	3,088					3,088
Other financial assets		313,169				313,169
Trade and other receivables		6,759,519				6,759,519
	3,088	9,801,463		133		9,804,684
<b>Non-current assets</b>						
<b>Non-current financial assets</b>						
Available-for-sale financial assets			1,232,732			1,232,732
Held-to-maturity investments				2,072		2,072
Derivative assets	13,104				96,242	109,346
Other financial assets		573,571				573,571
Trade and other receivables		1,665,489				1,665,489
	13,104	2,239,060	1,232,732	2,072	96,242	3,583,210
	16,192	12,040,523	1,232,732	2,205	96,242	13,387,894



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(1) Classification of financial assets as of March 31, 2014 and December 31, 2013 are as follows, continued:**

*In millions of won*

	Financial assets at fair value through profit or loss		December 31, 2013			Total
			Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	
<b>Current assets</b>						
Cash and cash equivalents		2,232,313				2,232,313
<b>Current financial assets</b>						
Held-to-maturity investments				168		168
Derivative assets	1,437					1,437
Other financial assets		434,608				434,608
Trade and other receivables		7,526,311				7,526,311
	1,437	10,193,232		168		10,194,837
<b>Non-current assets</b>						
<b>Non-current financial assets</b>						
Available-for-sale financial assets			1,256,765			1,256,765
Held-to-maturity investments				2,117		2,117
Derivative assets	2,681				82,376	85,057
Other financial assets		559,013				559,013
Trade and other receivables		1,644,333				1,644,333
	2,681	2,203,346	1,256,765	2,117	82,376	3,547,285
	4,118	12,396,578	1,256,765	2,285	82,376	13,742,122





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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(2) Classification of financial liabilities as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won***March 31, 2014**

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities recognized at amortized cost</b>	<b>Derivative liabilities (using hedge accounting)</b>	<b>Total</b>
<b>Current liabilities</b>				
Borrowings		1,730,223		1,730,223
Debt securities		6,445,966		6,445,966
Derivative liabilities	241,493		28,822	270,315
Trade and other payables		5,502,731		5,502,731
	241,493	13,678,920	28,822	13,949,235
<b>Non-current liabilities</b>				
Borrowings		4,473,227		4,473,227
Debt securities		48,922,710		48,922,710
Derivative liabilities	125,046		131,264	256,310
Trade and other payables		3,977,897		3,977,897
	125,046	57,373,834	131,264	57,630,144
	366,539	71,052,754	160,086	71,579,379

*In millions of won***December 31, 2013****Total**

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities recognized at amortized cost</b>	<b>Derivative liabilities (using hedge accounting)</b>	
<b>Current liabilities</b>				
Borrowings		1,470,862		1,470,862
Debt securities		6,616,636		6,616,636
Derivative liabilities	304,699		33,034	337,733
Trade and other payables		5,892,763		5,892,763
	304,699	13,980,261	33,034	14,317,994
<b>Non-current liabilities</b>				
Borrowings		4,538,390		4,538,390
Debt securities		48,262,262		48,262,262
Derivative liabilities	186,336		176,406	362,742
Trade and other payables		3,971,519		3,971,519
	186,336	56,772,171	176,406	57,134,913
	491,035	70,752,432	209,440	71,452,907

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**5. Classification of Financial Instruments, Continued**

(3) **Classification of comprehensive income (loss) from financial instruments for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>		<b>March 31, 2014</b>	<b>March 31, 2013</b>
Cash and cash equivalents	Interest income	12,242	15,889
Available-for-sale financial assets	Dividends income	12,525	11,239
	Interest income	108	527
	Loss on disposal of financial assets	(2)	
Held-to-maturity investments	Interest income	17	16
Loans and receivables	Interest income	6,020	12,691
Trade and other receivables	Interest income	25,466	15,412
Other financial assets	Interest income	305	7
Short-term financial instruments	Interest income	3,927	6,115
Long-term financial instruments	Interest income	110	5
Financial assets at fair value through profit or loss	Gain on valuation of derivatives	9,379	43,233
	Gain (loss) on transaction of derivatives	(9,563)	7,431
Derivative assets (using hedge accounting)	Gain on valuation of derivatives	35,908	79,722
	Loss on valuation of derivatives (equity, before tax)*	(5,732)	(6,407)
	Gain (loss) on transaction of derivatives	(1,585)	5,220
Financial liabilities carried at amortized cost	Interest expense of borrowings and debt securities	(427,547)	(428,335)
	Interest expense of trade and other payables	(22,376)	(26,222)
	Interest expense of others	(147,123)	(140,725)
	Loss on foreign currency transactions and translations	(145,391)	(408,665)

Financial liabilities at fair value through profit or loss	Gain on valuation of derivatives	68,839	116,063
	Gain on transaction of derivatives	28,595	132
Derivative liabilities (using hedge accounting)	Gain on valuation of derivatives	29,520	49,980
	Gain on valuation of derivatives (equity, before tax)*	6,690	3,662
	Gain (loss) on transaction of derivatives	(5,311)	2,015

Items are included in other comprehensive income. All other income and gain amounts listed above are included in finance income, and all expense and loss amounts listed above are included in finance expenses in the accompanying consolidated statements of comprehensive income.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**6. Restricted Deposits**

Restricted deposits as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>		<b>March 31, 2014</b>	<b>December 31, 2013</b>
Cash and cash equivalents	Escrow accounts	76,541	61,873
	Deposits for government project	16,652	17,807
	Collateral provided for lawsuit	189	
	Collateral for borrowings	10,306	
Short-term financial instruments	Restriction on withdrawal related to win-win growth program for small and medium enterprises	5,000	
Long-term financial instruments	Guarantee deposits for checking account	5	5
	Guarantee deposits for banking accounts at oversea branches	304	300
	Collateral provided for lawsuit	330	330
		<b>109,327</b>	<b>80,315</b>

**7. Cash and Cash Equivalents**

Cash and cash equivalents as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Cash	103	56

Cash equivalents	1,147,795	1,141,202
Short-term deposits classified as cash equivalents	1,236,497	1,073,789
Short-term investments classified as cash equivalents	344,380	17,266
	2,728,775	2,232,313

## 8. Trade and Other Receivables

(1) Trade and other receivables as of March 31, 2014 and December 31, 2013 are as follows:

*In millions of won*

	<b>March 31, 2014</b>			
	<b>Gross amount</b>	<b>Allowance for doubtful accounts</b>	<b>Present value discount</b>	<b>Book value</b>
<b>Current assets</b>				
Trade receivables	6,251,671	(63,179)	(91)	6,188,401
Other receivables	616,916	(43,697)	(2,101)	571,118
	6,868,587	(106,876)	(2,192)	6,759,519
<b>Non-current assets</b>				
Trade receivables	420,868			420,868
Other receivables	1,288,979	(37,472)	(6,886)	1,244,621
	1,709,847	(37,472)	(6,886)	1,665,489
	8,578,434	(144,348)	(9,078)	8,425,008

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**8. Trade and Other Receivables, Continued****1) Trade and other receivables as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

		<b>December 31, 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>				
Trade receivables	7,076,303	(65,024)	(136)	7,011,143
Other receivables	559,958	(42,729)	(2,061)	515,168
	7,636,261	(107,753)	(2,197)	7,526,311
<b>Non-current assets</b>				
Trade receivables	421,949		(8)	421,941
Other receivables	1,255,724	(27,158)	(6,174)	1,222,392
	1,677,673	(27,158)	(6,182)	1,644,333
	9,313,934	(134,911)	(8,379)	9,170,644

**(2) Other receivables as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

		<b>March 31, 2014</b>		
	<b>Gross amount</b>	<b>Allowance for doubtful accounts</b>	<b>Present value discount</b>	<b>Book value</b>
<b>Current assets</b>				
Non-trade receivables	297,097	(43,697)		253,400
Accrued income	38,198			38,198

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Deposits	166,431		(2,101)	164,330
Finance lease receivables	5,356			5,356
Others	109,834			109,834
	616,916	(43,697)	(2,101)	571,118

**Non-current assets**

Non-trade receivables	100,091	(17,829)		82,262
Accrued income	7,910			7,910
Deposits	239,212		(6,886)	232,326
Finance lease receivables	853,594			853,594
Others	88,172	(19,643)		68,529
	1,288,979	(37,472)	(6,886)	1,244,621
	1,905,895	(81,169)	(8,987)	1,815,739



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**8. Trade and Other Receivables, Continued****(2) Other receivables as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

	Gross amount	December 31, 2013		Book value
		Allowance for doubtful accounts	Present value discount	
<b>Current assets</b>				
Non-trade receivables	233,714	(42,729)		190,985
Accrued income	47,310			47,310
Deposits	162,730		(2,061)	160,669
Finance lease receivables	4,569			4,569
Others	111,635			111,635
	559,958	(42,729)	(2,061)	515,168
<b>Non-current assets</b>				
Non-trade receivables	102,254	(8,608)		93,646
Deposits	230,083		(6,174)	223,909
Finance lease receivables	845,712			845,712
Accrued income	7,052			7,052
Others	70,623	(18,550)		52,073
	1,255,724	(27,158)	(6,174)	1,222,392
	1,815,682	(69,887)	(8,235)	1,737,560

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. Once trade receivables are overdue, the Company imposes a 2.0% interest rate on the overdue trade receivables. The Company holds deposits of three-months expected electricity usage for customers requesting temporary usage

and customers with past defaulted payments.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**8. Trade and Other Receivables, Continued****(3) Aging analysis of trade receivables as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Trade receivables: (not overdue, not impaired)	6,476,872	7,350,705
Trade receivables: (overdue, not impaired)	972	292
Less than 60 days	972	292
Trade receivables: (impairment reviewed)	194,695	147,255
60 ~ 90 days	69,137	36,707
90 ~ 120 days	11,639	18,214
120 days ~ 1year	60,799	38,066
Over 1 year	53,120	54,268
	6,672,539	7,498,252
Less allowance for doubtful accounts	(63,179)	(65,024)
Less present value discount	(91)	(144)
	6,609,269	7,433,084

The Company 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.

The Company 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 March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Other receivables: (not overdue, not impaired)	1,701,581	1,667,837
Other receivables: (overdue, not impaired)	60,009	24,878
Less than 60 days	60,009	24,878
Other receivables: (impairment reviewed)	144,305	122,967
60 ~ 90 days	11,610	17,507
90 ~ 120 days	2,745	1,880
120 days ~ 1year	42,678	23,996
Over 1 year	87,272	79,584
	1,905,895	1,815,682
Less allowance for doubtful accounts	(81,169)	(69,887)
Less present value discount	(8,987)	(8,235)
	1,815,739	1,737,560

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (5) Changes in the allowance for doubtful accounts for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Trade receivables</b>	<b>Other receivables</b>
<b>Beginning balance</b>	65,024	69,887	47,312	225,078
Bad debt expense	501	11,870	40,446	8,665
Write-offs	(2,346)	(2,091)	(22,734)	(4,227)
Reversals				
Others (*)		1,503		(159,629)
<b>Ending balance</b>	<b>63,179</b>	<b>81,169</b>	<b>65,024</b>	<b>69,887</b>

- (\*) The allowance against loans to equity method investments which were reversed when the loans were converted to investment in associates.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

Available-for-sale financial assets as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>Ownership</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Equity securities</b>			
<b>Listed</b>			
Kwanglim Co., Ltd.(*1)	0.44%	159	150
Sungjee Construction Co., Ltd.(*1)	0.01%	8	7
Korea District Heating Corp.	19.55%	154,183	194,710
Ssangyong Motor Co., Ltd.(*1)	0.03%	337	291
LG Uplus Corporation	8.80%	401,377	412,901
Fission Uranium Corp.(formerly named Fission)	0.52%	1,300	848
Denison Mines Corp.	12.62%	91,866	74,498
Energy Fuels INC	9.06%	17,054	10,307
PT Adaro Energy Tbk	1.50%	44,406	45,204
Cockatoo Coal Limited (*2)	1.20%	1,825	1,875
Namkwang Engineering & Construction Co., Ltd	0.01%	5	5
Byucksan Engineering & Construction Co., Ltd	0.00%	1	1
Dongyang Engineering & Construction Corp.	0.01%	4	5
Pumyang Construction Co., Ltd.	0.00%	2	3
Korea Line Corp.	0.00%		
		712,527	740,805
<b>Unlisted</b>			
Construction Guarantee	0.02%	781	790
Global Dynasty Overseas Resource Development Private Equity Firm	7.46%	1,681	1,517
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

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Fire Guarantee	0.02%	20	20
Korea Software Financial Cooperative	0.18%	301	301
Woobang ENC Co., Ltd.	0.00%	22	22
Women s Venture Fund	10.00%	780	780
Engineering Financial Cooperative	0.11%	60	60
Intellectual Discovery, Ltd.	9.13%	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	0.03%	10	10
Troika Overseas Resource Development Private Equity Firm	3.66%	11,104	10,664
Poonglim Industrial Co., Ltd.	0.01%	78	78
Woori Ascon Co., Ltd.	0.34%	10	10
HANKOOK Silicon Co., Ltd.	11.82%	7,513	7,513
LIG E&C Co., Ltd.	0.00%	5	5
Miju Steel Mfg Co., Ltd.	0.23%	51	51
Ginseng K Co., Ltd.	0.08%	8	8
Dae Kwang Semiconductor Co., Ltd.	0.07%	6	6
Sanbon Department Store	0.01%	124	124
SAMBO AUTO. Co., Ltd.	0.02%	38	38

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

Available-for-sale financial assets as of March 31, 2014 and December 31, 2013 are as follows, continued:

<i>In millions of won</i>	<b>Ownership</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Korea Bio Fuel Co., Ltd.	15.00%	1,500	1,500
Korea Electric Engineers Association	0.26%	61	61
Korea Investment Korea EXIM Bank CERs Private Special Asset Investment Trust	14.18%	6,803	6,803
Hanwha Electric Power Venture Fund	16.40%	1,804	1,804
Hwan Young Steel Co., Ltd.	0.14%	97	97
IBK-AUCTUS Green Growth Private Equity Firm	6.30%	6,054	6,054
K&C- Gyeongnam Youth Job Creation Investment Fund	10.00%	1,340	1,340
Areva Nc Expansion	13.49%	250,528	248,292
Green & Sustainable Energy Investment Corp.	19.58%	13	13
Kanan Hydroelectric Power Corp.	19.58%	18	17
Set Holding	2.50%	170,514	170,514
Siam Solar Power	10.00%	945	933
3i Powergen Inc.	15.00%	1,492	1,486
PT. Kedap Saayq	10.00%	18,540	18,540
Navanakorn Electric Co., Ltd. (*3)	29.00%	16,370	16,163
Pumyang Assetmanagement Co. Ltd.	0.00%	3	
BnB Sungwon Co., Ltd	0.01%	15	
Hana	0.00%	1	
		<b>504,381</b>	<b>501,305</b>
<b>Debt securities</b>			
Ambre Energy Limited		15,824	14,655



1,232,732

1,256,765

- (\*1) It has been determined that available-for-sale financial assets were impaired because the fair values of the securities of Kwanglim Co., Ltd., Ssangyong Motor Co., Ltd. and Sungjee Construction Co., Ltd. declined below their respective acquisition costs during the prior year. As such, cumulative losses of 415 million previously recognized in other comprehensive loss were reclassified to impairment losses on available-for-sale financial assets for the year ended March 31, 2014.
- (\*2) The fair value of Cockatoo Coal Limited securities declined significantly below the acquisition cost and the cumulative losses of 12,177 million previously recognized in other comprehensive loss were reclassified to impairment loss on available-for-sale financial assets for the the year ended March 31, 2014.
- (\*3) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.

Book values of unlisted equity securities held by the Company that were measured at cost as of March 31, 2014 and December 31, 2013 are 333,086 million and 330,001 million, respectively, as a quoted market price does not exist in an active market and its fair value cannot be measured reliably.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**10. Held-to-maturity Investments**

Held-to-maturity investments as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Government and municipal bonds and others	133	2,072	168	2,117

**11. Derivatives**

(1) Derivatives as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>Derivative assets</b>				
Currency option	2,402		963	
Currency forward	686	30	474	206
Currency swap		108,096		83,003
Interest rate swap		1,220		1,848
	3,088	109,346	1,437	85,057
<b>Derivative liabilities</b>				
Currency option	3,341		42,144	
Currency forward	244	1	2,166	
Currency swap	265,076	196,316	291,476	289,819
Interest rate swap	1,654	59,993	1,947	72,923
	270,315	256,310	337,733	362,742



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued****(2) Currency option contracts which are not designated as hedge instruments as of March 31, 2014 are as follows:****(i) Target Redemption Forward***In won and thousands of U.S. dollars*

<b>Financial institution</b>	<b>Contract year</b>	<b>Position</b>	<b>Contract amount</b>	<b>Contract exchange rate</b>	<b>Target profit</b>
Standard Chartered	2014.01.09 ~ 2015.01.02	SELL	USD 6,000	1,087.10	250
Barclays Bank PLC	2014.01.10 ~ 2015.01.02	SELL	USD 3,000	1,086.40	250
Credit Suisse	2014.01.08 ~ 2014.12.31	SELL	USD 5,000	1,086.70	250
Morgan Stanley	2013.09.11 ~ 2014.05.07	BUY	USD 10,000	1,072.90	50
Morgan Stanley	2013.10.21 ~ 2014.12.29	BUY	USD 3,000	1,047.00	50
Morgan Stanley	2013.08.19 ~ 2014.08.18	BUY	USD 3,000	1,089.40	200

The Company enters into currency option contracts to buy or sell currency at a specified exchange rate during a specified period of time to hedge currency exchange risk from flaming coal purchase payments. Every week, the Company compares the target profit to the accumulated total profit or loss from the difference between the contract exchange rate and average exchange rate. When the target profits are achieved, the contracts will be automatically terminated.

**(ii) European Knock-Out***In millions of won and thousands of U.S. dollars*

<b>Financial institution</b>	<b>Contract year</b>	<b>Contract amount</b>		<b>Contract exchange rate</b>	<b>Barrier</b>
		<b>Pay</b>	<b>Receive</b>		
Barclays Bank PLC	2013.10.11 ~ 2014.04.07	9,884	USD 9,317	1,060.90	1,130.00
Barclays Bank PLC	2013.10.29 ~ 2014.04.24	11,250	USD 10,689	1,052.50	1,100.00
Barclays Bank PLC	2013.12.13 ~ 2014.05.08	8,472	USD 8,121	1,043.20	1,100.00
Barclays Bank PLC	2014.01.14 ~ 2014.06.11	4,309	USD 4,094	1,052.70	1,110.00
Barclays Bank PLC	2014.01.20 ~ 2014.07.02	12,780	USD 12,048	1,060.80	1,120.00
Barclays Bank PLC	2014.01.20 ~ 2014.06.12	11,180	USD 10,561	1,058.60	1,120.00

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Barclays Bank PLC	2014.01.20 ~ 2014.04.15	13,129	USD 12,344	1,063.60	1,120.00
Barclays Bank PLC	2014.01.20 ~ 2014.07.02	4,644	USD 4,395	1,056.60	1,120.00
Korea Exchange Bank	2013.10.22 ~ 2014.04.17	5,816	USD 5,516	1,054.40	1,110.00
Korea Exchange Bank	2013.12.16 ~ 2014.06.11	18,335	USD 17,664	1,038.00	1,100.00
Korea Exchange Bank	2014.01.14 ~ 2014.07.10	11,661	USD 11,121	1,048.60	1,110.00
Korea Exchange Bank	2014.01.15 ~ 2014.06.11	10,906	USD 10,343	1,054.40	1,110.00
Korea Exchange Bank	2014.01.20 ~ 2014.07.16	17,392	USD 16,488	1,054.80	1,110.00
Credit Suisse	2013.10.28 ~ 2014.04.24	10,142	USD 9,619	1,054.40	1,110.00
RBS	2013.11.23 ~ 2014.04.21	5,853	USD 5,546	1,055.20	1,110.00
RBS	2014.01.21 ~ 2014.06.18	14,414	USD 13,596	1,060.20	1,120.00

Contracts are entered to hedge the currency risk arising from foreign short-term borrowings. The contracts will be automatically cancelled if the market average exchange rate at maturity date is above the barrier.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued****(3) Currency forward contracts which are not designated as hedge instruments, as of March 31, 2014 are as follows:***In millions of won and thousands of foreign currencies*

Counterparty	Contract Date	Maturity date	Contract amounts		Contract exchange rate
			Pay	Receive	
Korea Exchange Bank	2014.03.13	2014.04.17	13,771	12,879	1,069.27
Korea Exchange Bank	2014.03.06	2014.04.10	4,059	3,803	1,067.35
The Bank of Nova Scotia	2014.03.27	2014.04.30	5,369	5,000	1,073.70
The Bank of Nova Scotia	2014.03.27	2014.04.21	10,748	10,000	1,074.75
The Bank of Nova Scotia	2014.03.31	2014.04.03	3,218,710	3,022	1,064.95
Standard Chartered	2014.03.27	2014.04.21	USD 10,000	10,747	1,074.65
RBS	2014.03.27	2014.04.21	USD 10,000	10,747	1,074.65
Barclays Bank PLC	2014.03.27	2014.04.21	USD 8,000	8,582	1,072.80
Barclays Bank PLC	2014.03.31	2014.04.01	USD 2,175	2,319	1,066.05
Citibank	2014.03.31	2014.04.21	USD 5,000	5,333	1,066.69
RBS	2014.03.28	2014.04.03	5,341	USD 5,000	1,068.21
RBS	2014.03.31	2014.04.10	5,331	USD 5,000	1,066.26
Deutsche Bank	2014.03.31	2014.04.10	5,333	USD 5,000	1,066.55
Korea Exchange Bank	2014.03.31	2014.04.18	5,330	USD 5,000	1,066.00
The Bank of Nova Scotia	2014.03.31	2014.04.03	5,328	USD 5,000	1,065.65
Barclays Bank PLC	2014.03.06	2014.04.10	5,341	USD 5,000	1,068.15
Barclays Bank PLC	2014.03.06	2014.04.10	5,338	USD 5,000	1,067.55
Barclays Bank PLC	2014.03.06	2014.04.10	1,335	USD 1,252	1,066.65
Barclays Bank PLC	2014.03.28	2014.05.02	5,341	USD 5,000	1,068.10
Barclays Bank PLC	2014.03.31	2014.05.02	4,265	USD 4,000	1,066.20
BNP Paribas	2014.03.06	2014.04.10	5,338	USD 5,000	1,067.55
BNP Paribas	2014.03.06	2014.04.10	5,333	USD 5,000	1,066.65
Credit Agricole	2014.03.06	2014.04.10	5,333	USD 5,000	1,066.65

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Credit Agricole	2014.03.06	2014.04.10	5,338	USD 5,000	1,067.55
Credit Agricole	2014.03.27	2014.04.30	10,706	USD 10,000	1,070.60
Citibank	2014.03.06	2014.04.10	5,332	USD 5,000	1,066.35
Citibank	2014.03.27	2014.04.02	5,357	USD 5,000	1,071.42
Citibank	2014.03.31	2014.05.02	5,335	USD 5,000	1,067.07
Credit Suisse	2014.03.07	2014.04.11	10,629	USD 10,000	1,062.90
Credit Suisse	2014.03.31	2014.05.02	5,334	USD 5,000	1,066.70
Goldman Sachs	2014.03.31	2014.05.02	5,332	USD 5,000	1,066.35
Goldman Sachs	2014.03.28	2014.05.02	3,204	USD 3,000	1,068.10
HSBC	2014.03.31	2014.05.02	5,333	USD 5,000	1,066.55
HSBC	2014.03.31	2014.05.02	5,316	USD 5,000	1,063.10
Morgan Stanley	2014.03.06	2014.04.10	3,617	USD 3,385	1,068.35
The Bank of Nova Scotia	2014.03.06	2014.04.10	5,341	USD 5,000	1,068.15
The Bank of Nova Scotia	2014.03.06	2014.04.10	559	USD 524	1,067.65
The Bank of Nova Scotia	2014.03.27	2014.04.02	5,348	USD 5,000	1,069.50
The Bank of Nova Scotia	2014.03.31	2014.05.02	5,323	USD 5,000	1,064.60
The Bank of Nova Scotia	2014.03.31	2014.05.02	5,316	USD 5,000	1,063.10
RBS	2014.03.06	2014.04.10	5,333	USD 5,000	1,066.65
RBS	2014.03.06	2014.04.10	529	USD 495	1,068.25
Societe Generale	2014.03.28	2014.05.02	5,341	USD 5,000	1,068.10
Standard Chartered	2011.08.08	2014.04.28 ~ 2015.12.28	USD 17,593	19,339	1,093.10~1103.10
Hana Bank	2013.12.27	2014.04.07 ~ 2014.06.20	JPY 25,900	261	10.08~10.10

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued**

**(4) Currency swap contracts which are not designated as hedge instruments as of March 31, 2014 are as follows:**

*In millions of won and thousands of foreign currencies*

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay (%)	Receive (%)	
Shinhan Bank	2010~2014	84,615	USD 75,000	6.83%	5.50%	1,128.20
RBS	2010~2014	141,125	USD 125,000	6.78%	5.50%	1,129.00
Morgan Stanley	2010~2014	112,320	USD 100,000	6.71%	5.50%	1,123.20
HSBC	2010~2014	112,320	USD 100,000	6.71%	5.50%	1,123.20
Bank of America	2011~2014	110,310	USD 100,000	6.93%	5.50%	1,103.10
UBS	2011~2015	220,356	USD 200,000	3.90%	3.00%	1,101.78
RBS	2011~2015	110,110	USD 100,000	3.90%	3.00%	1,101.10
Barclays Bank PLC	2011~2015	108,390	USD 100,000	3.78%	3.00%	1,083.90
Credit Suisse	2011~2015	108,390	USD 100,000	3.22%	3.00%	1,083.90
Morgan Stanley	2011~2015	63,006	USD 60,000	4.06%	3.00%	1,050.10
Goldman Sachs	2010~2015	156,643	USD 140,000	3.92%	3.00%	1,118.88
Deutsche Bank	2012~2018	110,412	JPY 10,000,000	6.21%	4.19%	11.04
IBK	2013~2018	111,800	USD 100,000	3.16%	2.79%	1,118.00
Bank of America	2012~2018	103,580	JPY 10,000,000	7.05%	4.19%	10.36
Credit Suisse	2014~2019	118,632	CHF 100,000	2.98%	1.50%	1,186.32
Morgan Stanley	2010~2015	118,800	USD 100,000	4.61%	3M Libor+1.64%	1,188.00
M-UFJ	2010~2015	116,100	USD 100,000	4.00%	3M Libor+1.00%	1,161.00
DBS	2011~2014	56,150	USD 50,000	4.21%	3M Libor+1.00%	1,123.00
SMBC	2011~2014	56,150	USD 50,000	4.21%	3M Libor+1.00%	1,123.00
Mizuho Corporate Bank	2011~2014	112,800	USD 100,000	3.86%	3M Libor+0.80%	1,128.00
DBS	2011~2014	109,500	USD 100,000	3.80%	3M Libor+0.85%	1,095.00
Deutsche Bank	2009~2014	126,610	USD 100,000	5.39%	6.25%	1,266.10
Nomura	2009~2014	126,610	USD 100,000	5.35%	6.25%	1,266.10
Nomura	2009~2014	126,610	USD 100,000	5.33%	6.25%	1,266.10
Morgan Stanley	2009~2014	126,610	USD 100,000	5.32%	6.25%	1,266.10
Morgan Stanley	2010~2014	126,610	USD 100,000	5.30%	6.25%	1,266.10



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Barclays Bank PLC	2010~2014	126,610	USD 100,000	5.29%	6.25%	1,266.10
Citibank	2010~2014	126,610	USD 100,000	5.27%	6.25%	1,266.10
JP Morgan	2010~2014	126,610	USD 100,000	4.93%	6.25%	1,266.10
Deutsche Bank	2010~2014	126,610	USD 100,000	4.93%	6.25%	1,266.10
RBS	2010~2014	126,610	USD 100,000	4.93%	6.25%	1,266.10
Citibank	2010~2015	116,080	USD 100,000	3.97%	3.13%	1,160.80
Deutsche Bank	2010~2015	116,080	USD 100,000	3.98%	3.13%	1,160.80
RBS	2010~2015	116,080	USD 100,000	3.97%	3.13%	1,160.80
HSBC	2010~2015	116,080	USD 100,000	3.23%	3.13%	1,160.80
UBS	2010~2015	116,080	USD 100,000	3.23%	3.13%	1,160.80
Citibank	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
JP Morgan	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
Bank of America	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
Goldman Sachs	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
HSBC	2012~2022	111,770	USD 100,000	2.89%	3.00%	1,117.70
Hana Bank	2012~2022	111,770	USD 100,000	2.87%	3.00%	1,117.70
Standard Chartered	2012~2022	111,770	USD 100,000	2.89%	3.00%	1,117.70
Deutsche Bank	2012~2022	55,885	USD 50,000	2.79%	3.00%	1,117.70
DBS	2013~2018	108,140	USD 100,000	2.63%	3M Libor+0.84%	1,081.40
DBS	2013~2018	108,140	USD 100,000	2.57%	3M Libor+0.84%	1,081.40
DBS	2013~2018	108,140	USD 100,000	2.57%	3M Libor+0.84%	1,081.40
HSBC	2013~2018	107,450	USD 100,000	3.41%	2.88%	1,074.50
Standard Chartered	2013~2018	107,450	USD 100,000	3.44%	2.88%	1,074.50
JP Morgan	2013~2018	107,450	USD 100,000	3.48%	2.88%	1,074.50
Bank of America	2014~2018	107,450	USD 100,000	3.09%	2.88%	1,074.50
Citibank	2014~2018	107,450	USD 100,000	3.09%	2.88%	1,074.50

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued****(5) Currency swap contracts which are designated as hedge instruments as of March 31, 2014 are as follows:***In millions of won and thousands of foreign currencies*

Counterparty	Contract year	Contract amount			Contract interest rate		Contract exchange rate
		Pay		Receive	Pay (%)	Receive (%)	
Citibank	2006~2016	113,200	USD	100,000	1.05%	6.00%	1,132.00
Barclays Bank PLC	2006~2016	113,200	USD	100,000	1.05%	6.00%	1,132.00
Credit Suisse	2006~2016	113,200	USD	100,000	1.05%	6.00%	1,132.00
Goldman Sachs	2011~2017	105,260	USD	100,000	3.99%	3.63%	1,052.60
Barclays Bank PLC	2011~2017	105,260	USD	100,000	3.99%	3.63%	1,052.60
Citibank	2011~2017	105,260	USD	100,000	3.99%	3.63%	1,052.60
HSBC	2012~2014	45,264	USD	40,000	3.25%	3M Libor+1.50%	1,131.60
Citibank	2012~2014	33,948	USD	30,000	3.25%	3M Libor+1.50%	1,131.60
RBS	2012~2014	22,632	USD	20,000	3.25%	3M Libor+1.50%	1,131.60
UOB	2012~2014	33,948	USD	30,000	3.25%	3M Libor+1.50%	1,131.60
DBS	2012~2014	56,580	USD	50,000	3.20%	3M Libor+1.50%	1,131.60
ANZ	2012~2014	22,632	USD	20,000	3.20%	3M Libor+1.50%	1,131.60
Citibank	2012~2014	20,369	USD	18,000	3.20%	3M Libor+1.50%	1,131.60
Credit Suisse	2012~2014	45,264	USD	40,000	2.77%	3M Libor+1.50%	1,131.60
RBS	2012~2014	58,843	USD	52,000	2.77%	3M Libor+1.50%	1,131.60
Citibank	2013~2018	54,570	USD	50,000	2.90%	3M Libor+1.01%	1,091.40
Standard Chartered	2013~2018	54,570	USD	50,000	2.90%	3M Libor+1.01%	1,091.40
Credit Suisse	2013~2018	111,410	USD	100,000	3.22%	3M Libor+1.50%	1,114.10
HSBC	2014~2020	99,901	AUD	100,000	3.52%	5.75%	999.01
HSBC	2014~2020	100,482	AUD	100,000	3.48%	5.75%	1,004.82
Standard Chartered	2013~2020	USD 117,250	AUD	125,000	3M Libor+1.25%	5.75%	0.94
Standard Chartered	2014~2020	126,032	USD	117,250	3.55%	3M Libor+1.25%	1,074.90

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UBS AG	2006~2016	98,100	USD	100,000	5.48%	5.50%	981
Credit Suisse	2006~2016	98,100	USD	100,000	5.48%	5.50%	981
JP Morgan	2014~2019	107,190	USD	100,000	3.25%+3%*n/N	2.75%	1,071.90
Morgan Stanley	2014~2019	107,190	USD	100,000	3.25%+3%*n/N	2.75%	1,071.90
Barclays Bank PLC	2014~2019	107,190	USD	100,000	3.25%+3%*n/N	2.75%	1,071.90
Barclays Bank PLC	2006~2016	71,888	USD	75,000	4.81%	5.50%	958.51
Deutsche Bank AG	2006~2016	71,888	USD	75,000	4.81%	5.50%	958.51
Barclays Bank PLC	2012~2017	142,500	USD	125,000	3.83%	3.13%	1,140.00
Morgan Stanley	2012~2017	142,500	USD	125,000	3.83%	3.13%	1,140.00
RBS	2012~2017	142,500	USD	125,000	3.83%	3.13%	1,140.00
JP Morgan	2012~2017	142,500	USD	125,000	3.83%	3.13%	1,140.00
RBS	2013~2019	118,343	CHF	100,000	3.47%	1.63%	1,183.43
Barclays Bank PLC	2013~2019	59,172	CHF	50,000	3.47%	1.63%	1,183.43
Nomura	2013~2019	59,172	CHF	50,000	3.47%	1.63%	1,183.43
Barclays Bank PLC	2013~2018	107,360	USD	100,000	3.34%	2.88%	1,073.60
RBS	2013~2018	107,360	USD	100,000	3.34%	2.88%	1,073.60
JP Morgan	2013~2018	161,040	USD	150,000	3.34%	2.88%	1,073.60
Standard Chartered	2013~2018	161,040	USD	150,000	3.34%	2.88%	1,073.60
Barclays Bank PLC	2004~2014	172,875	USD	150,000	5.10%	5.75%	1,152.50
Barclays Bank PLC	2013~2018	81,188	USD	75,000	2.65%	1.88%	1,082.50
RBS	2013~2018	81,188	USD	75,000	2.65%	1.88%	1,082.50
Deutsche Bank	2013~2018	81,188	USD	75,000	2.65%	1.88%	1,082.50
Citibank	2013~2018	81,188	USD	75,000	2.65%	1.88%	1,082.50
Standard Chartered	2014~2017	54,205	USD	50,000	2.93%	3M Libor+1.50%	1,084.10
Credit Agricole	2014~2017	54,205	USD	50,000	2.93%	3M Libor+1.50%	1,084.10
BTMU	2010~2015	55,900	USD	50,000	4.03%	3M Libor+1.20%	1,118.00
RBS	2012~2017	115,140	USD	100,000	3.38%	2.50%	1,151.40
BNP Paribas	2012~2017	115,140	USD	100,000	3.38%	2.50%	1,151.40
Hana Bank	2012~2017	115,140	USD	100,000	3.38%	2.50%	1,151.40
Barclays Bank PLC	2012~2017	57,570	USD	50,000	3.38%	2.50%	1,151.40
Standard Chartered	2012~2017	57,570	USD	50,000	3.38%	2.50%	1,151.40
Nomura	2012~2017	57,570	USD	50,000	3.38%	2.50%	1,151.40
Credit Agricole	2012~2017	57,570	USD	50,000	3.38%	2.50%	1,151.40

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued**

- (5) **Currency swap contracts which are designated as hedge instruments as of March 31, 2014 are as follows, continued:**

*In millions of won and thousands of foreign currencies*

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay (%)	Receive (%)	
Societe Generale	2013~2018	106,190	USD 100,000	3.48%	2.50%	1,061.90
BNP Paribas	2013~2018	53,095	USD 50,000	3.48%	2.63%	1,061.90
Hana Bank	2013~2018	53,095	USD 50,000	3.48%	2.63%	1,061.90
Standard Chartered	2013~2018	106,030	USD 100,000	3.48%	2.63%	1,060.30
Barclays Bank PLC	2013~2018	53,015	USD 50,000	3.48%	2.63%	1,060.30
Hana Bank	2013~2018	31,809	USD 30,000	3.48%	2.63%	1,060.30
Societe Generale	2013~2018	21,206	USD 20,000	3.48%	2.63%	1,060.30
HSBC	2013~2018	53,015	USD 50,000	3.47%	2.63%	1,060.30
Nomura	2013~2018	53,015	USD 50,000	3.47%	2.63%	1,060.30

- (6) **Interest rate swap contracts which are not designated as hedge instruments as of March 31, 2014 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%
HSBC	2012~2016	50,000	3.49%	3M CD+0.25%
Standard Chartered	2012~2016	200,000	3.55%	3M CD+0.26%

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Standard Chartered	2012~2017	160,000	3.57%	3M CD+0.32%
JP Morgan	2013~2018	150,000	3.58%	3M CD+0.31%
Korea Exchange Bank	2011~2014	100,000	3.89%	3M CD+0.05%
Korea Exchange Bank	2011~2014	200,000	3.66%	3M CD+0.24%
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%

- (7) **Interest rate swap contracts which are designated as hedge instruments, as of of March 31, 2014 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 108,633	4.16%	6M USD Libor
KFW	2009~2027	USD 108,633	4.16%	6M USD Libor
CA-CIB (Credit Agricole)	2013~2033	USD 106,684	3.98% ~ 4.10%	6M USD Libor
SMBC	2013~2033	USD 139,510	4.05% ~ 4.18%	6M USD Libor

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued**

- (8) **Gain and loss on valuation and transaction of derivatives for the three-month periods ended March 31, 2014 and 2013 are as follows and included in finance income and costs in the accompanying consolidated statements of comprehensive income:**

<i>In millions of won</i>	Net income effects of valuation gain		Net income effects of transaction gain		Accumulated other comprehensive income (loss) (*)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Currency option	(940)		22,106			
Currency forward	42	205	1,534	7,067		4,004
Currency swap	147,651	292,129	(8,552)	4,612	(5,563)	(6,745)
Interest rate swap	(3,107)	(3,336)	(1,342)	(3,182)	6,521	(4)
Other derivatives			(1,610)	6,301		
	143,646	288,998	12,136	14,798	958	(2,745)

(\*) As of March 31, 2014, the accumulated net gain on valuation of derivatives using cash flow hedge accounting of 3,325 million, net of tax, is included in accumulated other comprehensive income.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**12. Other Financial Assets****(1) Other financial assets as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Loans and receivables	52,704	632,801	51,503	616,389
Present value discount	(1,177)	(60,424)	(1,094)	(58,559)
Long-term/short-term financial instruments	261,642	1,194	384,199	1,183
	313,169	573,571	434,608	559,013

**(2) Loans and receivables as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>		
	<b>Face value</b>	<b>Present value discount</b>	<b>Book value</b>
<b>Short-term loans and receivables</b>			
Loans for tuition	26,868	(1,177)	25,691
Loans for housing	12,409		12,409
Loans for related parties	933		933
Fisheries loan	11,000		11,000
Other loans	1,494		1,494
	52,704	(1,177)	51,527
<b>Long-term loans and receivables</b>			
Loans for tuition	372,949	(59,015)	313,934
Loans for housing	105,519		105,519
Loans for related parties	140,238		140,238
Fisheries loan	13,760	(1,409)	12,351

Other loans	335		335
	632,801	(60,424)	572,377
	685,505	(61,601)	623,904



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**12. Other Financial Assets, Continued**(2) **Loans and receivables as of March 31, 2014 and December 31, 2013 are as follows, continued:**

<i>In millions of won</i>	<b>Face value</b>	<b>December 31, 2013 Present value discount</b>	<b>Book value</b>
<b>Short-term loans and receivables</b>			
Loans for tuition	25,296	(1,094)	24,202
Loans for housing	12,505		12,505
Loans for related parties	890		890
Fisheries loan	6,000		6,000
Other loans	6,812		6,812
	<b>51,503</b>	<b>(1,094)</b>	<b>50,409</b>
<b>Long-term loans and receivables</b>			
Loans for tuition	352,554	(56,956)	295,598
Loans for housing	108,564		108,564
Loans for related parties	141,191		141,191
Fisheries loan	13,760	(1,603)	12,157
Other loans	320		320
	<b>616,389</b>	<b>(58,559)</b>	<b>557,830</b>
	<b>667,892</b>	<b>(59,653)</b>	<b>608,239</b>

(3) **Long-term and short-term financial instruments as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>

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Time deposits	135,606	447	256,173	453
Installment deposits		108		93
Deposit for treasury stock in trust	60,779		64,940	
Special money in trust	55,298		30,086	
Repurchase agreement			18,000	
CD			10,000	
CP	4,959			
Others	5,000	639	5,000	637
	261,642	1,194	384,199	1,183

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**13. Inventories**

Inventories as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>Book value</b>
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	
Raw materials	3,066,231	(46)	3,066,185
Merchandises	374		374
Work-in-progress	103,190		103,190
Finished goods	40,901		40,901
Supplies	721,113	(4,100)	717,013
Inventories in transit	420,419		420,419
Other inventories	11,682		11,682
	4,363,910	(4,146)	4,359,764

<i>In millions of won</i>	<b>December 31, 2013</b>		<b>Book value</b>
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	
Raw materials	2,904,722	(46)	2,904,676
Merchandises	373		373
Work-in-progress	89,883		89,883
Finished goods	55,056		55,056
Supplies	683,699	(4,089)	679,610
Inventories in transit	541,154		541,154
Other inventories	8,841		8,841
	4,283,728	(4,135)	4,279,593

The reversal of the allowance for loss on inventory valuation due from increases in the net realizable value of inventory and fluctuations in foreign exchange rates deducted from cost of sales were 228 million and 687 million, for the three-month period ended March 31, 2014 and for the year ended December 31, 2013, respectively. The amounts of loss from inventory valuation included in cost of sales for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 were 239 million and 261 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

The Company entered into a power purchase agreement ( PPA ) with Jordan Electric Power Company to provide a 373MW level Qatrana gas combined power plant over a 25 year lease term, and accounts for the PPA as a finance lease. Also, the Company has fly-ash pipe conduit finance leases with an average lease term of 7 years. In addition the Company entered into a PPA with the Comision Federal de Electricidad in Mexico to provide for 25 years of all electricity generated from the power plant after completion of its construction and collect rates consisting of fixed costs (to recover the capital) and variable costs during the contracted period.

**(2) Finance lease receivables as of March 31, 2014 and December 31, 2013 are as follows and included in current and non-current trade and other receivables, net, in the accompanying consolidated statements of financial position:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</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	84,918	5,356	81,484	4,569
1 ~ 5 years	362,880	38,414	356,874	36,710
More than 5 years	1,698,865	815,180	1,782,639	809,002
	2,146,663	858,950	2,220,997	850,281

**(3) There are no impaired finance lease receivables as of March 31, 2014 and December 31, 2013.**

**(4) There are no changes in valuation allowance for finance lease receivables for the three-month period ended March 31, 2014 and for the year ended December 31, 2013.**

**15. Non-Financial Assets**

Non-financial assets as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Advance payment	301,965	12,630	110,541	12,760
Prepaid expenses	173,059	103,020	150,852	102,823
Others (*)	152,810	12,897	309,452	15,928
	627,834	128,547	570,845	131,511

(\*) Details of others as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Tax refund receivables	48,521	1,366	228,857	1,349
Other quick assets and others	104,289	11,531	80,595	14,579
	152,810	12,897	309,452	15,928

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries****(1) Investments in subsidiaries as of March 31, 2014 and December 31, 2013 are as follows:**

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			March 31, 2014	December 31, 2013
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. (*1)	Architectural engineering for utility plant and others	KOREA	71.16%	70.86%
KEPCO Plant Service & Engineering Co., Ltd.	Utility plant maintenance and Others	KOREA	63.00%	63.00%
KEPCO Nuclear Fuel Co., Ltd.	Nuclear fuel	KOREA	96.36%	96.36%
KEPCO KDN Co., Ltd.	Electric Power information technology and others	KOREA	100.00%	100.00%
	Power generation	KOREA	49.00%	49.00%

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Garorim Tidal Power Plant Co., Ltd. (*2)				
Korea Engineering & Power Services Co., Ltd.	Operation and maintenance of utility plant	KOREA	52.43%	52.43%
KEPCO International Hong Kong Ltd.	Holding company	HONG KONG	100.00%	100.00%
KEPCO International Philippines Inc.	Holding company	PHILIPPINES	100.00%	100.00%
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	Construction and operation of utility plant	PHILIPPINES	100.00%	100.00%
KEPCO Ilijan Corporation	Utility plant rehabilitation and operation	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 Corp.	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%
	Resources development	CANADA	79.64%	79.64%



Korea Waterbury Uranium Limited Partnership				
KEPCO Canada Uranium Investment Limited Partnership	Resources development	CANADA	100.00%	100.00%
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%
KOSPO Jordan LLC	Operation of utility plant	JORDAN	100.00%	100.00%
EWP Philippines 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%

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(1) Investments in subsidiaries as of March 31, 2014 and December 31, 2013 are as follows, continued:**

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			March 31, 2014	December 31, 2013
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 Resources 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%	62.01%
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%
PT. EWP Indonesia	Holding company	INDONESIA	100.00%	100.00%
		USA	100.00%	100.00%

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KOWEPO America LLC.	Solar photovoltaic power generation			
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%
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. (*3)	Power generation	USA		100.00%
Mira Power Limited (*4)	Power generation	PAKISTAN	76.00%	76.00%
KOSEP Material Co., Ltd.	Power generation	KOREA	77.04%	77.04%
Commerce and Industry Energy Co., Ltd.	Power generation	KOREA	59.03%	59.03%
KEPCO Singapore Holding Pte., Ltd.	Holding company	SINGAPORE	100.00%	100.00%
KOWEPO India Private Limited	Holding company	INDIA	100.00%	100.00%
KEPCO KPS Philippines Corp.	Utility plant maintenance and others	PHILIPPINES	100.00%	100.00%
KOSPO Chile SpA	Holding company	Chile	100.00%	100.00%

(\*1) The percentage of ownership has been increased due to the acquisition of treasury stocks for the three-month period ended March 31, 2014.

(\*2) These subsidiaries are included in the consolidated financial statements as the Company obtains the majority of the voting power through the shareholders' agreement.

(\*3) KOSEP Wind Power, LLC was merged into KOSEP USA, INC. and excluded from consolidation for the three-month period ended March 31, 2014.

(\*4) As of reporting date, the reporting period end of all subsidiaries ends in December 31, except for Mira Power Limited.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(2) Subsidiaries newly included in or excluded from consolidation for the three-month period ended March 31, 2014 are as follows:**

- (i) Subsidiaries excluded from consolidation

Subsidiary	Reason
KOSEP Wind Power, LLC	Merged

**(3) Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:***In millions of won*

Subsidiaries	March 31, 2014			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
Korea Hydro & Nuclear Power Co., Ltd.	47,574,590	26,739,548	2,448,121	609,200
Korea South-East Power Co., Ltd.	8,762,230	4,962,659	1,202,924	179,174
Korea Midland Power Co., Ltd.	6,339,818	3,379,810	1,569,755	51,554
Korea Western Power Co., Ltd.	7,298,879	4,130,034	1,519,573	50,837
Korea Southern Power Co., Ltd.	8,034,001	4,595,954	1,823,061	15,545
Korea East-West Power Co., Ltd.	7,635,476	4,141,059	1,313,355	66,339
KEPCO Engineering & Construction Company, Inc.	770,399	391,548	177,314	13,954
KEPCO Plant Service & Engineering Co., Ltd.	863,208	285,991	219,415	27,165
KEPCO Nuclear Fuel Co., Ltd.	515,619	223,338	72,806	11,831
KEPCO KDN Co.,Co., Ltd.	339,056	106,793	84,945	(2,119)
Garorim Tidal Power Plant Co., Ltd.	42,467	2,553		(327)
Korea Engineering & Power Services Co., Ltd.	12,739	6,629	5,150	(1,663)

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KEPCO International HongKong Ltd.	203,902			1,774
KEPCO International Philippines Inc.	103,163	864		(6)
KEPCO Gansu International Ltd.	15,888	492		(1)
KEPCO Philippines Holdings Inc.	114,904	10		(13)
KEPCO Philippines Corporation	13,974	127		(274)
KEPCO Ilijan Corporation	741,344	84,094	33,123	21,091
KEPCO Lebanon SARL	6,910	9,655		(131)
KEPCO Neimenggu International Ltd.	183,968			(6)
KEPCO Shanxi International Ltd.	497,969	230,376		(937)
KOMIPO Global Pte Ltd.	141,994	31		2,046
KEPCO Canada Energy Ltd.	91,873	11,996		(33)
KEPCO Netherlands B.V.	212,274	25		(33)
KOREA Imouraren Uranium Investment Corp.	250,596	232		(12)
KEPCO Australia Pty., Ltd.	592,059	1,815	863	94
KOSEP Australia Pty., Ltd.	20,503	1,106	1,489	809
KOMIPO Australia Pty., Ltd.	20,505	1,117	1,489	808
KOWEPO Australia Pty., Ltd.	20,643	1,104	1,489	809
KOSPO Australia Pty., Ltd.	20,711	1,105	1,489	809
KEPCO Middle East Holding Company	110,262	102,030		1,024
Qatrana Electric Power Company	533,731	446,412	4,338	6,032
KHNP Canada Energy Ltd.	49,315	32		(7)
KEPCO Bylong Australia Pty., Ltd.	218,261	173,408		2,922
Korea Waterbury Uranium Limited Partnership	22,514	24		(11)
KEPCO Canada Uranium Investment Limited Partnership	104,279	15		(5)
Korea Electric Power Nigeria Ltd.	442	165	1,106	(128)
KEPCO Holdings de Mexico	10	12		(2)
KST Electric Power Company	530,092	508,092	3,923	(83)
KEPCO Energy Service Company	717	184	1,130	243
KEPCO Netherlands S3 B.V.	60,007	35		(27)
PT. KOMIPO Pembangkitan Jawa Bali	18,181	5,891	8,009	5,878
PT. Cirebon Power Service	1,414	526	1,520	52
KOWEPO International Corporation	1,904	31		

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

Subsidiaries	March 31, 2014			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
KOSPO Jordan, LLC.	17,129	9,928	7,765	989
EWP Philippines Corporation	7,122	269		(114)
EWP Philippine Holdings Corporation	212	1		
EWP America Inc. (*)	104,393	78,215	12,289	(1,250)
KNF Canada Energy Limited	2,265	25		(12)
PT KEPCO Resources Indonesia	1,562		1	(67)
EWP Barbados 1 SRL	290,381	237	668	2,544
Gyeonggi Green Energy Co., Ltd.	337,479	265,787	25,949	(3,094)
PT. Tanggamus Electric Power	17,122	379		(1,083)
Gyeongju Wind Power Co., Ltd.	47,984	31,763	1,789	467
KOMIPO America Inc.	7,701	6		
Boulder Solar Power, LLC.	6,697	6		(111)
KOSEP USA, INC.	32,120	626	301	(113)
PT. EWP Indonesia	703	14		(82)
KOWEPO America, LLC.	5,855	31		(289)
KEPCO Netherlands J3 B.V.	103,590	57		(23)
Korea Offshore Wind Power Co., Ltd.	12,529	309		(680)
Global One Pioneer B.V.	38	13		(1)
Global Energy Pioneer B.V.	40	13		(1)
Mira Power Limited	14,322	82		(318)
KOSEP Material Co., Ltd	12,861	81		(288)
Commerce and Industry Energy Co., Ltd.	104,491	87,015	6,779	296
KEPCO Singapore Holding Pte., Ltd.	464			(6)
KOWEPO India Private Limited	1,292	31		(161)
KEPCO KPS Philippines Corp.	5,230	3,870	1,540	370
KOSPO Chile SpA	4,044	4,234		(189)

- (\*) 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 Plaza II, LLC.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

Subsidiaries	December 31, 2013			Profit (loss) for the period
	Total assets	Total liabilities	Sales	
Korea Hydro & Nuclear Power Co., Ltd.	46,717,706	26,482,646	6,378,280	(180,160)
Korea South-East Power Co., Ltd.	8,294,384	4,634,288	4,157,175	116,001
Korea Midland Power Co., Ltd.	6,189,836	3,266,269	5,658,612	40,815
Korea Western Power Co., Ltd.	7,160,956	4,010,759	5,762,386	106,829
Korea Southern Power Co., Ltd.	7,360,191	3,906,329	7,120,621	102,670
Korea East-West Power Co., Ltd.	7,449,723	4,014,477	5,368,299	27,021
KEPCO Engineering & Construction Company, Inc.	760,504	378,454	755,484	34,407
KEPCO Plant Service & Engineering Co., Ltd.	839,067	217,404	1,121,717	151,524
KEPCO Nuclear Fuel Co., Ltd.	509,057	221,023	233,638	15,401
KEPCO KDN Co., Ltd.	354,577	115,604	372,830	8,561
Garorim Tidal Power Plant Co., Ltd.	43,592	3,350		(2,502)
Korea Power Engineering & Power Services Co., Ltd.	15,555	4,781	29,066	5,764
KEPCO International HongKong Ltd.	243,898			12,746
KEPCO International Philippines Inc.	101,832	819		705
KEPCO Gansu International Ltd.	15,689	486		(10)
KEPCO Philippines Holdings Inc.	116,825	13		2,861
KEPCO Philippines Corporation	14,226	150		493
KEPCO Ilijan Corporation	705,425	76,329	140,782	71,194
KEPCO Lebanon SARL	6,836	9,417		(895)
KEPCO Neimenggu International Ltd.	177,649			1,255
KEPCO Shanxi International Ltd.	491,681	226,543		(4,526)
KOMIPO Global Pte Ltd.	131,874	30		14,423
KEPCO Canada Energy Ltd.	75,197	12,358		(164)



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KEPCO Netherlands B.V.	209,885	21		2,844
KOREA Imouraren Uranium Investment Corp.	248,300	161		(45)
KEPCO Australia Pty., Ltd.	498,742	2,173	4,979	162,325
KOSEP Australia Pty., Ltd.	18,592	931	4,728	1,578
KOMIPO Australia Pty., Ltd.	18,190	537	4,728	1,574
KOWEPO Australia Pty., Ltd.	18,724	929	4,728	1,577
KOSPO Australia Pty., Ltd.	18,789	929	4,728	1,578
KEPCO Middle East Holding Company	107,802	100,742		4,190
Qatrana Electric Power Company	516,637	436,210	17,471	20,850
KHNP Canada Energy Ltd.	50,314	23		(51)
KEPCO Bylong Australia Pty., Ltd.	145,704	169,014		(136,027)
Korea Waterbury Uranium Limited Partnership	20,380	21		(70)
KEPCO Canada Uranium Investment Corp. Partnership	81,945	25		(46)
Korea Electric Power Nigeria Ltd.	1,859	1,449	3,602	427
KEPCO Holdings de Mexico	10	9		(14)
KST Electric Power Company	498,705	483,339	456	4,616
KEPCO Energy Service Company	835	437	3,733	407
KEPCO Netherlands S3 B.V.	514	18		(64)
PT. KOMIPO Pembangkitan Jawa Bali	14,884	5,548	20,162	6,143
PT. Cirebon Power Service	1,646	642	7,143	406
KOWEPO International Corporation	1,897	31		
KOSPO Jordan, LLC.	15,938	9,790	7,817	2,389
EWP Philippines Corporation	7,067	290	212	(914)
EWP Philippine Holdings Corporation	211	1		(2)
EWP America Inc. (*)	104,186	77,105	53,087	(3,184)
KNF Canada Energy Limited	2,254	19		(71)
PT KEPCO Resources Indonesia	1,609			(84)
EWP Barbados 1 SRL	284,111	145	2,738	(21,771)
Gyeonggi Green Energy Co., Ltd.	338,394	263,608	26,944	(161)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

Subsidiaries	December 31, 2013			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
PT. Tanggamus Electric Power	9,784	626		(3,640)
Gyeongju Wind Power Co., Ltd.	49,264	32,580	7,440	2,507
KOMIPO America Inc.	7,604	6		
Boulder Solar Power, LLC.	7,639	6		(2,131)
KOSEP USA, INC.	31,121	233		(757)
PT. EWP Indonesia	771	14		(334)
KOWEPO America, LLC.	6,057	21		(1,295)
KEPCO Netherlands J3 B.V.	102,295	31		(86)
Korea Offshore Wind Power Co., Ltd.	4,052	1,598		(2,436)
Global One Pioneer B.V.	46	19		(44)
Global Energy Pioneer B.V.	47	19		(42)
KOSEP Wind Power, LLC.	1,219	688	2,053	332
Mira Power Limited	13,607	244		(742)
KOSEP Material Co., Ltd	13,349	280		(431)
Commerce and Industry Energy Co., Ltd.	104,739	87,628	13,450	(2,959)
KEPCO Singapore Holding Pte., Ltd.		11		(11)
KOWEPO India Private Limited	1,370	4		(377)
KEPCO KPS Philippines Corp.	4,396	3,409	5,923	659
KOSPO Chile SpA	4,180	4,180		

- (\*) 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 Plaza II, LLC.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(4) Significant restrictions on its abilities to subsidiaries are as follows:**

<b>Company</b>	<b>Nature and extent of any significant restrictions</b>
Gyeonggi Green Energy Co., Ltd.	Acquisition or disposal of assets more than 35 billion, change in the capacity of cogeneration units (except for the change due to performance improvement of equipment, maintenance) will require unanimous consent of all directors.

**(5) Details of non-controlling interest prior to inter-group eliminations as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:***In millions of won*

Description	March 31, 2014					Total
	KEPCO Ilijan Corporation	KEPCO Plant Service & Engineering Co., Ltd.	KEPCO Engineering & Construction Company, Inc.	Garorim Tidal Power Plant Co., Ltd.	Others	
Percentage of ownership	49.00%	37.00%	28.84%	51.00%		
Current assets	286,046	453,072	476,430	5,642	542,162	1,763,352
Non-current assets	455,298	410,136	293,969	36,825	1,638,313	2,834,541
Current liabilities	(50,223)	(240,873)	(346,935)	(2,475)	(259,919)	(900,425)
Non-current liabilities	(33,871)	(45,119)	(44,614)	(78)	(1,320,106)	(1,443,788)
Net assets	657,250	577,216	378,850	39,914	600,450	2,253,680
Book value of non-controlling interest	322,053	213,570	109,261	20,356	604,865	1,270,105
Sales	33,123	219,415	177,314		128,820	558,672
Profit (loss) for the period	21,091	27,165	13,954	(327)	18,266	80,149
Profit (loss) for the period attributable to	10,334	10,051	4,024	(167)	2,348	26,590

non-controlling interest						
Cash flows from operating activities	46,305	16,989	5,347	(1,005)	71,619	139,255
Cash flows from investing activities	(3,415)	21,630	13,561	(242)	(8,087)	23,447
Cash flows from financing activities before dividends to non-controlling interest			(3,795)		(26,063)	(29,858)
Dividends to non-controlling interest		(25,308)	(4,905)		(7,540)	(37,753)
Effect of exchange rate fluctuation	2,162	(220)	(99)	(27)	1,103	2,919
Net increase (decrease) of cash and cash equivalents	45,052	13,091	10,109	(1,274)	31,032	98,010

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (5) Details of non-controlling interest prior to inter-group eliminations as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:

*In millions of won*

Description	December 31, 2013					Others	Total
	KEPCO Ilijan Corporation	KEPCO Plan Service & Engineering Co., Ltd.	Dongducheon Dream Power Co., Ltd.	KEPCO Engineering & Construction Company, Inc.	Garorim Tidal Power Plant Co., Ltd.		
Percentage of ownership	49.00%	37.00%	51.00%	28.95%	51.00%		
Current assets	251,147	438,272		478,851	7,002	476,286	1,651,558
Non-current assets	454,278	400,794		281,653	36,591	1,644,436	2,817,752
Current liabilities	(44,046)	(182,871)		(336,046)	(3,272)	(243,826)	(810,061)
Non-current liabilities	(32,282)	(34,533)		(42,407)	(78)	(1,296,242)	(1,405,542)
Net assets	629,097	621,662		382,051	40,243	580,654	2,253,707
Book value of non-controlling interest	308,257	230,015		110,603	20,523	599,434	1,268,832
Sales	140,782	1,121,717		755,484		361,692	2,379,675
Profit (loss) for the period	71,194	151,524		34,407	(2,502)	55,763	310,386
Profit (loss) for the period attributable to non-controlling interest	34,885	45,457		8,650	(1,276)	33,989	121,705
Cash flows from	57,785	40,805		11,367	(665)	(4,871)	104,421

operating activities							
Cash flows from investing activities	(2,524)	(21,412)	(20,006)	4,854	(186)	(126,946)	(166,220)
Cash flows from financing activities before dividends to non-controlling interest	(22,735)	2,657		1,716	3,475	189,313	174,426
Dividends to non-controlling interest		(19,440)		(18,564)		(20,037)	(58,041)
Effect of exchange rate fluctuation	(1,953)	(220)		(33)		(2,529)	(4,735)
Net increase (decrease) of cash and cash equivalents	30,573	2,390	(20,006)	(660)	2,624	34,930	49,851

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(6) Business combination**

On April 29, 2013, the Company has obtained control of Commerce and Industry Energy Co., Ltd. which engages in the integrated commerce and industry energy business, by acquiring an additional 29.5% of its equity shares. As a result, the Company's ownership for Commerce and Industry Energy Co., Ltd. has increased from 29.5% to 59.0%. The acquisition was accounted for as follows:

*In millions of won*

	<b>Amount</b>
<b>I. Fair value of consideration transferred</b>	
Carrying value of the equity method investees previously owned	5,829
Fair value adjustment (*1)	(1,022)
Cash and cash equivalents paid	2
Fair value of related commitments (*2)	4,806
	9,615
<b>II. Fair value of non-controlling interest (*3)</b>	
	4,882
	14,497
<b>III. Recognized amounts of identifiable assets acquired and liabilities assumed</b>	
<Assets>	
Cash and cash equivalents	7,292
Trade and other receivables	1,631
Inventories	515
Property people & equipment	82,733
Other assets	3,460
<Liabilities>	



Trade and other payables	(1,777)
Borrowings	(81,752)
Other liabilities	(187)

Fair value of net assets	11,915
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<b>IV. Goodwill</b>	<b>2,582</b>
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- (\*1) Prior to business combination, 29.5% of the Company's equity shares re-measured to fair value. As a result, the differences incurred from the re-measurement amounted to 1,022 million is recognized as a loss on the disposal of its interest in associates and joint ventures.
- (\*2) The Company guarantees a certain rate of return on investment to Hana Power Co., Ltd. and one other investor, the financial investors of Commerce and Industry Energy Co., Ltd., holding 39.3% of the 2,260,000 shares of equity in Commerce and Industry Energy Co., Ltd. The investors may request the Company to purchase their investment shares after 58 months have elapsed from the date of investment. The Company has included the fair value valuation of the purchase commitment in consideration transferred.
- (\*3) Non-controlling interest is measured by proportionate share of non-controlling of the identifiable net assets. If the Company had acquired the equity shares of Commerce and Industry Energy Co., Ltd. on January 1, 2013, the sales and loss for the prior year period would have been 54,044,024 million and 182,218 million, respectively. From the date of the acquisition, the subsidiary incurred sales and loss for the period 13,450 million and 2,959 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

The net cash outflows from the business combination are as follows:

<i>In millions of won</i>	
Consideration paid in cash	2
Less : acquired cash and cash equivalents	(7,292)
	(7,290)

**(7) Goodwill**

(i) Details of goodwill as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>		
	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Acquisition cost	2,582	2,582
Accumulated impairment		
Carrying book value	2,582	2,582

(ii) Changes in goodwill for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>		
	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Beginning balance	2,582	

Changes

Newly recognized		2,582
Ending balance	2,582	2,582

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

Investees	Key operation activities	Location	Percentage of ownership	March 31, 2014	
				Acquisition cost	Book value
<b>&lt;Associates&gt;</b>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	48%	76,193	73,883
Korea Gas Corporation	Importing and wholesaling LNG	KOREA	20%	94,500	2,019,889
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	KOREA	29%	4,727	20,500
YTN Co., Ltd.	Broadcasting	KOREA	21%	59,000	36,352
Cheongna Energy Co., Ltd.	Generating and distributing vapor and hot/cold water	KOREA	44%	43,900	29,060
Gangwon Wind Power Co., Ltd. (*1)	Wind power generation	KOREA	15%	5,725	11,315
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29%	88,885	105,236
Korea Power Exchange (*5)	Management of power market	KOREA	100%	127,839	196,104
AMEC Partners Korea (*2)	Resources development	KOREA	19%	707	208
Hyundai Energy Co., Ltd. (*8)	Power generation	KOREA	29%	71,070	42,042
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	36%	1,516	
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25%	3,810	4,998
Alternergy Philippine Investments Corporation	Power generation	PHILIPPINES	50%	3,881	1,497
Muju Wind Power Co., Ltd.	Power generation	KOREA	25%	2,850	2,708
Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25%	638	587
Daeryun Power Co., Ltd.	Power generation	KOREA	20%	25,477	24,569

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JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25%	100	77
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30%	3,801	5,674
KNH Solar Co., Ltd.	Power generation	KOREA	27%	1,296	1,326
SPC Power Corporation	Power generation	PHILIPPINES	38%	20,635	46,322
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34%	413,153	609,016
PT. Cirebon Electric Power	Power generation	INDONESIA	28%	39,217	36,621
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	5,771
PT Wampu Electric Power	Power generation	INDONESIA	46%	18,935	14,387
PT. Bayan Resources TBK	Resources development	INDONESIA	20%	615,860	573,510
S-Power Co., Ltd.	Power generation	KOREA	40%	108,000	107,138
Pioneer Gas Power Limited (*7)	Power generation	INDIA	40%	48,709	44,814
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25%	18,928	18,535
Busan Solar Co., Ltd. (*2)	Power generation	KOREA	20%	793	585
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25%	50	3
Green Biomass Co., Ltd.	Power generation	KOREA	34%	714	76
Gumi-Ochang Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	288	359
Chungbuk Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	166	180
Cheonan Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	122	132
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29%	2,978	1,908
Hyundai Asan Solar Power Co., Ltd.(*1)	Power generation	KOREA	10%	471	395
Heang Bok Do Si Photovoltaic Power Co., Ltd.	Power generation	KOREA	28%	92	90
Jeonnam Solar Co., Ltd.(*1)	Power generation	KOREA	10%	700	696

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

Investees	Key operation activities	Location	March 31, 2014		
			Percentage of ownership	Acquisition cost	Book value
DS POWER Co., Ltd.(*1)	Power generation	KOREA	11%	17,900	17,865
D Solarenergy Co., Ltd(*1)	Power generation	KOREA	10%	400	434
Dongducheon Dream Power Co., Ltd.	Power generation	KOREA	44%	140,079	131,708
KS Solar Corp. Ltd.(*2)	Power generation	KOREA	19%	637	474
KOSCON Photovoltaic Co., Ltd(*1)	Power generation	KOREA	19%	245	351
Yeongwol Energy Station Co., Ltd(*1)	Power generation	KOREA	13%	1,862	1,672
Yeonan Photovoltaic Co., Ltd(*1)	Power generation	KOREA	19%	157	122
Q1 Solar Co., Ltd	Power generation	KOREA	28%	1,005	1,006
Jimbhuvish Power Generation (*1)	Power generation	INDIA	5%	9,000	8,632
Best Solar Energy Co., Ltd.	Power generation	KOREA	23%	1,242	962
Seokcheon Solar Power Co., Ltd.(*1)	Power generation	KOREA	10%	970	1,063
SE Green Energy Co., Ltd.	Power generation support	KOREA	48%	3,821	3,686
Daegu Photovoltaic Co., Ltd.	Power generation	KOREA	29%	1,230	1,302
Jeongam Wind Power Co., Ltd.	Power generation	KOREA	40%	800	192
Korea Power Engineering	Construction and service	KOREA	29%	290	727

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Service Co., Ltd.					
Golden Route J Solar Power Co., Ltd. (*1)	Photovoltaic power generation	KOREA	10%	82	77
				2,089,722	4,206,836
<b>&lt;Joint ventures&gt;</b>					
KEPCO-Uhde Inc. (*6)	Power generation	KOREA	66%	11,355	9,392
Eco Biomass Energy Sdn. Bhd. (*6)	Power generation	MALAYSIA	62%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	27,660	27,458
Shuweihaat Asia Power Investment B.V.	Holding company	NETHERLANDS	49%	60,083	23,355
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	22,487
ASM-BG Investicii AD	Power generation	BULGARIA	50%	16,101	20,505
RES Technology AD	Power generation	BULGARIA	50%	15,595	16,114
KV Holdings, Inc.	Power generation	PHILIPPINES	40%	2,103	1,849
KEPCO SPC Power Corporation (*6)	Construction and operation of utility plant	PHILIPPINES	75%	94,579	148,993
Canada Korea Uranium Limited Partnership (*4)	Resources development	CANADA	13%	5,404	
KEPCO Energy Resource Nigeria Limited	Holding company	NIGERIA	30%	8,463	
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40%	16,621	18,338
Datang Chifeng Renewable Power Co., Ltd.	Power generation	CHINA	40%	121,928	166,458
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	10,858	10,470
Rabigh Electricity Company	Construction of utility plant				
	and sales of electricity	SAUDI ARABIA	40%	109,743	
Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40%	70	4,894
Jamaica Public Service Company Limited	Power generation	JAMAICA	40%	301,910	275,824
KW Nuclear Components Co., Ltd.	R&D	KOREA	45%	833	1,814
Busan shinho Solar power Co., Ltd.	Power generation	KOREA	25%	2,100	3,060
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	Power generation	KOREA	49%	225,400	222,505

YEONGAM Wind Power Co., Ltd.	Power generation	KOREA	49%	11,584	11,513
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

Investees	Key operation activities	Location	March 31, 2014	
			Percentage of ownership	Acquisition cost Book value
Global Trade Of Power System Co., Ltd.	Exporting products and technology of small or medium sized business by proxy	KOREA	29%	290 238
Expressway Solar-light Power Generation Co., Ltd.	Power generation	KOREA	29%	3,132 3,197
KODE NOVUS 1 LLC.	Power generation	USA	50%	19,213 14,082
KODE NOVUS 2 LLC.	Power generation	USA	49%	12,498 9,155
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	50%	4,990 4,002
Arman Asia Electric Power Company (*6)	Power generation	JORDAN	60%	104,721 115,119
KEPCO-ALSTOM Power Electronics Systems, Inc. (*6)	R&D	KOREA	51%	5,629 4,454
Dongbu Power Dangjin Corporation	Power generation	KOREA	40%	40,000 38,685
Honam Wind Power Co., Ltd.	Power generation	KOREA	29%	3,600 2,639
Nepal Water & Energy Development Company Pty Ltd.	Power generation	NEPAL	44%	10,550 10,271
Kelar S.A (*6)	Power generation	CHILE	65%	4,180 4,044
PT. Tanjung Power Indonesia	Power generation	INDONESIA	35%	388 359
Incheon New Power Co., Ltd.	Power generation	KOREA	29%	461 436
Seokmun Energy Co., Ltd.	Integrated energy business	KOREA	34%	680 325

1,288,252 1,192,064

3,377,974 5,398,900

- (\*1) The Company 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 Company's financial and operating policy of the board of directors.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*3) The Company 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 Company has significant financial transactions with the associate which can affect its influence on the entity.
- (\*4) The Company 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 Company's financial and operating policy of the board of directors.
- (\*5) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (\*6) 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 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:**

(\*8) As of March 31, 2014, 16% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank . According to the shareholders agreement reached on March 2011, not only does the Company 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 Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 45% of ownership.

*In millions of won*

Investees	Key operation activities	December 31, 2013		Acquisition cost	Book value
		Location	Percentage of ownership		
<b>&lt;Associates&gt;</b>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	48%	76,193	74,878
Korea Gas Corporation	Importing and wholesaling LNG	KOREA	20%	94,500	1,926,800
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	KOREA	29%	4,727	22,450
YTN Co., Ltd.	Broadcasting	KOREA	21%	59,000	38,426
Cheongna Energy Co., Ltd.	Generating and distributing vapor and hot/cold water	KOREA	44%	43,900	28,114
Gangwon Wind Power Co., Ltd. (*1)	Wind power generation	KOREA	15%	5,725	13,185
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29%	88,885	110,157

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Korea Power Exchange (*5)	Management of power market	KOREA	100%	127,839	189,544
AMEC Partners Korea (*2)	Resources development	KOREA	19%	707	189
Hyundai Energy Co., Ltd. (*8)	Power generation	KOREA	29%	71,070	43,386
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	36%	1,516	
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25%	3,810	5,553
Alternergy Philippine Investments Corporation	Power generation	PHILIPPINES	50%	3,881	1,500
Muju Wind Power Co., Ltd.	Power generation	KOREA	25%	2,850	2,707
Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25%	638	600
Daeryun Power Co., Ltd.	Power generation	KOREA	20%	25,477	24,599
JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25%	100	77
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30%	3,801	6,344
KNH Solar Co., Ltd.	Power generation	KOREA	27%	1,296	1,372
SPC Power Corporation	Power generation	PHILIPPINES	38%	20,635	47,661
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34%	413,153	608,674
PT. Cirebon Electric Power	Power generation	INDONESIA	28%	39,217	32,826
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	5,284
PT Wampu Electric Power	Power generation	INDONESIA	46%	18,935	15,121
PT. Bayan Resources TBK	Resources development	INDONESIA	20%	615,860	579,534
S-Power Co., Ltd.	Power generation	KOREA	40%	108,000	107,264
Pioneer Gas Power Limited (*7)	Power generation	INDIA	40%	48,709	43,666
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25%	18,928	18,058
Busan Solar Co., Ltd. (*2)	Power generation	KOREA	20%	793	741
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25%	50	3

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Green Biomass Co., Ltd. Gumi-ochang Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	34%	714	171
Chungbuk Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	288	389
Cheonan Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	166	184
	Power generation	KOREA	10%	122	148

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

Investees	Key operation activities	Location	December 31, 2013		
			Percentage of ownership	Acquisition cost	Book value
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29%	2,978	1,666
Hyundai Asan Solar Power Co., Ltd.(*1)	Power generation	KOREA	10%	471	462
Heang Bok Do Si Photovoltaic Power Co., Ltd.	Power generation	KOREA	28%	92	91
Jeonnam Solar Co., Ltd. (*1)	Power generation	KOREA	10%	700	696
DS POWER Co., Ltd. (*1)	Power generation	KOREA	11%	17,900	17,900
D Solarenergy Co., Ltd(*1)	Power generation	KOREA	10%	400	364
Dongducheon Dream Power Co., Ltd.	Power generation	KOREA	44%	140,079	134,398
KS Solar Corp. Ltd.(*2)	Power generation	KOREA	19%	637	537
KOSCON Photovoltaic Co., Ltd(*1)	Power generation	KOREA	19%	245	315
Yeongwol Energy Station Co., Ltd(*1)	Power generation	KOREA	13%	1,862	908
Yeonan Photovoltaic Co., Ltd(*1)	Power generation	KOREA	19%	157	123
Q1 Solar Co., Ltd	Power generation	KOREA	28%	1,005	983
Jimbhuvish Power Generation (*1)	Power generation	INDIA	5%	9,000	8,495

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Best Solar Energy Co., Ltd.	Power generation	KOREA	23%	1,242	898
Seokcheon Solar Power Co., Ltd.(*1)	Power generation	KOREA	10%	970	1,046
SE Green Energy Co., Ltd.	Power generation support	KOREA	48%	3,821	3,745
Daegu Photovoltaic Co., Ltd.	Power generation	KOREA	29%	1,230	1,334
Jeongam Wind Power Co., Ltd.	Power generation	KOREA	40%	800	324
Korea Power Engineering Service Co., Ltd.	Construction and service	KOREA	29%	290	585
Golden Route J Solar Power Co., Ltd. (*1)	Photovoltaic power generation	KOREA	10%	82	99
				2,089,722	4,124,574

<Joint ventures>

KEPCO-Uhde Inc. (*6)	Power generation	KOREA	66%	11,355	9,537
Eco Biomass Energy Sdn. Bhd. (*6)	Power generation	MALAYSIA	62%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	27,660	28,161
Shuweihaat Asia Power Investment B.V.	Holding company	NETHERLANDS	49%	507	64
Shuweihaat Asia Operation & Maintenance Company (*6)	Maintenance of utility plant	CAYMAN	55%	30	29
Waterbury Lake Uranium L.P.	Power generation	CANADA	40%	25,839	23,042
ASM-BG Investicii AD	Power generation	BULGARIA	50%	16,101	20,088
RES Technology AD	Power generation	BULGARIA	50%	15,595	16,045
KV Holdings, Inc.	Power generation	PHILIPPINES	40%	2,103	1,842
KEPCO SPC Power Corporation (*6)	Construction and operation of utility plant	PHILIPPINES	75%	94,579	143,294
Canada Korea Uranium Limited Partnership (*4)	Resources development	CANADA	13%	5,404	
KEPCO Energy Resource Nigeria Limited	Holding company	NIGERIA	30%	8,463	2,202
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40%	16,621	19,237
Datang Chifeng Renewable Power Co., Ltd.	Power generation	CHINA	40%	121,928	166,330
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	10,858	10,604
	Sales of electricity	SAUDI ARABIA	40%	109,743	

Rabigh Electricity  
Company

Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40%	70	4,082
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

Investees	Key operation activities	December 31, 2013		Acquisition cost	Book value
		Location	Percentage of ownership		
Jamaica Public Service Company Limited	Power generation	JAMAICA	40%	301,910	268,022
KW Nuclear Components Co., Ltd.	R&D	KOREA	45%	833	2,476
Busan shinho Solar power Co., Ltd.	Power generation	KOREA	25%	2,100	2,871
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	Power generation	KOREA	49%	176,400	173,915
YEONGAM Wind Power Co., Ltd.	Power generation	KOREA	49%	11,584	11,424
Global Trade Of Power System Co., Ltd.	Exporting products and technology of small or medium business by proxy	KOREA	29%	290	249
Expressway Solar-light Power Generation Co., Ltd	Power generation	KOREA	29%	3,132	1,863
KODE NOVUS 1 LLC.	Power generation	USA	50%	19,213	14,237
KODE NOVUS 2 LLC.	Power generation	USA	49%	12,498	9,510
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	50%	4,990	4,135
Arman Asia Electric Power Company (*6)	Power generation	JORDAN	60%	104,721	111,315
KEPCO-ALSTOM Power Electronics	R&D	KOREA	51%	5,629	4,758

Systems, Inc. (*6)					
Dongbu Power Dangjin Corporation	Power generation	KOREA	40%	40,000	39,102
Honam Wind Power Co., Ltd.	Power generation	KOREA	46%	3,600	1,933
Nepal Water & Energy Development Company Pty Ltd.	Power generation	NEPAL	44%	10,550	10,409
Kelar S.A (*6)	Power generation	CHILE	65%	4,180	4,180
PT. Tanjung Power Indonesia	Power generation	INDONESIA	35%	388	361
Incheon New Power Co., Ltd.	Power generation	KOREA	29%	461	449
Seokmun Energy Co., Ltd.	Integrated energy business	KOREA	34%	680	415
				1,179,676	1,106,181
				3,269,398	5,230,755

- (\*1) The Company 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 Company's financial and operating policy of the board of directors.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*3) The Company 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 Company has significant financial transactions with the associate which can affect its influence on the entity.
- (\*4) The Company 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 Company's financial and operating policy of the board of directors.
- (\*5) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (\*6) 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 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:**

(\*8) As of December 31, 2013, 16% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company 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 Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 45% of ownership.

**(2) The fair value of associates which are actively traded on the open market and have a readily available market value as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>		
<b>Investees</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>&lt;Associates&gt;</b>		
Korea Electric Power Industrial Development Co., Ltd.	41,409	39,423
Korea Gas Corporation	1,175,580	1,258,740
YTN Co., Ltd.	31,365	25,110
PT. Bayan Resources TBK	530,097	489,600

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(3) **Changes in investments in associates and joint ventures for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

Investees	March 31, 2014						Ending balance
	Beginning balance	Acquisition	Disposal	Dividends received	Share of comprehensive income (loss)	Other income (loss) Others	
<b>&lt;Associates&gt;</b>							
Daegu Green Power Co., Ltd.	74,878				(995)		73,883
Korea Gas Corporation	1,926,800				91,086	1,973 30	2,019,889
Korea Electric Power Industrial Development Co., Ltd.	22,450			(1,872)	141	(219)	20,500
YTN Co., Ltd.	38,426			(90)	(1,943)	(17) (24)	36,352
Cheongna Energy Co., Ltd.	28,114				946		29,060
Gang won Wind Power Co., Ltd.	13,185			(1,988)	118		11,315
Hyundai Green Power Co., Ltd.	110,157			(8,889)	3,968		105,236
Korea Power Exchange	189,544				7,228	(668)	196,104
AMEC Partners Korea	189				19		208
Hyundai Energy Co., Ltd.	43,386				(1,344)		42,042
Ecollite Co., Ltd.							
Taebaek Wind Power Co., Ltd.	5,553				(555)		4,998
Alternergy Philippine Investments Corporation	1,500				(7)	4	1,497
Muju Wind Power Co., Ltd.	2,707				1		2,708
Pyeongchang Wind Power Co., Ltd.	600				(13)		587
Daeryun Power Co., Ltd.	24,599				(35)	5	24,569

JinanJangsu Wind Power Co., Ltd.	77				77
Changjuk Wind Power Co., Ltd.	6,344	(670)			5,674
KNH Solar Co., Ltd.	1,372	(46)			1,326
SPC Power Corporation	47,661	(1,811)	477	(5)	46,322
Gemeng International Energy Co., Ltd.	608,674	6,808	(6,466)		609,016
PT. Cirebon Electric Power	32,826	2,255	1,381	159	36,621
KNOC Nigerian East Oil Co., Ltd.					
KNOC Nigerian West Oil Co., Ltd.					
Dolphin Property Limited					
E-Power S.A	5,284	432	55		5,771
PT Wampu Electric Power	15,121	(927)		193	14,387
PT. Bayan Resources TBK	579,534	(5,087)	(937)		573,510
S-Power Co., Ltd.	107,264	(126)			107,138
Pioneer Gas Power Limited	43,666	(11)	1,159		44,814
Eurasia Energy Holdings					
Xe-Pian Xe-Namnoy Power Co., Ltd.	18,058	309	168		18,535
Busan Solar Co., Ltd.	741	(156)			585
Hadong Mineral Fiber Co., Ltd.	3				3
Green Biomass Co., Ltd.	171	(95)			76
Gumi-Ochang Photovoltaic Power Co., Ltd.	389	(14)	(16)		359
Chungbuk Photovoltaic Power Co., Ltd	184	(4)			180
Cheonan Photovoltaic Power Co., Ltd i	148	(16)			132
PT. Mutiara Jawa	1,666	96	146		1,908
Hyundai Asan Solar Power Co., Ltd.	462	(67)			395
Heang Bok Do Si Photovoltaic Power Co., Ltd.	91	(1)			90
Jeonnam Solar Co., Ltd.	696				696
DS POWER Co., Ltd.	17,900	(35)			17,865

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(3) **Changes in investments in associates and joint ventures for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

Investees	March 31, 2014						Ending balance
	Beginning balance	Acquisition	Disposal	Dividends received	Share of comprehensive income (loss)	Other income (loss) Others	
D Solarenergy Co., Ltd.	364				70		434
Dongducheon Dream Power Co., Ltd.	134,398				(2,690)		131,708
KS Solar Corp. Ltd.	537				(78)	15	474
KOSCON Photovoltaic Co., Ltd.	315				36		351
Yeongwol Energy Station Co., Ltd.	908				740	(33) 57	1,672
Yeonan Photovoltaic Co., Ltd.	123				(1)		122
Q1 Solar Co., Ltd.	983				23		1,006
Jinbhuvish Power Generation	8,495					137	8,632
Best Solar Energy Co., Ltd.	898				64		962
Seokcheon Solar Power Co., Ltd.	1,046				22	(5)	1,063
SE Green Energy Co., Ltd.	3,745				(59)		3,686
Daegu Photovoltaic Co., Ltd.	1,334				(32)		1,302
Jeongam Wind Power Co., Ltd.	324				(132)		192
Korea Power Engineering Service	585				142		727

Co., Ltd.

Golden Route J Solar Power Co., Ltd.	99		(22)			77
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	4,124,574		(12,853)	97,530	(2,080)	(335)	4,206,836
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**<Joint ventures>**

KEPCO-Uhde Inc.	9,537		(145)			9,392
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Eco Biomass Energy  
Sdn. Bhd.

Datang Chaoyang Renewable Power Co., Ltd.	28,161		(422)	(281)		27,458
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Shuweihat Asia Power Investment B.V.	64	59,576	(6)	(36,045)	(234)	23,355
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Shuweihat Asia Operation & Maintenance Company	29					29
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Waterbury Lake Uranium L.P.	23,042			(441)	(114)	22,487
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ASM-BG Investicii AD	20,088		180	237		20,505
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RES Technology AD	16,045		(120)	189		16,114
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KV Holdings, Inc.	1,842			7		1,849
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KEPCO SPC Power Corporation	143,294		5,314	360	25	148,993
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Canada Korea Uranium  
Limited Partnership

KEPCO Energy Resource Nigeria Limited	2,202		(2,189)	(13)		
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Gansu Datang Yumen Wind Power Co., Ltd.	19,237		(718)	(181)		18,338
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Datang Chifeng Renewable Power Co., Ltd.	166,330		1,867	(1,743)	4	166,458
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Datang KEPCO Chaoyang Renewable Power Co., Ltd.	10,604		(26)	(108)		10,470
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Rabigh Electricity Company			2,700	(9,313)	6,613	
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Rabigh Operation & Maintenance Company	4,082		759	53		4,894
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Jamaica Public Service Company Limited	268,022		4,419	3,383		275,824
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KW Nuclear Components Co., Ltd.	2,476		(1,452)	790		1,814
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Busan shinho Solar power Co., Ltd.	2,871			189		3,060
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GS Donghae Electric Power Co., Ltd.	173,915	49,000	(174)	(236)		222,505
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(Formerly, STX  
Electric Power Co.,  
Ltd.)

YEONGAM Wind Power Co., Ltd.	11,424	89	11,513
Global Trade Of Power System Co., Ltd	249	(11)	238



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Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(3) Changes in investments in associates and joint ventures for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:

*In millions of won*

Investees	March 31, 2014							Ending balance
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss)	Others	
Expressway Solar-light Power Generation Co., Ltd	1,863			(237)	1,571			3,197
KODE NOVUS 1 LLC.	14,237				(276)	121		14,082
KODE NOVUS 2 LLC.	9,510				(477)	122		9,155
Daejung Offshore Wind Power Co., Ltd.	4,135				(133)			4,002
Arman Asia Electric Power Company	111,315				2,601	1,203		115,119
KEPCO-ALSTOM Power Electronics Systems, Inc.	4,758				(304)			4,454
Dongbu Power Dangjin Corporation	39,102				(418)		1	38,685
Honam Wind Power Co., Ltd.	1,933		(120)		(446)	1,272		2,639
Nepal Water & Energy Development Company Pty Ltd.	10,409				(309)	171		10,271
Kelar S.A	4,180						(136)	4,044
PT. Tanjung Power Indonesia	361				(8)		6	359
Incheon New Power Co., Ltd.	449				(13)			436
Seokmun Energy Co., Ltd.	415				(90)			325
	1,106,181	108,576	(120)	(1,689)	14,194	(41,243)	6,165	1,192,064
	5,230,755	108,576	(120)	(14,542)	111,724	(43,323)	5,830	5,398,900



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(Unaudited)

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

(3) Changes in investments in associates and joint ventures for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:

*In millions of won*

Investees	December 31, 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			160	(91)	(31)	74,878
Korea Gas Corporation	2,049,340			(30,996)	(26,848)	1,541	(66,237)	1,926,800
Korea Electric Power Industrial Development Co., Ltd.	18,936			(255)	3,477		292	22,450
YTN Co., Ltd.	37,876			(90)	472	40	128	38,426
Cheongna Energy Co., Ltd.	33,379				(5,217)		(48)	28,114
Gangwon Wind Power Co., Ltd.	12,113			(1,988)	3,005	55		13,185
Hyundai Green Power Co., Ltd.	110,346			(8,107)	8,038		(120)	110,157
Korea Power Exchange	176,264				10,283		2,997	189,544
AMEC Partners Korea	141				48			189
Hyundai Energy Co., Ltd.	49,463	13,920			(19,834)		(163)	43,386
Ecollite Co., Ltd. (*1)	1,266	1,349			(896)		(1,719)	
Taebaek Wind Power Co., Ltd.	3,728				1,825			5,553
Alternergy Philippine Investments Corporation	1,600	569			(508)	(161)		1,500
Muju Wind Power Co., Ltd.	2,711				(4)			2,707
	613				(13)			600

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Pyeongchang Wind Power Co., Ltd.						
Daeryun Power Co., Ltd.	25,017		(270)	(19)	(129)	24,599
JinanJangsu Wind Power Co., Ltd.	78		(1)			77
Changjuk Wind Power Co., Ltd.	3,926		2,418			6,344
Commerce and industry energy Co., Ltd	7,066		(1,237)		(5,829)	
KNH Solar Co., Ltd.	1,089		290		(7)	1,372
SPC Power Corporation	36,760		15,599	(4,501)	(197)	47,661
Gemeng International Energy Co., Ltd.	549,730		53,120	5,824		608,674
PT. Cirebon Electric Power	17,022		10,300	6,361	(857)	32,826
KNOC Nigerian East Oil Co., Ltd.			(348)	127	221	
KNOC Nigerian West Oil Co., Ltd.			(933)	113	820	
Dolphin Property Limited			344	(3)	(341)	
E-Power S.A.	5,646	(1,878)	(359)	(28)	1,903	5,284
PT Wampu Electric Power	15,644		(303)		(220)	15,121
PT. Bayan Resources TBK (*2)	642,636		(54,399)	(8,703)		579,534
S-Power Co., Ltd.	81,679	26,000	(158)	(125)	(132)	107,264
Pioneer Gas Power Limited	37,875	8,811	377	(3,316)	(81)	43,666
Eurasia Energy Holdings			(171)	57	114	
Xe-Pian Xe-Namnoy Power Co., Ltd	27	18,898	(363)	(504)		18,058
Busan Solar Co., Ltd.	546	150	45			741
Hadong Mineral Fiber Co., Ltd.	5		(1)		(1)	3
Green Biomass Co., Ltd.	637		(466)			171
Gumi-ochang Photovoltaic Power Co., Ltd.	282		107			389
Chungbuk Photovoltaic Power Co., Ltd.	159		25			184
Cheonan Photovoltaic Power Co., Ltd.	109		39			148
PT. Mutiara Jawai	2,624		(573)	(456)	71	1,666
Hyundai Asan Solar Power Co., Ltd.		471	(9)			462
Heang Bok Do Si Photovoltaic Power Co., Ltd.		92	1	(2)		91
Jeonnam Solar Co., Ltd.		700		(4)		696
DS POWER Co., Ltd.		17,900				17,900
D Solarenergy Co., Ltd.		400	(36)			364
Dongducheon Dream Power Co., Ltd.			(5,677)	52	140,023	134,398



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(3) **Changes in investments in associates and joint ventures for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

Investees	Beginning balance	December 31, 2013			Other		Ending balance
		Acquisition	Disposal	Dividends received	Share of income (loss)	comprehensive income (loss) Others	
KS Solar Corp. Ltd.		637			(100)		537
KOSCON Photovoltaic Co., Ltd.		245			70		315
Yeongwol Energy Station Co., Ltd.		1,862			(926)	(28)	908
Yeonan Photovoltaic Co., Ltd.		157			(34)		123
Q1 Solar Co., Ltd.		1,005			(10)	(12)	983
Jinbhuvish Power Generation		9,000			(145)	(360)	8,495
Best Solar Energy Co., Ltd.		1,242			(344)		898
Seokcheon Solar Power Co., Ltd.		970			76		1,046
SE Green Energy Co., Ltd.		3,821			(57)	(19)	3,745
Daegu Photovoltaic Co., Ltd.		1,230			111	(7)	1,334
Jeongam Wind Power Co., Ltd.		800			(476)		324

Korea Power Engineering Service Co., Ltd.	290		295				585
Golden Route J Solar Power Co., Ltd.	82		17				99
	3,982,340	129,434	(43,314)	(10,174)	(4,157)	70,445	4,124,574
<b>&lt;Joint ventures&gt;</b>							
KEPCO-Uhde Inc.	10,269		(751)			19	9,537
Eco Biomass Energy Sdn. Bhd.							
Datang Chaoyang Renewable Power Co., Ltd.	28,705		(1,300)	549	395	(188)	28,161
Shuweihat Asia Power Investment B.V.	109		(42)	(7)		4	64
Shuweihat Asia Operation & Maintenance Company	29						29
Waterbury Lake Uranium L.P.	24,906				(1,374)	(490)	23,042
ASM-BG Investicii AD	16,024	1,371		2,301	392		20,088
RES Technology AD	14,637	897		157	354		16,045
KV Holdings, Inc.	2,023		(319)	307	(169)		1,842
KEPCO SPC Power Corporation	121,737		(2,304)	20,196	3,665		143,294
Canada Korea Uranium Limited Partnership (*3)	5,083					(5,083)	
KEPCO Energy Resource Nigeria Limited	5,663		(3,386)	(75)			2,202
Gansu Datang Yumen Wind Power Co., Ltd.	20,381		(1,365)	221			19,237
Datang Chifeng Renewable Power Co., Ltd.	156,449		(3,545)	11,837	1,838	(249)	166,330
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	10,125		(506)	893	155	(63)	10,604
Rabigh Electricity Company (*4)	108,385			15,539	41,458	(165,382)	

Rabigh Operation & Maintenance Company	814		(1,831)	5,188	(89)	4,082
Jamaica Public Service Company Limited (*5)	293,007			(2,242)	(3,544)	(19,199)
KW Nuclear Components Co., Ltd.	1,222		(457)	1,711		2,476
Busan shinho Solar power Co., Ltd.	2,056			815		2,871
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	96,698	78,400		(806)	(377)	173,915
YEONGAM Wind Power Co., Ltd.	11,563			(76)		(63)
Global Trade Of Power System Co. , Ltd	213			36		249
Expressway Solar-light Power Generation Co., Ltd.	3,132			(1,257)	(12)	1,863
Yeongam F1 Solar Power Plant	1,673		(2,002)	329		



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(3) Changes in investments in associates and joint ventures for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:

*In millions of won*

Investees	Beginning balance	December 31, 2013		Dividends received	Other Share of comprehensive income (loss)		Others	Ending balance
		Acquisition	Disposal		income	loss		
KODE NOVUS 1 LLC.	17,691				(3,661)	(64)	271	14,237
KODE NOVUS 2 LLC.	11,550				(1,940)	(100)		9,510
Daejung Offshore Wind Power Co., Ltd.	4,844				(709)			4,135
Arman Asia Electric Power Company	687	103,740			(1,501)	10,685	(2,296)	111,315
KEPCO-ALSTOM Power Electronics Systems, Inc.	5,629				(871)			4,758
Dongbu Power Dangjin Corporation	40,000				(980)		82	39,102
Honam Wind Power Co., Ltd.	1,783	1,817			(395)	(1,272)		1,933
Nepal Water & Energy Development Company Pty Ltd.					(10)	(131)	10,550	10,409
Kelar S.A		4,180						4,180
PT. Tanjung Power Indonesia		388			(9)	(18)		361
		461			(4)	(23)	15	449

Incheon New Power Co., Ltd.								
Seokmun Energy Co., Ltd.	680		(265)					415
	908,593	300,428	(2,002)	(10,262)	39,588	51,908	(182,072)	1,106,181
	4,890,933	429,862	(2,002)	(53,576)	29,414	47,751	(111,627)	5,230,755

- (\*1) The Company recognized the difference between the carrying amount and the recoverable amount of 1,719 million as impairment losses on investments in associates and joint ventures due to discontinued operation during the prior year.
- (\*2) In accordance with the interpretation, the Company has applied it prospectively beginning January 1, 2013. However PT Bayan Resources TBK (PT Bayan), one of the equity method investments of the Company, has retrospectively applied the interpretation and has restated its comparative financial statements to adjust the stripping activity costs that do not meet the criteria for asset recognition in the interpretation. The Company reflected this adjustment of W31,529 million due to the change in accounting policy as a loss on its equity method investment during the prior year.
- (\*3) Canada Korea Uranium Limited Partnership could not find a mining area in which the economic feasibility was proven and seeks an exit strategy. As a result, the Company recognizes impairment losses on investments in associates and joint ventures of 4,680 million as profit or loss during the prior year.
- (\*4) During the prior year, partial of the loans to Rabigh Electricity Company was converted to equity, causing the investment to increase by 108,385 million.
- (\*5) It has been determined that there is objective evidence of impairment as a result of one or more events that a financial institution granted Jamaica Public Service Company Limited ( JPS ) a concession that the financial institution would not otherwise consider. As of December 31, 2013, as a result of the impairment test, the recoverable amount of JPS is less than its carrying amount and an impairment loss of 19,199 million is recognized as profit or loss. The recoverable amount of JPS is based on value in use calculated based on the most recent financial budget of future cash flow for a period of 9 years approved by management and the discount rate used to calculate the value in use is 10.27%.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (4) **Summary of financial information of associates and joint ventures as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

Investees	March 31, 2014		Sales	Profit (loss) for the period
	Total assets	Total liabilities		
<b>&lt;Associates&gt;</b>				
Daegu Green Power Co., Ltd.	515,601	361,336	364	(2,080)
Korea Gas Corporation	45,764,827	36,400,484	12,548,577	422,280
Korea Electric Power Industrial Development Co., Ltd.	142,587	71,899	72,517	5,759
YTN Co., Ltd.	413,697	243,968	22,908	(9,252)
Cheongna Energy Co., Ltd.	442,210	381,900	20,763	2,060
Gangwon Wind Power Co., Ltd.	129,359	54,250	8,197	4,793
Hyundai Green Power Co., Ltd.	1,184,069	821,188	121,714	13,910
Korea Power Exchange	216,643	20,539	22,178	7,243
AMEC Partners Korea	1,443	347	253	102
Hyundai Energy Co., Ltd.	548,535	452,941	24,859	(2,924)
Ecollite Co., Ltd.	4,983	3,098		(99)
Taebaek Wind Power Co., Ltd.	60,895	40,241	4,518	2,411
Alternergy Philippine Investments Corporation	3,136	143		(67)
Muju Wind Power Co., Ltd.	10,832		6	2
Pyeongchang Wind Power Co., Ltd.	2,357	8	5	(50)
Daeryun Power Co., Ltd.	632,281	508,194	199	(152)
JinanJangsu Wind Power Co., Ltd.	309			
Changjuk Wind Power Co., Ltd.	54,203	34,644	4,644	2,681
KNH Solar Co., Ltd.	28,581	23,468	904	(31)
SPC Power Corporation	134,030	12,444	10,758	5,013
Gemeng International Energy Co., Ltd.	5,756,199	3,964,975	389,881	35,196
PT. Cirebon Electric Power	1,020,005	886,342	62,876	8,200
KNOC Nigerian East Oil Co., Ltd.	240,875	296,552		(1,730)

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KNOC Nigerian West Oil Co., Ltd.	146,397	197,546		(1,542)
Dolphin Property Limited	7,012	7,160	29	(133)
E-Power S.A.	68,725	52,791	8,468	1,419
PT Wampu Electric Power	132,790	101,513	416	(2,015)
PT. Bayan Resources TBK	1,532,197	1,213,883	243,307	11,557
S-Power Co., Ltd.	713,870	446,024		(315)
Pioneer Gas Power Limited	211,181	144,183	135	38
Eurasia Energy Holdings	547	975		
Xe-Pian Xe-Namnoy Power Co., Ltd.	178,250	123,620	15	1,236
Busan Solar Co., Ltd.	29,423	26,054	836	(362)
Hadong Mineral Fiber Co., Ltd.	12	1		
Green Biomass Co., Ltd.	7,058	6,836		(282)
Gumi-ochang Photovoltaic Power Co., Ltd.	19,411	15,825	707	(62)
Chungbuk Photovoltaic Power Co., Ltd.	6,907	5,110	175	(84)
Cheonan Photovoltaic Power Co., Ltd.	5,361	4,041	115	(72)
PT. Mutiara Jawa	18,078	11,739		332
Hyundai Asan Solar Power Co., Ltd.	23,238	19,778		(377)
Heang Bok Do Si Photovoltaic Power Co., Ltd.	1,105	784		(3)
Jeonnam Solar Co., Ltd.	7,591	632		
DS POWER Co., Ltd.	223,850	100,474	12,654	(287)
D Solar Energy Co., Ltd	27,844	23,513	900	515
Dongducheon Dream Power Co., Ltd.	1,225,669	913,328		(2,239)
KS Solar Corp. Ltd.	26,009	23,641	496	(493)
KOSCON Photovoltaic Co., Ltd.	13,064	11,216	423	76
Yeongwol Energy Station Co., Ltd.	101,768	89,345	86	5,567
Yeonan Photovoltaic Co., Ltd.	7,912	7,271	206	(7)
Q1 Solar Co., Ltd	25,691	22,097	925	40
Jinhuvish Power Generation	66,708	5,015		
Best Solar Energy Co., Ltd.	25,812	21,629	816	278
Seokcheon Solar Power Co., Ltd.	14,618	3,685	367	8
SE Green Energy Co., Ltd.	7,726	8		(123)
Daegu Photovoltaic Co., Ltd.	22,127	17,639	616	(225)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (4) **Summary of financial information of associates and joint ventures as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

Investees	March 31, 2014		Sales	Profit (loss) for the period
	Total assets	Total liabilities		
Jeongam Wind Power Co., Ltd.	483	3	2	(225)
Korea Power Engineering Service Co., Ltd.	3,044	536	2,592	946
Golden Route J Solar Power Co., Ltd.	5,398	4,631	129	(63)
<b>&lt;Joint ventures&gt;</b>				
KEPCO-Uhde Inc.	16,277	2,047		(268)
Eco Biomass Energy Sdn. Bhd.				
Datang Chaoyang Renewable Power Co., Ltd.	164,847	96,203	3,568	(841)
Shuweiha Asia Power Investment B.V.	47,679	16		(12)
Shuweiha Asia Operation & Maintenance Company	255	201		
Waterbury Lake Uranium L.P.	56,212	127		
ASM-BG Investicii AD	105,853	64,844	2,649	108
RES Technology AD	96,599	64,370	1,858	(392)
KV Holdings, Inc.	4,623			
KEPCO SPC Power Corporation	507,224	307,175	36,451	7,203
Canada Korea Uranium Limited Partnership	41,636	42		
KEPCO Energy Resource Nigeria Limited	405,864	406,830		(8,265)
Gansu Datang Yumen Wind Power Co., Ltd.	111,215	65,371	2,130	(1,164)
Datang Chifeng Renewable Power Co., Ltd.	915,867	499,647	26,325	4,657
	69,494	43,319	1,690	(64)

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Datang KEPCO Chaoyang Renewable Power Co., Ltd.				
Rabigh Electricity Company	2,661,956	2,469,237	68,723	10,097
Rabigh Operation & Maintenance Company	16,607	4,372	5,281	1,954
Jamaica Public Service Company Limited	1,212,409	744,320	280,718	7,620
KW Nuclear Components Co., Ltd.	22,907	18,876	4,384	1,754
Busan shinho Solar power Co., Ltd.	55,146	42,947	1,981	382
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	474,707	20,614		(347)
YEONGAM Wind Power Co., Ltd.	126,186	102,689	3,230	2,736
Global Trade Of Power System Co., Ltd.	1,156	336	736	(40)
Expressway Solar-light Power Generation Co., Ltd.	24,994	13,968	233	(549)
KODE NOVUS 1 LLC.	116,009	97,308	2,385	(552)
KODE NOVUS 2 LLC.	57,292	38,609	769	(974)
Daejung Offshore Wind Power Co., Ltd.	8,044	25	1	(267)
Arman Asia Electric Power Company	657,978	466,114		4,306
KEPCO-ALSTOM Power Electronics Systems, Inc.	9,384	650		(595)
Dongbu Power Dangjin Corporation	93,586	2,439		(1,024)
Honam Wind Power Co., Ltd.i	38,229	29,239		(1,618)
Nepal Water & Energy Development Company Pty Ltd.	32,111	11,529		(589)
Kelar S.A	66,395	65,409		
PT. Tanjung Power Indonesia	1,052	27		(22)
Incheon New Power Co., Ltd.	4,474	2,971		(44)
Seokmun Energy Co., Ltd.	1,381	426		(266)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (4) **Summary of financial information of associates and joint ventures as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

Investees	December 31, 2013		Sales	Profit (loss) for the period
	Total assets	Total liabilities		
<b>&lt;Associates&gt;</b>				
Daegu Green Power Co., Ltd.	461,503	305,157	295	(52)
Korea Gas Corporation	43,666,375	34,733,597	37,458,950	(200,707)
Korea Electric Power Industrial Development Co., Ltd.	139,764	62,350	289,085	12,658
YTN Co., Ltd.	410,384	230,977	120,124	3,090
Cheongna Energy Co., Ltd.	429,095	370,940	44,455	(11,278)
Gangwon Wind Power Co., Ltd.	141,572	54,000	38,973	20,035
Hyundai Green Power Co., Ltd.	1,217,193	837,339	339,567	29,580
Korea Power Exchange	214,012	24,469	84,257	13,592
AMEC Partners Korea	1,594	600	1,650	251
Hyundai Energy Co., Ltd.	548,467	449,949	33,010	(41,604)
Ecollite Co., Ltd.	5,085	2,005		(2,663)
Taebaek Wind Power Co., Ltd.	58,705	36,495	11,595	6,986
Alternergy Philippine Investments Corporation	3,088	89		(664)
Muju Wind Power Co., Ltd.	10,830			(13)
Pyeongchang Wind Power Co., Ltd.	2,400	1		(55)
Daeryun Power Co., Ltd.	608,267	484,032		(1,321)
JinanJangsu Wind Power Co., Ltd.	310			(1)
Changjuk Wind Power Co., Ltd.	51,653	30,506	11,818	7,635
KNH Solar Co., Ltd.	29,530	24,449	4,940	1,073
SPC Power Corporation	140,236	15,138	53,862	29,730
Gemeng International Energy Co., Ltd.	5,758,480	3,968,262	1,642,121	102,631
PT. Cirebon Electric Power	1,004,891	885,522	300,011	37,466
KNOC Nigerian East Oil Co., Ltd.	237,211	290,240		(7,445)

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KNOC Nigerian West Oil Co., Ltd.	143,874	191,302		(5,363)
Dolphin Property Limited	6,173	7,053	558	(159)
E-Power S.A.	66,262	51,951	35,601	5,218
PT Wampu Electric Power	122,733	89,862	27,048	(659)
PT. Bayan Resources TBK	1,525,745	1,194,968	1,256,526	(19,401)
S-Power Co., Ltd.	614,591	346,429		(388)
Pioneer Gas Power Limited	199,974	135,845	135	65
Eurasia Energy Holdings	540	963	3,414	(297)
Xe-Pian Xe-Namnoy Power Co., Ltd.	127,858	75,138	70	(1,239)
Busan Solar Co., Ltd.	25,244	21,501	2,666	256
Hadong Mineral Fiber Co., Ltd.	12			(4)
Green Biomass Co., Ltd.	6,962	6,458		(1,298)
Gumi-ochang Photovoltaic Power Co., Ltd.	20,091	16,197	3,885	1,068
Chungbuk Photovoltaic Power Co., Ltd.	7,553	5,709	1,133	20
Cheonan Photovoltaic Power Co., Ltd.	6,032	4,554	1,024	228
PT. Mutiara Jawa	13,939	8,435		(1,987)
Hyundai Asan Solar Power Co., Ltd.	26,298	22,169		(90)
Heang Bok Do Si Photovoltaic Power Co., Ltd.	324			
Jeonnam Solar Co., Ltd.	7,591	632		(2)
DS POWER Co., Ltd.	184,783	61,135	6,831	(352)
D Solar Energy Co., Ltd.	29,537	25,909	29	(361)
Dongducheon Dream Power Co., Ltd.	1,159,917	845,337		(9,713)
KS Solar Corp. Ltd.	22,433	19,756	188	(524)
KOSCON Photovoltaic Co., Ltd.	13,213	11,556	1,411	367
Yeongwol Energy Station Co., Ltd.	89,122	82,292		(6,747)
Yeonan Photovoltaic Co., Ltd.	8,111	7,463	411	(178)
Q1 Solar Co., Ltd.	25,771	22,259	1,906	(36)
Jinbhuvish Power Generation	63,830	4,798		
Best Solar Energy Co., Ltd.	25,490	21,583	86	(1,495)
Seokcheon Solar Power Co., Ltd.	14,602	3,847	1,873	786
SE Green Energy Co., Ltd.	8,148	307		(119)



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (4) **Summary of financial information of associates and joint ventures as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

Investees	December 31, 2013		Sales	Profit (loss) for the period
	Total assets	Total liabilities		
Daegu Photovoltaic Co., Ltd.	22,580	17,980	1,829	439
Jeongam Wind Power Co., Ltd.	855	44		(1,189)
Korea Power Engineering Service Co., Ltd.	2,123	107	4,658	1,016
Golden Route J Solar Power Co., Ltd.	5,623	4,637	711	171
<b>&lt;Joint ventures&gt;</b>				
KEPCO-Uhde Inc.	16,136	1,686		(1,137)
Eco Biomass Energy Sdn. Bhd.				
Datang Chaoyang Renewable Power Co., Ltd.	168,058	97,656	21,013	2,392
Shuweihat Asia Power Investment B.V.	152	23		(70)
Shuweihat Asia Operation & Maintenance Company	181	128		
Waterbury Lake Uranium L.P.	57,600	131		
ASM-BG Investicii AD	108,869	68,692	15,364	5,249
RES Technology AD	100,140	68,050	10,110	699
KV Holdings, Inc.	4,606			768
KEPCO SPC Power Corporation	499,241	308,691	170,681	26,856
Canada Korea Uranium Limited Partnership	41,636	42		
KEPCO Energy Resource Nigeria Limited	416,632	409,294		(11,328)
Gansu Datang Yumen Wind Power Co., Ltd.	113,565	65,472	10,397	(3,245)
Datang Chifeng Renewable Power Co., Ltd.	932,146	516,236	115,588	26,302

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Datang KEPCO Chaoyang Renewable Power Co., Ltd.	71,338	44,827	9,755	2,316
Rabigh Electricity Company	2,684,208	2,486,086	237,775	34,116
Rabigh Operation & Maintenance Company	17,857	7,651	25,636	13,243
Jamaica Public Service Company Limited	1,270,886	762,970	1,194,263	(784)
KW Nuclear Components Co., Ltd.	24,401	18,898	9,785	3,551
Busan shinho Solar power Co., Ltd.	56,191	44,746	8,944	3,025
STX Electric Power Co., Ltd.	367,307	12,378		(1,646)
YEONGAM Wind Power Co., Ltd.	94,823	71,509	939	(144)
Global Trade Of Power System Co., Ltd.	866	6	2,393	148
Expressway Solar-light Power Generation Co., Ltd.	21,435	15,009	2,804	(4,293)
KODE NOVUS 1 LLC.	115,450	96,442	2,819	(7,416)
KODE NOVUS 2 LLC.	57,931	38,523	1,530	(3,959)
Daejung Offshore Wind Power Co., Ltd.	8,299	12		(1,017)
Arman Asia Electric Power Company	669,925	484,400		(1,506)
KEPCO-ALSTOM Power Electronics Systems, Inc.	9,972	643	387	(1,649)
Dongbu Power Dangjin Corporation	94,768	2,578		(3,235)
Honam Wind Power Co., Ltd.	25,887	19,519		(1,310)
Nepal Water & Energy Development Company Pty Ltd.	36,040	14,382		(1,572)
Kelar S.A	1,019			(1,573)
PT. Tanjung Power Indonesia	1,061	27		(22)
Incheon New Power Co., Ltd.	4,531	2,984		(13)
Seokmun Energy Co., Ltd.	1,647	426		(779)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of March 31, 2014 and December 31, 2013 are as follows:

*In millions of won*

Investees	Net assets	March 31, 2014		Investment differential	Intercompany transaction	Others	Book value
		Percentage of ownership	Share in net assets				
<b>&lt;Associates&gt;</b>							
Daegu Green Power Co., Ltd.	154,266	47.80%	73,739	144			73,883
Korea Gas Corporation	9,364,343	21.57%	2,019,889				2,019,889
Korea Electric Power Industrial Development Co., Ltd.	70,688	29.00%	20,500				20,500
YTN Co., Ltd.	169,729	21.43%	36,373		(21)		36,352
Cheongna Energy Co., Ltd.	60,310	43.90%	26,476	2,584			29,060
Gangwon Wind Power Co., Ltd.	75,108	15.00%	11,266			49	11,315
Hyundai Green Power Co., Ltd.	362,882	29.00%	105,236				105,236
Korea Power Exchange	196,104	100.00%	196,104				196,104
AMEC Partners Korea	1,096	19.00%	208				208
Hyundai Energy Co., Ltd.	95,595	45.23%	43,237		(1,195)		42,042
Ecollite Co., Ltd.	1,885	36.10%	680			(680)	
Taebaek Wind Power Co., Ltd.	20,654	25.00%	5,163		(165)		4,998
Alternergy Philippine Investments Corporation	2,994	50.00%	1,497				1,497
Muju Wind Power Co., Ltd.	10,832	25.00%	2,708				2,708
Pyeongchang Wind Power Co., Ltd.	2,349	25.00%	587				587
Daeryun Power Co., Ltd.	124,086	19.80%	24,569				24,569
	309	25.00%	77				77

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JinanJangsu Wind Power Co., Ltd.					
Changjuk Wind Power Co., Ltd.	19,559	30.00%	5,868	(194)	5,674
KNH Solar Co., Ltd.	5,113	27.00%	1,380	(54)	1,326
SPC Power Corporation	121,586	38.00%	46,203		119
Gemeng International Energy Co., Ltd.	1,791,224	34.00%	609,016		609,016
PT. Cirebon Electric Power	133,663	27.50%	36,757		(136)
KNOC Nigerian East Oil Co., Ltd.	(55,676)	14.63%	(8,145)		8,145
KNOC Nigerian West Oil Co., Ltd.	(51,149)	14.63%	(7,483)		7,483
Dolphin Property Limited	(148)	15.00%	(22)		22
E-Power S.A.	15,934	30.00%	4,780	991	5,771
PT Wampu Electric Power	31,276	46.00%	14,387		14,387
PT. Bayan Resources TBK	318,314	20.00%	63,663	509,847	573,510
S-Power Co., Ltd.	267,846	40.00%	107,138		107,138
Pioneer Gas Power Limited	66,998	40.00%	26,799	18,015	44,814
Eurasia Energy Holdings	(429)	40.00%	(171)		171
Xe-Pian Xe-Namnoy Power Co., Ltd.	54,630	25.00%	13,658	4,877	18,535
Busan Solar Co., Ltd.	3,369	19.80%	667	(82)	585
Hadong Mineral Fiber Co., Ltd.	11	25.00%	3		3
Green Biomass Co., Ltd.	222	34.00%	76		76
Gumi-ochang Photovoltaic Power Co., Ltd.	3,587	10.00%	359		359
Chungbuk Photovoltaic Power Co., Ltd.	1,796	10.00%	180		180
Cheonan Photovoltaic Power Co., Ltd.	1,320	10.00%	132		132
PT. Mutiara Jawa	6,339	29.00%	1,838	70	1,908
Hyundai Asan Solar Power Co., Ltd.	3,460	10.00%	346	49	395
Heang Bok Do Si Photovoltaic Power Co., Ltd.	321	28.00%	90		90
Jeonnam Solar Co., Ltd.	6,960	10.00%	696		696
DS POWER Co., Ltd.	123,375	10.91%	13,465		4,400
D Solar Energy Co., Ltd	4,331	10.00%	433	1	434
Dongducheon Dream Power Co., Ltd.	312,341	43.61%	136,212	(4,504)	131,708
KS Solar Corp. Ltd.	2,368	19.00%	450	24	474
KOSCON Photovoltaic Co., Ltd.	1,849	19.00%	351		351
Yeongwol Energy Station Co., Ltd.	12,423	13.30%	1,652		20
Yeonan Photovoltaic Co., Ltd.	641	19.00%	122		122
Q1 Solar Co., Ltd	3,594	28.00%	1,006		1,006
Jinbhuvish Power Generation	61,693	5.16%	3,183	5,449	8,632
Best Solar Energy Co., Ltd.	4,184	23.00%	962		962

Seokcheon Solar Power Co., Ltd.	10,933	9.73%	1,063	1,063
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(5) **Financial information of associates and joint ventures converted to the Company's shares in net assets as of March 31, 2014 and December 31, 2013 are as follows, continued:**

*In millions of won*

Investees	March 31, 2014				Investment differential	Intercompany transaction	Others	Book value
	Net assets	Percentage of ownership	Share in net assets					
SE Green Energy Co., Ltd.	7,718	47.76%	3,686				3,686	
Daegu Photovoltaic Co., Ltd.	4,488	29.00%	1,302				1,302	
Jeongam Wind Power Co., Ltd.	479	40.00%	192				192	
Korea Power Engineering Service Co., Ltd.	2,508	29.00%	727				727	
Golden Route J Solar Power Co., Ltd.	767	10.00%	77				77	
<b>&lt;Joint ventures&gt;</b>								
KEPCO-Uhde Inc.	14,231	66.00%	9,392				9,392	
Eco Biomass Energy Sdn. Bhd.		61.53%						
Datang Chaoyang Renewable Power Co., Ltd.	68,644	40.00%	27,458				27,458	
Shuweihaat Asia Power Investment B.V.	47,663	49.00%	23,355				23,355	
Shuweihaat Asia Operation & Maintenance Company	53	55.00%	29				29	
Waterbury Lake Uranium L.P.	56,085	40.00%	22,434			53	22,487	
ASM-BG Investicii AD	41,009	50.00%	20,505				20,505	
RES Technology AD	32,229	50.00%	16,114				16,114	
KV Holdings, Inc.	4,623	40.00%	1,849				1,849	

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KEPCO SPC Power Corporation	200,049	75.20%	150,437		(1,444)	148,993
Canada Korea Uranium Limited Partnership	41,594	12.50%	5,199		(5,199)	
KEPCO Energy Resource Nigeria Limited	(967)	30.00%	(290)		290	
Gansu Datang Yumen Wind Power Co., Ltd.	45,844	40.00%	18,338			18,338
Datang Chifeng Renewable Power Co., Ltd.	416,220	40.00%	166,488		(30)	166,458
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	26,175	40.00%	10,470			10,470
Rabigh Electricity Company	192,719	40.00%	77,087		(77,087)	
Rabigh Operation & Maintenance Company	12,235	40.00%	4,894			4,894
Jamaica Public Service Company Limited	468,089	40.00%	187,236	130,726	(42,138)	275,824
KW Nuclear Components Co., Ltd.	4,031	45.00%	1,814			1,814
Busan shinho Solar power Co., Ltd.	12,199	25.00%	3,050		10	3,060
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	454,093	49.00%	222,505			222,505
YEONGAM Wind Power Co., Ltd.	23,497	49.00%	11,513			11,513
Global Trade Of Power System Co., Ltd.	820	29.00%	238			238
Expressway Solar-light Power Generation Co., Ltd.	11,026	29.00%	3,197			3,197
KODE NOVUS 1 LLC.	18,700	50.00%	9,350	4,732		14,082
KODE NOVUS 2 LLC.	18,683	49.00%	9,155			9,155
Daejung Offshore Wind Power Co., Ltd.	8,019	49.90%	4,002			4,002
Arman Asia Electric Power Company	191,864	60.00%	115,119			115,119
KEPCO-ALSTOM Power Electronics Systems, Inc.	8,734	51.00%	4,454			4,454
Dongbu Power Dangjin Corporation	91,148	40.00%	36,459	2,226		38,685
Honam Wind Power Co., Ltd.	8,990	29.00%	2,607	32		2,639
Nepal Water & Energy Development Company Pty Ltd.	20,582	45.18%	9,299	972		10,271
Kelar S.A	986	65.00%	641	3,517	(114)	4,044
PT. Tanjung Power Indonesia	1,025	35.00%	359			359
Incheon New Power Co., Ltd.	1,503	29.00%	436			436

Seokmun Energy Co., Ltd.	955	34.00%	325	325
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of March 31, 2014 and December 31, 2013 are as follows, continued:

*In millions of won*

Investees	Net assets	December 31, 2013		Investment differential	Intercompany transaction	Others	Book value
		Percentage of ownership	Share in net assets				
<b>&lt;Associates&gt;</b>							
Daegu Green Power Co., Ltd.	156,346	47.80%	74,733	145			74,878
Korea Gas Corporation	8,932,779	21.57%	1,926,800				1,926,800
Korea Electric Power Industrial Development Co., Ltd.	77,414	29.00%	22,450				22,450
YTN Co., Ltd.	179,407	21.43%	38,447		(21)		38,426
Cheongna Energy Co., Ltd.	58,155	43.90%	25,530	2,584			28,114
Gangwon Wind Power Co., Ltd.	87,572	15.00%	13,136			49	13,185
Hyundai Green Power Co., Ltd.	379,853	29.00%	110,157				110,157
Korea Power Exchange	189,544	100.00%	189,544				189,544
AMEC Partners Korea	994	19.00%	189				189
Hyundai Energy Co., Ltd.	98,518	45.26%	44,589		(1,203)		43,386
Ecollite Co., Ltd.	3,080	36.10%	1,112			(1,112)	
Taebaek Wind Power Co., Ltd.	22,210	25.00%	5,553				5,553
Alternergy Philippine Investments Corporation	3,000	50.00%	1,500				1,500
Muju Wind Power Co., Ltd.	10,830	25.00%	2,707				2,707
Pyeongchang Wind Power Co., Ltd.	2,399	25.00%	600				600
Daeryun Power Co., Ltd.	124,235	19.80%	24,599				24,599
	309	25.00%	77				77

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JinanJangsu Wind Power Co., Ltd.					
Changjuk Wind Power Co., Ltd.	21,147	30.00%	6,344		6,344
KNH Solar Co., Ltd.	5,081	27.00%	1,372		1,372
SPC Power Corporation	125,098	38.00%	47,537	124	47,661
Gemeng International Energy Co., Ltd.	1,790,218	34.00%	608,674		608,674
PT. Cirebon Electric Power	119,369	27.50%	32,826		32,826
KNOC Nigerian East Oil Co., Ltd.	(53,029)	14.63%	(7,758)		7,758
KNOC Nigerian West Oil Co., Ltd.	(47,429)	14.63%	(6,939)		6,939
Dolphin Property Limited	(880)	15.00%	(132)		132
E-Power S.A.	14,311	30.00%	4,293	991	5,284
PT Wampu Electric Power	32,871	46.00%	15,121		15,121
PT. Bayan Resources TBK	330,776	20.00%	66,155	513,379	579,534
S-Power Co., Ltd.	268,161	40.00%	107,264		107,264
Pioneer Gas Power Limited	64,129	40.00%	25,652	18,014	43,666
Eurasia Energy Holdings	(423)	40.00%	(169)		169
Xe-Pian Xe-Namnoy Power Co., Ltd.	52,720	25.00%	13,180	4,878	18,058
Busan Solar Co., Ltd.	3,743	19.80%	741		741
Hadong Mineral Fiber Co., Ltd.	12	25.00%	3		3
Green Biomass Co., Ltd.	504	34.00%	171		171
Gumi-ochang Photovoltaic Power Co., Ltd.	3,894	10.00%	389		389
Chungbuk Photovoltaic Power Co., Ltd.	1,844	10.00%	184		184
Cheonan Photovoltaic Power Co., Ltd.	1,478	10.00%	148		148
PT. Mutiara Jawa	5,504	29.00%	1,596	70	1,666
Hyundai Asan Solar Power Co., Ltd.	4,129	10.00%	413	49	462
Heang Bok Do Si Photovoltaic Power Co., Ltd.	324	28.00%	91		91
Jeonnam Solar Co., Ltd.	6,960	10.00%	696		696
DS POWER Co., Ltd.	123,648	10.91%	13,495		4,405
D Solar Energy Co., Ltd.	3,627	10.00%	363	1	364
Dongducheon Dream Power Co., Ltd.	314,580	43.61%	137,188	(2,790)	134,398
KS Solar Corp. Ltd.	2,677	19.00%	509	28	537
KOSCON Photovoltaic Co., Ltd.	1,657	19.00%	315		315
Yeongwol Energy Station Co., Ltd.	6,829	13.30%	908		908
Yeonan Photovoltaic Co., Ltd.	648	19.00%	123		123
Q1 Solar Co., Ltd.	3,512	28.00%	983		983
Jinbhuvish Power Generation	59,032	5.16%	3,046	5,449	8,495



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of March 31, 2014 and December 31, 2013 are as follows, continued:

*In millions of won*

Investees	Net assets	December 31, 2013		Investment differential	Intercompany transaction	Others	Book value
		Percentage of ownership	Share in net assets				
Best Solar Energy Co., Ltd.	3,906	23.00%	898				898
Seokcheon Solar Power Co., Ltd.	10,755	9.73%	1,046				1,046
SE Green Energy Co., Ltd.	7,841	47.76%	3,745				3,745
Daegu Photovoltaic Co., Ltd.	4,600	29.00%	1,334				1,334
Jeongam Wind Power Co., Ltd.	811	40.00%	324				324
Korea Power Engineering Service Co., Ltd.	2,016	29.00%	585				585
Golden Route J Solar Power Co., Ltd.	987	10.00%	99				99
<b>&lt;Joint ventures&gt;</b>							
KEPCO-Uhde Inc.	14,450	66.00%	9,537				9,537
Eco Biomass Energy Sdn. Bhd.		61.53%					
Datang Chaoyang Renewable Power Co., Ltd.	70,402	40.00%	28,161				28,161
Shuweihaat Asia Power Investment B.V.	129	49.00%	63				63
Shuweihaat Asia Operation & Maintenance Company	53	55.00%	29				29
Waterbury Lake Uranium L.P.	57,469	40.00%	22,988			54	23,042

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ASM-BG Investicii AD	40,177	50.00%	20,088		20,088
RES Technology AD	32,090	50.00%	16,045		16,045
KV Holdings, Inc.	4,606	40.00%	1,842		1,842
KEPCO SPC Power Corporation	190,551	75.20%	143,294		143,294
Canada Korea Uranium Limited Partnership	41,594	12.50%	5,199	(5,199)	
KEPCO Energy Resource Nigeria Limited	7,338	30.00%	2,202		2,202
Gansu Datang Yumen Wind Power Co., Ltd.	48,093	40.00%	19,237		19,237
Datang Chifeng Renewable Power Co., Ltd.	415,910	40.00%	166,364	(34)	166,330
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	26,510	40.00%	10,604		10,604
Rabigh Electricity Company	198,123	40.00%	79,249	(79,249)	
Rabigh Operation & Maintenance Company	10,206	40.00%	4,082		4,082
Jamaica Public Service Company Limited	507,916	40.00%	203,166	130,726	(65,870) 268,022
KW Nuclear Components Co., Ltd.	5,503	45.00%	2,476		2,476
Busan shinho Solar power Co., Ltd.	11,445	25.00%	2,861	10	2,871
STX Electric Power Co., Ltd.	354,929	49.00%	173,915		173,915
YEONGAM Wind Power Co., Ltd.	23,315	49.00%	11,424		11,424
Global Trade Of Power System Co., Ltd.	860	29.00%	249		249
Expressway Solar-light Power Generation Co., Ltd.	6,426	29.00%	1,863		1,863
KODE NOVUS 1 LLC.	19,009	50.00%	9,504	4,733	14,237
KODE NOVUS 2 LLC.	19,408	49.00%	9,510		9,510
Daejung Offshore Wind Power Co., Ltd.	8,287	49.90%	4,135		4,135
Arman Asia Electric Power Company	185,525	60.00%	111,315		111,315
KEPCO-ALSTOM Power Electronics Systems, Inc.	9,329	51.00%	4,758		4,758
Dongbu Power Dangjin Corporation	92,190	40.00%	36,876	2,226	39,102
Honam Wind Power Co., Ltd.	6,368	30.00%	1,910	23	1,933
Nepal Water & Energy Development Company Pty Ltd.	21,659	43.57%	9,437	972	10,409
Kelar S.A	1,019	65.00%	663	3,517	4,180
PT. Tanjung Power Indonesia	1,034	35.00%	361		361

Incheon New Power Co., Ltd.	1,548	29.00%	449	449
Seokmun Energy Co., Ltd.	1,221	34.00%	415	415

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Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

**(6) As of March 31, 2014, there is no unrecognized equity interest in investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses.**

**(7) As of March 31, 2014, 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 Company, established a consortium with two other investors, Deutche Capital Hongkong Ltd. and Shanxi International Energy Company Co., Ltd. with the Company'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 Company with the Company's percentage of ownership being 34%. KEPCO Shanxi International Ltd. has entered into 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 March 31, 2014, the Company guarantees this Put Option Agreement.

(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 March 31, 2014, Hyundai Energy Co., Ltd., an associate of the Company, which engages in the integrated energy business, carries long-term borrowings for project financing amounting to 450 billion from Korea Development Bank and others.

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 Company 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 starting from 2 months to 1 month prior to 17 years after the termination date of contract to sell their shares to the Company. 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 Company 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 Company 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.



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Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

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

**(7) As of March 31, 2014, shareholders' agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows, continued:**

(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 company, 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. In case of a merger of Daeryun Power Co., Ltd., remaining shareholders are obligated to pay the dissident shareholders' share for their purchased price.

(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 Company is obligated to acquire those shares at fair value.

(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 Company is obligated to acquire those shares after evaluating the economic feasibility of the facilities installed by Samsung Heavy Industries Co., Ltd.

(ix) Dongducheon Dream Power Co., Ltd.

In case financial investors decide to dispose of their shares in Dongducheon Dream Power Co., Ltd. 5 years after the commencement of commercial operation of the power plant, the Company is obligated to acquire those shares at fair value.

(X) DS Power Co., Ltd.

The Company has a right to sell all shares and bonds of DS POWER Co., Ltd to Daesung Industrial Co., Ltd and Daesung Industrial Co., Ltd. or an authoritative person appointed by Daesung Industrial Co., Ltd.

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**March 31, 2014**

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

**(8) Significant restrictions on its abilities to associates or joint ventures are as follows:**

<b>Company</b>	<b>Nature and extent of any significant restrictions</b>
KNOC Nigerian East Oil Co., Ltd.	The company has stopped its operation in Nigeria due to an ongoing litigation and payment or retrieval of investments, loans and advances are restricted until the legal dispute is resolved.
KNOC Nigerian West Oil Co., Ltd.	The company has stopped its operation in Nigeria due to an ongoing litigation and payment or retrieval of investments, loans and advances are restricted until the legal dispute is resolved.
Dolphin Property Limited	The company has stopped its operation in Nigeria due to an ongoing litigation and payment or retrieval of investments, loans and advances are restricted until the legal dispute is resolved.
Daeryun Power Co., Ltd.	Principals on subordinated loans or dividends can only be paid to shareholders when all conditions of the loan agreement are satisfied or prior written consent of a financial institution is obtained.
Changjuk Wind Power Co., Ltd.	Principals on subordinated loans or dividends can only be paid to shareholders when all conditions of the loan agreement are satisfied or prior written consent of a financial institution is obtained.
Busan Solar Co., Ltd.	Dividends cannot be declared or paid without the prior written consent of an agency, Consus Asset Management Co., Ltd. based on the loan agreement until the principal of a loan is paid off in full.
Taebaek Wind Power Co., Ltd.	Financial institutions can reject or defer an approval with regard to the request for fund executions on subordinated loans of shareholders in order to pay senior loans based on the loan agreement.
Daegu Green Power Co., Ltd.	Only if the condition is met with the loan agreement signed by financial institutions, the investors of subordinated credit facility loans can receive payments of principal and interest and dividend. Korea Exchange Bank, the deputy, permits the amount of the payments and dividend.
KS Solar Corp. Ltd.	Dividends can only be paid to shareholders when all conditions of a loan agreement are satisfied.

Jeonnam Solar Co., Ltd.

Dividends can only be paid to shareholders when all conditions of a loan agreement are satisfied.

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**March 31, 2014**

(Unaudited)

**18. Property, Plant and Equipment****(1) Property, plant and equipment as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

	<b>March 31, 2014</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses (*)</b>	<b>Book value</b>
Land	13,849,730	(3,085)			13,846,645
Buildings	12,713,269	(45,354)	(4,264,319)	(852)	8,402,744
Structures	52,627,167	(196,052)	(14,712,223)	(1,183)	37,717,709
Machinery	47,632,880	(100,061)	(14,167,731)	(46,231)	33,318,857
Ships	5,014		(3,682)		1,332
Vehicles	195,910	(72)	(150,643)		45,195
Equipment	875,348	(902)	(701,026)		173,420
Tools	718,657	(262)	(588,486)		129,909
Construction-in- progress	29,557,338	(131,665)			29,425,673
Finance lease assets	2,385,237		(1,682,822)		702,415
Asset retirement costs	7,766,544		(2,179,686)		5,586,858
Others	7,897,281		(5,836,873)		2,060,408
	176,224,375	(477,453)	(44,287,491)	(48,266)	131,411,165

*In millions of won*

	<b>December 31, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses (*)</b>	<b>Book value</b>
Land	13,784,026	(3,137)			13,780,889
Buildings	12,672,055	(45,396)	(4,121,506)	(852)	8,504,301
Structures	52,080,007	(193,189)	(14,259,717)	(1,183)	37,625,918
Machinery	47,073,366	(101,808)	(13,297,596)	(46,231)	33,627,731
Ships	5,014		(3,592)		1,422

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Vehicles	195,045	(83)	(149,326)		45,636
Equipment	866,999	(707)	(679,842)		186,450
Tools	716,749	(312)	(577,085)		139,352
Construction-in- progress	27,452,032	(117,728)			27,334,304
Finance lease assets	2,385,231		(1,650,046)		735,185
Asset retirement costs	7,787,832		(2,133,236)		5,654,596
Others	7,679,146		(5,677,334)		2,001,812
	172,697,502	(462,360)	(42,549,280)	(48,266)	129,637,596

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(2) Changes in property, plant and equipment for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	March 31, 2014					Ending balance
	Beginning balance	Acquisition	Disposal	Depreciation	Others	
Land	13,784,026	61,216	(2,031)		6,519	13,849,730
(Government grants)	(3,137)		53		(1)	(3,085)
Buildings	8,549,697	266	(423)	(140,606)	39,164	8,448,098
(Government grants)	(45,396)			831	(789)	(45,354)
Structures	37,819,108	51	(51,624)	(499,670)	645,896	37,913,761
(Government grants)	(193,190)		192	2,205	(5,259)	(196,052)
Machinery	33,729,539	55,004	(17,450)	(880,943)	532,768	33,418,918
(Government grants)	(101,808)		103	2,422	(778)	(100,061)
Ships	1,422			(90)		1,332
Vehicles	45,719	565	106	(5,164)	4,041	45,267
(Government grants)	(83)			11		(72)
Equipment	187,158	5,487	(25)	(20,499)	2,201	174,322
(Government grants)	(708)			95	(289)	(902)
Tools	139,665	1,800	(1,290)	(14,516)	4,512	130,171
(Government grants)	(313)			51		(262)
Construction-in-progress	27,452,029	3,467,991	(588)		(1,362,094)	29,557,338
(Government grants)	(117,725)	(15,518)			1,578	(131,665)
Finance lease assets	735,185			(32,775)	5	702,415
Asset retirement cost	5,654,596			(139,879)	72,141	5,586,858
Others	2,001,812	3,844	(119)	(159,552)	214,423	2,060,408
	129,637,596	3,580,706	(73,096)	(1,888,079)	154,038	131,411,165

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(2) Changes in property, plant and equipment for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:

<i>In millions of won</i>	December 31, 2013					Ending balance
	Beginning balance	Acquisition	Disposal	Depreciation	Others	
Land	13,504,739	23,651	(60,971)		316,607	13,784,026
(Government grants)	(3,106)				(31)	(3,137)
Buildings	8,554,893	10,009	(21,296)	(583,106)	589,197	8,549,697
(Government grants)	(44,387)			3,943	(4,952)	(45,396)
Structures	37,413,557	2,645	(194,106)	(1,967,475)	2,564,487	37,819,108
(Government grants)	(177,174)		1,733	8,389	(26,138)	(193,190)
Machinery	32,684,326	343,445	(135,269)	(3,334,480)	4,171,517	33,729,539
(Government grants)	(105,112)		376	9,507	(6,579)	(101,808)
Ships	1,786			(367)	3	1,422
Vehicles	37,245	2,579	(111)	(18,653)	24,659	45,719
(Government grants)	(128)			45		(83)
Equipment	183,156	45,087	(200)	(87,040)	46,155	187,158
(Government grants)	(923)			311	(96)	(708)
Tools	122,132	31,234	(226)	(56,143)	42,668	139,665
(Government grants)	(193)			155	(275)	(313)
Construction-in-progress	21,279,059	13,888,637	(1,515)		(7,714,152)	27,452,029
(Government grants)	(94,673)	(48,721)			25,669	(117,725)
Finance lease assets	863,677		(7,456)	(133,133)	12,097	735,185
Asset retirement cost	5,963,166			(559,624)	251,054	5,654,596
Others	2,194,100	7,531	(128)	(585,418)	385,727	2,001,812
	122,376,140	14,306,097	(419,169)	(7,303,089)	677,617	129,637,596



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**19. Investment Properties****(1) Investment properties as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won*

	<b>March 31, 2014</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	527,491				527,491
Buildings	37,176	(10)	(15,243)		21,923
	564,667	(10)	(15,243)		549,414

*In millions of won*

	<b>December 31, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	516,440				516,440
Buildings	37,120	(13)	(15,220)		21,887
	553,560	(13)	(15,220)		538,327

**(2) Changes in investment properties for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

	<b>March 31, 2014</b>						
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Impairment</b>	<b>Others</b>	<b>Ending balance</b>

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Land	516,440		11,051	527,491
Buildings	21,899	(183)	217	21,933
(Government grants)	(12)		2	(10)
	538,327	(183)	11,270	549,414

*In millions of won*

**December 31, 2013**

	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Depreciation Impairment</b>	<b>Others</b>	<b>Ending balance</b>
Land	564,195				(47,755)	516,440
Buildings	26,270			(911)	(3,460)	21,899
(Government grants)	(242)			3	227	(12)
	590,223			(908)	(50,988)	538,327

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**19. Investment Properties, Continued****(3) Income and expenses related to investment properties for the three-month period ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Rental income	2,735	1,960
Operating and maintenance expenses	(183)	(226)
	<b>2,552</b>	<b>1,734</b>

**(4) Fair value of investment properties as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
Land	527,491	556,926	516,440	541,564
Buildings	21,923	22,645	21,887	22,680
	<b>549,414</b>	<b>579,571</b>	<b>538,327</b>	<b>564,244</b>

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 Company's investment property is held under freehold interests.****20. Construction Services Contracts**

- (1) **Changes in balance of construction service contracts for the three-month period ended March 31, 2014 and for the year ended December 31 are as follows:**

*In millions of won*

		<b>March 31, 2014</b>		
	<b>Beginning balance</b>	<b>Increase and decrease(*)</b>	<b>Recognized revenue</b>	<b>Ending balance</b>
Nuclear power plant construction in UAE	18,522,411	194,566	(428,147)	18,288,830
Kazakhstan EPC and others	811,005	173,504	(120,601)	863,908
	19,333,416	368,070	(548,748)	19,152,738

- (\*) For the three-month period ended March 31, 2014, the increased balance of contracts from new orders and others is 395,569 million and the decreased balance of contracts from modifications of construction contracts and others is 27,499 million.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**20. Construction Service Contracts, Continued**

- (1) **Changes in balance of construction service contracts for the three-month period ended March 31, 2014 and for the year ended December 31 are as follows, continued:**

*In millions of won*

		December 31, 2013		
	Beginning balance	Increase and decrease(*)	Recognized revenue	Ending balance
Nuclear power plant construction in UAE	20,359,685	(135,311)	(1,701,963)	18,522,411
Kazakhstan EPC and others	607,230	754,895	(551,120)	811,005
	20,966,915	619,584	(2,253,083)	19,333,416

- (\*) For the year ended December 31, 2013, the increased balance of contracts from new orders and other is 777,955 million and the increased balance of contracts from changes in size of construction is 158,371 million.

- (2) **Accumulated earned revenue, expense and others related to the Company's construction as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won*

	March 31, 2014			Unearned advance receipts
	Accumulated earned revenue	Accumulated expense	Accumulated profit	
Nuclear power plant construction in UAE	5,388,967	5,107,641	281,326	
Kazakhstan EPC and others	892,288	859,001	33,287	
	6,281,255	5,966,642	314,613	

*In millions of won***December 31, 2013**

	<b>Accumulated earned revenue</b>	<b>Accumulated expense</b>	<b>Accumulated profit</b>	<b>Unearned advance receipts</b>
Nuclear power plant construction in UAE	4,960,820	4,708,008	252,812	
Kazakhstan EPC and others	1,087,779	1,024,156	63,623	
	6,048,599	5,732,164	316,435	

- (3) **Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won***March 31, 2014****December 31, 2013**

	<b>Assets</b>		<b>Liabilities</b>	
	<b>(*1)</b>	<b>(*2)</b>	<b>(*1)</b>	<b>(*2)</b>
Nuclear power plant construction in UAE		1,041,002		812,642
Kazakhstan EPC and others	105,802	8,229	98,726	30,907
	105,802	1,049,231	98,726	843,549

(\*1) Included in trade and other receivables, net, in the accompanying consolidated statements of financial position.

(\*2) Included in non-financial liabilities in the accompanying consolidated statements of financial position.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**21. Intangible Assets other than Goodwill****(1) Intangible assets as of of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

	<b>March 31, 2014</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Software	341,587	(447)	(278,688)		62,452
Licenses and franchises	3,398		(3,289)		109
Copyrights, patents rights and other industrial rights	31,258		(7,010)		24,248
Mining rights	505,831		(6,823)		499,008
Development expenditures	724,744	(11,181)	(653,080)		60,483
Intangible assets under development	54,542	(8,190)			46,352
Usage rights of donated assets and other	373,376	(51)	(310,892)		62,433
Leasehold rights	19,112		(18,308)		804
Others	160,097		(66,868)	(12,579)	80,650
	2,213,945	(19,869)	(1,344,958)	(12,579)	836,539

*In millions of won*

	<b>December 31, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Software	335,489	(428)	(269,740)		65,321
Licenses and franchises	3,398		(3,190)		208
Copyrights, patents rights and other industrial rights	31,218		(6,265)		24,953
Mining rights	476,844		(6,286)		470,558
Development expenditures	722,082	(11,705)	(645,928)		64,449
Intangible assets under development	52,050	(7,792)			44,258

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Usage rights of donated assets and other	373,376	(53)	(308,666)		64,657
Leasehold rights	19,112		(18,300)		812
Others	152,917	(1)	(64,889)	(12,579)	75,448
	2,166,486	(19,979)	(1,323,264)	(12,579)	810,664



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(2) Changes in intangible assets for the three-month period ended March 31, 2014 and for the year ended December 31 are as follows:**

*In millions of won*

	<b>March 31, 2014</b>					
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Amortization</b>	<b>Impairment Others</b>	<b>Ending balance</b>
Software	65,751	163		(8,882)	5,867	62,899
(Government grants)	(430)			43	(60)	(447)
Licenses and franchises	208			(99)		109
Copyrights, patents rights and other industrial rights	24,953	23		(736)	8	24,248
Mining rights	470,558	7,989		(403)	20,864	499,008
Development expenditures	76,154	3		(7,127)	2,634	71,664
(Government grants)	(11,705)			1,051	(527)	(11,181)
Intangible assets under development	52,050	4,776			(2,284)	54,542
(Government grants)	(7,792)	(1,064)			666	(8,190)
Usage rights of donated assets and other	64,710			(2,226)		62,484
(Government grants)	(53)			2		(51)
Leasehold rights	812			(8)		804
Others	75,449	138		(1,478)	6,541	80,650
(Government grants)	(1)			1		
	810,664	12,028		(19,862)	33,709	836,539

*In millions of won***December 31, 2013**

	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Amortization</b>	<b>Impairment Others</b>	<b>Ending balance</b>
Software	83,370	12,311		(39,419)	9,489	65,751

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(Government grants)	(199)			160		(391)	(430)
Licences and franchises	844			(636)			208
Copyrights, patents rights and other industrial rights	16,481	587	(1)	(2,130)		10,016	24,953
Mining rights	525,806	27,429		(1,698)		(80,979)	470,558
Development expenditures	80,689	651		(34,892)		29,706	76,154
(Government grants)	(12,371)			5,686		(5,020)	(11,705)
Intangible assets under development	44,316	30,608			(4)	(22,870)	52,050
(Government grants)	(7,305)	(5,845)				5,358	(7,792)
Usage rights of donated assets and other	72,343			(8,798)		1,165	64,710
(Government grants)	(64)			11			(53)
Leasehold rights	847			(35)			812
Others	79,058	3,266	(35)	(6,628)	(263)	51	75,449
(Government grants)	(1)						(1)
	883,814	69,007	(36)	(88,379)	(267)	(53,475)	810,664

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(3) Significant specific intangible assets as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won and thousands of Australian dollars***March 31, 2014**

Type	Description	Currency	Amount	Remaining useful years
Software	ERP system and others	KRW	7,197	1 year and 8 months ~ 1 years and 11 months
Copyrights, patents rights and other industrial rights	Smart technology verification and standard design project conducting right	KRW	8,500	8 years and 6 months
Mining rights	Mining right of Bylong mine	AUD	401,225	(*)
Development expenditures	KOSPO Evolutionary Efficient & Powerful System(KEEPS)	KRW	7,766	3 years and 3 months
Development expenditures	Development of maintenance system for utility plant	KRW	2,071	3 years and 8 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	7,475	
Usage rights of donated assets	Songdo international business district(sector 1, 3) sharing charge	KRW	5,459	3 years and 7 months
Usage rights of donated assets	Dangjin power plant load facility usage right	KRW	44,074	7 years
Others	Shingwangju electricity supply facility usage right	KRW	3,473	5 years and 2 months
Others	Sillim electricity supply facility usage right	KRW	3,424	7 years and 8 months

(\*) Mining rights are amortized using the production method.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(3) Significant specific intangible assets as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of Australian dollars***December 31, 2013**

Type	Description	Currency	Amount	Remaining useful years
Software	ERP system and others	KRW	8,163	1 year and 11 months ~ 2 years and 2 months
Copyrights, patents rights and other industrial rights	Smart technology verification and standard design project conducting right	KRW	8,750	8 years and 9 months
Mining rights	Mining right of Bylong mine	AUD	401,225	(*)
Development expenditures	KOSPO Evolutionary Efficient & Powerful System(KEEPS)	KRW	8,629	3 years and 6 months
Development expenditures	Development of maintenance system for utility plant	KRW	2,212	3 years and 11 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	7,448	
Usage rights of donated assets	Songdo international business district(sector 1, 3) sharing charge	KRW	5,840	3 years and 10 months
Usage rights of donated assets	Dangjin power plant load facility usage right	KRW	45,648	7 years and 3 months
Others	Shingwangju electricity supply facility usage right	KRW	3,641	5 years and 5 months
Others	Sillim electricity supply facility usage right	KRW	3,536	7 years and 11 months

(\* ) Mining rights are amortized using the production method.

**(4) For the three-month periods ended March 31, 2014 and 2013, the Company recognized research and development expenses of 112,005 million and 118,551 million, respectively.**

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**22. Trade and Other Payables**

Trade and other payables as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Trade payables	2,906,187		3,107,082	
Other trade payables	1,213,461	3,107,075	1,475,048	3,068,631
Accrued expenses	1,026,924	2,333	1,076,868	2,318
Leasehold deposits received	1,627		1,636	
Other deposits received	140,648	89,246	115,216	90,055
Finance lease liabilities	112,756	742,259	115,308	769,658
Dividends payable	101,128		1,605	
Others		36,984		40,857
	5,502,731	3,977,897	5,892,763	3,971,519

**23. Borrowings and Debt Securities**

(1) Borrowings and debt securities as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Current liabilities</b>		
Short-term borrowings	926,780	579,327
Current portion of long-term borrowings	805,046	893,532
Current portion of debt securities	6,448,729	6,625,007
Less: Current portion of discount on long-term borrowings	(1,603)	(1,997)
Less: Current portion of discount on debt securities	(2,763)	(8,371)

	8,176,189	8,087,498
<b>Non-current liabilities</b>		
Long-term borrowings	4,490,154	4,555,769
Debt securities	49,033,143	48,367,149
Less : Discount on long-term borrowings	(16,927)	(17,379)
Less : Discount on debt securities	(110,753)	(105,240)
Add: Premium on debt securities	320	353
	53,395,937	52,800,652
	61,572,126	60,888,150



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(2) Short-term borrowings as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

Type	Creditor	March 31, 2014		Foreign currency	Local currency
		Interest rate (%)			
Local short-term borrowings	Korea Exchange Bank and others	2.56 ~ 2.76			245,000
Local commercial paper	Samsung Securities and others	0.65 ~ 2.76			240,500
Foreign short-term borrowings	RBS and others	0.16 ~ 1.11	USD	37,449	400,258
Credit Agricole		3M Libor+0.35	USD	3,471	37,103
Local bank overdraft	Woori Bank	Standard overdraft rate + 1.27			3,919
					926,780

*In millions of won*

Type	Creditor	December 31, 2013		Foreign currency	Local currency
		Interest rate (%)			
Local short-term borrowings	Shinhan Bank and others	2.78			70,000
Local commercial paper	Korea Exchange Bank and others	2.80 ~ 2.85			297,500

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Foreign short-term borrowings	ANZ and others	0.67 ~ 6.50	USD 154,313	162,846
Foreign short-term borrowings	Scotia Bank	TIE + 1.25	USD 5,447	5,748
Local bank overdraft	Woori Bank	Standard overdraft rate + 1.27		43,233

579,327

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won and thousands of foreign currencies*

		<b>March 31, 2014</b>			
<b>Type</b>		<b>Interest rate</b>		<b>Maturity</b>	<b>Foreign</b>
		<b>(%)</b>			<b>currency</b>
					<b>Local</b>
					<b>currency</b>
<b>Local long-term borrowings</b>					
Korea Development Bank	Others	0.5		2014 ~ 2044	7,834
	Facility	4.60		2028	43,600
	Facility	3yr KTB rate	1.25	2027	9,000
Korea Exchange Bank	Commercial Paper	3M CD+ 0.03~0.54		2014 ~ 2016	1,100,000
	Facility	3yr KTB rate	1.25	2021 ~ 2028	11,602
	Facility	4.60		2028	20,000
	Energy rationalization	3yr KTB rate	1.25	2019	1,000
	Energy rationalization	2.75~3.20		2015~2016	7,381
Korea Industrial Bank	Development of power resources	4.00		2016	14,200
	Others	KTB rate	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
	Others	KTB rate	1.25	2014	12,300
	PF Refinancing	CD+1.70		2026	21,613
	PF Refinancing	4.80		2026	11,991
Export-Import Bank of Korea	Project loans	2.00		2026	36,827
Korea Finance Corporation	Facility	1yr KoFC bond rate + 0.20 ~ 0.31		2018 ~ 2019	2,300,000
Korea Resources Corporation	Development of power resources	3yr KTB rate	2.25	2022 ~ 2027	40,741
	Facility	3yr KTB rate	2.25	2023 ~ 2024	5,270
	Project loans			2022 ~ 2027	8,677
	Others	KTB rate-2.25		2022 ~ 2025	19,554

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Shinhan Bank		3yr Corporate bond		
	Facility	AA-+1.10	2028	30,000
Woori Bank	PF Refinancing	CD+1.70	2023 ~ 2026	21,613
	PF Refinancing	4.80	2026	11,991
Others	Facility	4.60~5.80	2025 ~ 2028	158,260
	PF Refinancing	4.80	2026	17,267
	PF Refinancing	CD+1.70	2026	523
	Others	9.00	2015	16,427
	Others		2023~2028	30,689
				3,990,900

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

		<b>March 31, 2014</b>			<b>Foreign</b>	<b>Local</b>
<b>Type</b>		<b>Interest rate</b>	<b>Maturity</b>	<b>currency</b>	<b>currency</b>	
		<b>(%)</b>				
<b>Foreign long-term borrowings</b>						
Korea National Oil Corporation	Project loans		2021 ~ 2023	USD	8,784	9,388
Export-Import Bank of US and others	Project loans	4.48 ~ 8.28	2014	USD	14,662	15,672
JBIC	Project loans	6M Libor + 1.20	2014	USD	4,040	4,318
Export-Import Bank of Korea and others	Direct loans and others	3M Libor + 2.60~3.70	2027	JOD	205,072	309,511
	Commercial Loan and others	3M Libor+ 1.50~2.50	2030~2033	USD	300,754	321,446
SCNT and others	Shareholder s loan	6.50	2033	USD	41,142	43,973
	Shareholder s loan	8.00	2031	JOD	8,498	12,826
PT PJB and others	Shareholder s loan	12.75	2017	IDR	23,362,297	2,198
HSBC and others	Syndicated loan	3M Libor + 0.27~1.50	2014 ~ 2017	USD	374,124	399,865
Others	Others	3M Libor+0.95	2017	USD	162,092	173,245
	Others		2019	USD	11,041	11,802
	Others	3M Euribor + 4.5%	2018	EUR	38	56
						1,304,300
						5,295,200
Less : Discount of long-term borrowings						(18,530)
Less : Current portion of long-term borrowings						(805,046)
Add : Current portion of discount of long-term borrowings						1,603



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

		December 31, 2013			Foreign	Local
Type		Interest rate		Maturity	currency	currency
		(% )				
<b>Local long-term borrowings</b>						
Korea Development Bank	Others	0.50		2014~2044		8,109
	Facility	4.60		2028		43,600
	Facility	3yr KTB rate	1.25	2027		9,000
Korea Exchange Bank	Commercial Paper	3M CD + 0.03~0.54		2014~2016		1,300,000
	Facility	3yr KTB rate	1.75	2021		11,779
	Facility	4.60		2028		20,000
	Energy rationalization	3yr KTB rate	1.75	2015~2019		1,050
	Energy rationalization	2.75 ~ 3.20		2015~2016		7,381
Korea Industrial Bank	Development of power resources	4.00		2016		14,200
	Others	3yr KTB rate	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
	Others	3yr KTB rate	1.25	2024~2025		12,300
	PF Refinancing	CD+1.7%		2026		21,613
	PF Refinancing	4.80		2026		11,991
Export-Import Bank of Korea	Project loans	2.00		2026		36,827
Korea Finance Corporation	Facility	1yr KoFC bond rate + 0.20 ~ 0.31		2018~2019		2,300,000
Korea Resources Corporation	Development of power resources	3yr KTB rate	2.25	2014~2027		64,202
	Facility	0.75 ~ 1.75		2023		5,355
Project loans						8,677
	Others	3yr KTB rate	2.25	2024~2025		13,707

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Shinhan Bank and others	Facility	3yr AA-CB rate + 1.10	2028	30,000
Woori Bank	PF Refinancing	CD+1.7%	2026	21,613
	PF Refinancing	4.80	2026	11,991
Others	Facility	4.60~5.80	2025~2028	159,200
	PF Refinancing	4.80	2026	17,267
	PF Refinancing	CD+1.7%	2026	524
	Others	3yr KTB rate 2.25	2023~2028	30,774

4,193,700



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

Type		December 31, 2013		Maturity	Foreign currency	Local currency	
		Interest rate (%)					
<b>Foreign long-term borrowings</b>							
Korea National Oil Corporation	Project loans	3yr KTB rate	2.25		USD	8,784	9,270
Export-Import Bank of US	Project loans		4.48	2014	USD	5,598	5,908
JBIC	Project loans		6M Libor +1.2	2014	USD	10,301	10,870
Export-Import Bank of Korea and others	Project loans		7.20	2014	USD	2,803	2,958
	Term loan		LIBOR + 2.25	2033	USD	151,921	160,322
	Direct loan and others		LIBOR + 2.6~3.7	2027	JOD	129,975	194,062
Proparco and others	Shareholder's loan		LIBOR + 3.7	2027	USD	106,249	112,125
PT PJB	Shareholder's loan		8.00	2031	JOD	8,498	12,688
	Shareholder's loan		6.50		USD	31,876	33,639
SMBC and others	Shareholder's loan		12.75	2017	IDR	22,446,293	1,939
	Commercial loan and others		LIBOR + 1.5~2.5	2030~2033	USD	131,603	138,881
HSBC and others	Syndicated loan		3M Libor+0.27~ 1.50	2014~2017	USD	374,124	394,813
Others	Others			2019~2031	USD	11,276	11,900
	Others		LIBOR + 0.95		USD	157,516	166,226
							1,255,601
							5,449,301

Less : Discount of long-term borrowings	(19,376)
Less : Current portion of long-term borrowings	(893,532)
Add : Current portion of discount of long-term borrowings	1,997
	4,538,390

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(4) Local debt securities as of March 31, 2014 and December 31, 2013 are as follows:***In  
millions  
of won*

	Issue date	Maturity	Interest rate (%)	March 31, 2014	December 31, 2013
Electricity Bonds	2008.06.05 ~ 2013.06.28	2014.04.28 ~ 2032.08.06	2.77 ~ 7.19	26,310,000	27,290,000
Electricity Bonds	2010.05.28 ~ 2013.06.25	2015.05.28~ 2018.06.25	3M CD + 0.25 ~ 1.05	1,160,000	1,160,000
Corporate Bonds	2008.11.13 ~ 2014.03.26	2014.04.19~ 2040.12.10	2.60 ~ 7.18	16,030,010	15,150,010
				43,500,010	43,600,010
Less : Discount on local debt securities				(39,637)	(37,675)
Less : Current portion of local debt securities				(4,350,000)	(4,250,000)
Add : Current portion of discount on local debt securities				1,012	679
				39,111,385	39,313,014

**(5) Foreign debt securities as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

Type	Issue date	Maturity	Interest rate (%)	March 31, 2014	
				Foreign currency	Local currency
FY-96	1996.04.01~1996.12.06	2026.12.06~2096.04.01	6.00~8.37	USD 250,022	267,223

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FY-97	1997.01.31~2027.01.31	2027.01.31~2027.08.04	6.75~7.00	USD	314,717	336,370
FY-04(*)	2004.04.21~2004.07.21	2014.07.21~2034.04.21	5.13~5.75	USD	450,000	480,960
FY-06	2006.03.14~2006.09.29	2016.03.14~2016.09.29	5.50~6.00	USD	650,000	694,720
FY-08	2008.11.27	2018.11.27	4.19	JPY	20,000,000	207,746
FY-09	2009.06.17~2009.07.21	2014.06.17~2014.07.21	5.50~6.25	USD	1,500,000	1,603,200
FY-10	2010.09.16~2010.10.05	2015.09.16~2015.10.05	3.00~3.13	USD	1,200,000	1,282,560
FY-10	2010.07.29~2010.11.18	2015.07.29~2015.11.18	3M Libor+1.00~1.64	USD	250,000	267,200
FY-11	2011.07.13~2011.07.29	2017.01.30~2021.07.13	3.63~4.75	USD	800,000	855,040
FY-11	2011.02.18~2011.04.15	2014.04.15~2011.04.15	3M USD Libor+0.80~1.00	USD	300,000	320,640
FY-12	2012.05.10~2012.09.19	2017.05.10~2022.09.19	2.50~3.13	USD	1,750,000	1,870,400
FY-13	2013.02.05~2013.11.27	2018.02.05~2018.11.27	1.88~3.16	USD	1,900,000	2,030,720
FY-13	2013.09.26~2013.10.23	2019.03.26~2019.04.23	1.50 ~ 1.63	CHF	400,000	481,820
FY-13	2013.09.25	2020.09.25	5.75	AUD	325,000	321,344
FY-13	2013.02.20~2013.07.25	2018.02.20~2018.07.25	3M Libor+0.84~1.50	USD	500,000	534,400
FY-14	2014.02.11	2019.02.11	2.75	USD	300,000	320,640
FY-14	2014.01.28	2017.01.28	3M Libor+105bp	USD	100,000	106,879

11,981,862

Less : Discount on foreign debt securities	(73,879)
Add : Premium on foreign debt securities	320
Less : Current portion of foreign debt securities	(2,098,729)
Add : Current portion of discount on foreign debt securities	1,751

9,811,325

(\*) For Global 4 in FY-04, early redemption of USD 13,080,000 was requested during the three-month period ended March 31, 2014 and remaining amount has been converted to non-current portion based on the redemption date (April 23, 2014).

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(5) Foreign debt securities as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

				<b>December 31, 2013</b>		
<b>Type</b>	<b>Issue date</b>	<b>Maturity</b>	<b>Interest rate (%)</b>	<b>Foreign currency</b>	<b>Local currency</b>	
FY-96	1996.04.01~1996.12.06	2026.12.06~2096.04.01	6.00~8.37	USD	250,022	263,848
FY-97	1997.01.31~1997.08.04	2027.01.31~2027.08.04	6.75~7.00	USD	314,717	332,121
FY-04(*)	2004.04.21~2004.07.21	2014.07.21~2034.04.21	5.13~5.75	USD	450,000	474,885
FY-06	2006.03.14~2006.09.29	2016.03.14~2016.09.29	5.50~6.00	USD	650,000	685,945
FY-08	2008.11.27	2018.11.27	4.19	JPY	20,000,000	200,932
FY-09	2009.06.17~2009.07.21	2014.06.17~2014.07.21	5.50~6.25	USD	1,500,000	1,582,950
FY-10	2010.09.16~2010.10.05	2015.09.16~2015.10.05	3.00~3.13	USD	1,200,000	1,266,360
FY-10	2010.07.29~2010.11.18	2015.07.29~2015.11.18	3M USD Libor+1.00~1.64	USD	250,000	263,825
FY-11	2011.07.13~2011.07.29	2017.01.29~2021.07.13	3.63~4.75	USD	800,000	844,240
FY-11	2011.02.18~2011.04.15	2014.04.15~2014.09.17	3M USD Libor+0.80~1.00	USD	300,000	316,590
FY-12	2012.05.10~2012.09.19	2017.05.10~2022.09.19	2.50~3.00	USD	1,750,000	1,846,775
FY-13	2013.02.20~2013.07.25	2018.02.20~2018.07.25	3M USD Libor+0.84~1.5	USD	500,000	527,650
FY-13	2013.09.25	2020.09.25	5.75	AUD	325,000	305,487
FY-13	2013.09.26~2013.10.23	2019.03.26~2019.04.23	1.50~1.63	CHF	400,000	475,468
FY-13	2013.02.05~2013.11.27	2018.02.05~2018.11.27	1.88~3.16	USD	1,900,000	2,005,070
						11,392,146
Less : Discount on foreign debt securities						(75,936)
Add : Premium on foreign debt securities						353
Less : Current portion of foreign debt securities						(2,375,007)
Add : Current portion of discount on foreign debt securities						7,692
						8,949,248

(\* Global 4 in FY-04 can be redeemed on April 23, 2014 if bond holders claim the redemption from February 7, 2014 (75 days) to February 22, 2014 (60 days).

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**24. Finance Lease Liabilities****(1) Lease contracts**

The Company enters into a power purchase agreements ( PPA ) under which the Company 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 Company 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 March 31, 2014 and December 31, 2013 are as follows and are included in current and non-current trade and other payables, net, in the accompanying consolidated statements of financial position:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</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	196,604	112,756	202,309	115,308
1 ~ 5 years	692,653	505,599	716,928	521,031
More than 5 years	359,814	236,660	381,742	248,627
	1,249,071	855,015	1,300,979	884,966

**(3) Current and non-current portion of financial lease liabilities as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
---------------------------	-----------------------	--------------------------

Current finance lease liabilities	112,756	115,308
Non-current finance lease liabilities	742,259	769,658
	855,015	884,966

- (4) Lease payments recognized as an expense from a lessee position for the three-month periods ended March 31, 2014 and 2013 are as follows:

<i>In millions of won</i>	March 31, 2014	March 31, 2013
Minimum lease payment	63,080	69,720
Contingent rent payment	(4,607)	(4,054)

- (5) The Company does not have any irrevocable operating lease contracts as of March 31, 2014 and December 31, 2013.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**25. Employment Benefits****(1) Employment benefit obligations as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Defined benefit obligations	2,120,216	2,064,505
Other long-term employee benefit obligations	74,311	72,791
	<b>2,194,527</b>	<b>2,137,296</b>

**(2) Principal assumptions on actuarial valuation as of March 31, 2014 and December 31, 2013 are as follows:**

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Discount rate	3.70% ~ 4.00%	3.72% ~ 4.12%
Future salary and benefit levels	5.45%	4.80%
Weighted average duration	13.08 years	12.90 years

**(3) Details of expense relating to defined benefit plans for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Current service cost	76,307	84,160
Interest cost	25,807	24,292
Expected return on plan assets	(5,603)	(3,430)
Others		
	<b>96,511</b>	<b>105,022</b>

**Expenses as described above are recognized in those items below in the financial statements.**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Cost of sales	69,316	74,898
Selling and administrative expenses	17,729	18,586
Others (Construction-in-progress and others)	9,466	11,538
	96,511	105,022

In addition, for the three-month period ended March 31, 2014 and 2013, employee benefit obligations expenses of 11,411 million and 10,415 million, respectively, is recognized as cost of sales, and 967 million and 1,449 million, respectively, is recognized as selling and administrative expenses, and 3,384 million and 2,544 million, respectively relates to the Company's defined contribution plans.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**25. Employment Benefits, Continued****(4) Details of defined benefit obligations as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Present value of defined benefit obligation from funded plans	2,686,679	2,629,057
Fair value of plan assets	(566,461)	(564,552)
	2,120,218	2,064,505
Present value of defined benefit obligation from unfunded plans		
Net liabilities incurred from defined benefit plans	2,120,218	2,064,505

**(5) Changes in the present value of defined benefit obligations for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Beginning balance	2,629,057	2,542,207
Current service cost	76,307	348,945
Interest cost (*)	25,807	100,315
Remeasurement component	22,115	(204,478)
Actual payments	(67,574)	(157,711)
Others	967	(221)
Ending balance	2,686,679	2,629,057

(\* ) Corporate bond (AAA rated) yield at year-end is applied to the interest cost on employee benefit obligations.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**25. Employment Benefits, Continued****(6) Changes in the fair value of plan assets for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Beginning balance	564,552	472,342
Expected return	5,603	15,975
Remeasurement component	(1,180)	243
Contributions by the employers	113	90,011
Contributions by the employees		11,709
Actual payments	(2,769)	(25,532)
Others	142	(196)
Ending balance	566,461	564,552

In addition, gain or loss on accumulated remeasurement component amounted to (40,065) million and 39,591 million and has been recognized as other comprehensive income for the three-month period ended March 31, 2014 and December 31, 2013, respectively.

**(7) Details of the fair value of plan assets as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Equity instruments	28,525	35,463
Debt instruments	133,392	124,056
Bank deposit	109,191	117,626
Others	295,353	287,407
	566,461	564,552

For the three-month period ended March 31, 2014 and the year ended December 31, 2013, actual returns on plan assets are amounted to 4,423 million and 16,218 million, respectively.

**(8) Remeasurement component recognized in other comprehensive income for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Actuarial gain from changes in demographic assumptions		100,715
Actuarial gain (loss) from changes in financial assumptions	13,804	(351,257)
Experience adjustments	8,311	46,064
Expected return	1,180	(243)
	<b>23,295</b>	<b>(204,721)</b>

Remeasurement component recognized as other comprehensive income is recorded in retained earnings.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**26. Provisions****(1) Provisions as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Employment benefits	858,530		777,419	
Provision for employment benefits	858,530		777,419	
Litigation		23,161		23,720
Litigation provisions		23,161		23,720
Decommissioning cost		12,695,307		12,568,622
Nuclear plants		9,998,618		9,887,621
Spent fuel		1,228,390		1,211,440
Waste		1,254,365		1,249,062
PCBs		213,131		219,704
Other recovery provisions		803		795
Others	374,622	8,466	336,398	9,972
Power plant regional support program	116,766		112,498	
Provisions for tax		649		649
Provisions for financial guarantee		7,023		8,789
Provisions for RPS	257,114		223,259	
Others	742	794	641	534
	1,233,152	12,726,934	1,113,817	12,602,314

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**26. Provisions, Continued**

(2) **Changes in provisions for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>					<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Accretion expenses</b>	<b>Payment</b>	<b>Reversal</b>	<b>Other</b>	
Employment benefits	777,419	185,524	(104,413)			858,530
Provision for employment benefits	777,419	185,524	(104,413)			858,530
Litigation	23,720	7,437	(5,937)	(2,059)		23,161
Litigation provisions	23,720	7,437	(5,937)	(2,059)		23,161
Decommissioning cost	12,568,622	243,923	(115,083)	(4,614)	92	12,695,307
Nuclear plants	9,887,621	110,997				9,998,618
Spent fuel	1,211,440	127,715	(110,765)			1,228,390
Waste	1,249,062	5,211			92	1,254,365
PCBs	219,704	2,359	(4,318)	(4,614)		213,131
Other recovery provisions	795	8				803
Others	346,371	101,022	(38,982)	(19,376)	(5,947)	383,088
Power plant regional support program	112,498	9,462	(8,400)		3,206	116,766
Provisions for tax	649					649
Provisions for financial guarantee	8,789			(673)	(1,093)	7,023
Provisions for RPS	223,260	91,173	(30,576)	(18,685)	(8,058)	257,114
Others	1,175	387	(6)	(18)	(2)	1,536
	13,716,132	540,273	(264,415)	(26,049)	(5,855)	13,960,086



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**26. Provisions, Continued****(2) Changes in provisions for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

	Beginning balance	Accretion expenses	December 31, 2013			Ending balance
			Payment	Reversal	Other	
Employment benefits	816,612	625,921	(574,900)	(90,214)		777,419
Provision for employment benefits	816,612	625,921	(574,900)	(90,214)		777,419
Litigation	26,697	17,610	(8,874)	(11,713)		23,720
Litigation provisions	26,697	17,610	(8,874)	(11,713)		23,720
Decommissioning cost	12,133,393	872,465	(437,859)		623	12,568,622
Nuclear plants	9,462,723	424,910	(12)			9,887,621
Spent fuel	1,207,842	407,236	(403,638)			1,211,440
Waste	1,242,396	29,490	(23,447)		623	1,249,062
PCBs	219,669	10,797	(10,762)			219,704
Other recovery provisions	763	32				795
Others	169,019	261,076	(97,788)	(3,153)	17,217	346,371
Power plant regional support program	106,763	35,952	(43,325)		13,108	112,498
Provisions for tax	3,900		(3,251)			649
Provisions for financial guarantee	9,086	1,667		(1,964)		8,789
Provisions for RPS	48,795	222,824	(51,451)	(1,130)	4,222	223,260
Others	475	633	239	(59)	(113)	1,175
	13,145,721	1,777,072	(1,119,421)	(105,080)	17,840	13,716,132

**27. Government Grants****(1) Government grants as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Land	(3,085)	(3,137)
Buildings	(45,354)	(45,396)
Structures	(196,052)	(193,189)
Machinery	(100,061)	(101,808)
Vehicles	(72)	(83)
Equipment	(902)	(707)
Tools	(262)	(312)
Construction-in-progress	(131,665)	(117,728)
Investment properties	(10)	(13)
Software	(447)	(428)
Development expenditures	(11,181)	(11,705)
Intangible assets under development	(8,190)	(7,792)
Usage rights of donated assets and other	(51)	(53)
Others		(1)
	(497,332)	(482,352)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**27. Government Grants, Continued**

- (2) **Changes in government grants for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

	<b>Beginning balance</b>	<b>Receipt</b>	<b>Acquisition</b>	<b>March 31, 2014 Offset the items of depreciation expense and others</b>	<b>Disposal</b>	<b>Others</b>	<b>Ending balance</b>
Land	(3,137)				53	(1)	(3,085)
Buildings	(45,396)			831		(789)	(45,354)
Structures	(193,189)			2,205	192	(5,260)	(196,052)
Machinery	(101,808)			2,422	103	(778)	(100,061)
Vehicles	(83)			11			(72)
Equipment	(707)			95		(290)	(902)
Tools	(312)			50			(262)
Construction-in-progress	(117,728)		1,578			(15,515)	(131,665)
Investment properties	(13)					3	(10)
Software	(428)			43		(62)	(447)
Development expenditures	(11,705)			1,051		(527)	(11,181)
Intangible assets under development	(7,792)		666			(1,064)	(8,190)
Usage rights of donated assets and other	(53)			2			(51)
Others	(1)			1			
	(482,352)		2,244	6,711	348	(24,283)	(497,332)

*In millions of won*

**December 31, 2013**

**Receipt    Acquisition                      Disposal    Others**

	<b>Beginning balance</b>		<b>Offset the items of depreciation expense and others</b>			<b>Ending balance</b>	
Cash	(29,741)	(92,000)				121,741	
Land	(3,106)					(31)	(3,137)
Buildings	(44,387)			3,943		(4,952)	(45,396)
Structures	(177,173)			8,389	1,733	(26,138)	(193,189)
Machinery	(105,112)			9,507	376	(6,579)	(101,808)
Vehicles	(128)			45			(83)
Equipment	(922)			311		(96)	(707)
Tools	(192)			155		(275)	(312)
Construction-in-progress	(94,676)	25,669				(48,721)	(117,728)
Investment properties	(243)			3		227	(13)
Software	(198)			160		(390)	(428)
Development expenditures	(12,371)			5,686		(5,020)	(11,705)
Intangible assets under development	(7,305)	5,358				(5,845)	(7,792)
Usage rights of donated assets and other	(64)			11			(53)
Others	(1)						(1)
	(475,619)	(92,000)	31,027	28,210	2,109	23,921	(482,352)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**28. Deferred Revenues**

**Deferred revenue related to the Company's construction contracts as of March 31, 2014 and December 31, 2013 are as follows and included in current and non-current non-financial liabilities in the accompanying consolidated statements of financial position:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Beginning balance	6,506,639	6,031,311
Increase during the current year	147,492	800,618
Offset during the current year	(85,745)	(325,290)
Ending balance	6,568,386	6,506,639

**29. Non-financial Liabilities**

**Non-financial liabilities as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Advance received	4,033,043	599,977	3,533,965	632,661
Unearned revenue	53,186	102,659	46,546	108,222
Deferred revenue	328,386	6,240,000	323,463	6,183,176
Withholdings	233,838	43,708	257,365	43,280
Others	622,261	18,384	569,292	18,302
	5,270,714	7,004,728	4,730,631	6,985,641

**30. Contributed Capital**

**(1) Details of shares issued as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won except share information*

	Shares authorized	Shares issued	March 31, 2014			Total
			Par value per share	Owned by government(*)	Owned by others	
Common shares	1,200,000,000	641,964,077	5,000	1,640,385	1,569,435	3,209,820

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

*In millions of won except  
share information*

	Shares authorized	Shares issued	December 31, 2013			Total
			Par value per share	Owned by government(*)	Owned by others	
Common shares	1,200,000,000	641,964,077	5,000	1,640,385	1,569,435	3,209,820

**(2) There were no changes in number of outstanding capital stock for the three-month period ended March 31, 2014 and for the year ended December 31, 2013.**

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**30. Contributed Capital, Continued****(3) Details of share premium as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Share premium	843,758	843,758

**31. Retained Earnings and Dividends Paid****(1) Details of retained earnings as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Legal reserve (*)	1,604,910	1,603,919
Voluntary reserves	22,999,359	22,753,160
Retained earnings before appropriations	8,623,100	8,409,007
Retained earnings	33,227,369	32,766,086

(\*) The KEPCO Act requires KEPCO 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 Company'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.

**(2) Details of voluntary reserves as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
	5,277,449	5,277,449

Reserve for investment on social overhead capital		
Reserve for research and human development(*)	330,000	330,000
Reserve for business expansion	17,181,910	16,935,711
Reserve for equalizing dividends	210,000	210,000
	22,999,359	22,753,160

(\*) The reserve for research and human development is appropriated by the Company 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 three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Beginning balance	32,766,086	32,564,283
Net loss for the period attributed to owner of the Company	532,262	60,011
Changes in equity method retained earnings	(206)	7,671
Actuarial profits(losses)	(14,700)	134,121
Dividend paid	(56,073)	
Ending balance	33,227,369	32,766,086



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (4) Dividends paid for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

*In millions of won except share information*

	Number of shares issued	Number of treasury stocks	March 31, 2014		
			Number of shares eligible for dividends	Dividends Paid	Dividends paid per share
Common shares	641,964,077	18,929,995	623,034,082	90	56,073

*In millions of won except share information*

	Number of shares issued	Number of treasury stocks	December 31, 2013		
			Number of shares eligible for dividends	Dividends Paid	Dividends paid per share
Common shares	641,964,077	18,929,995	623,034,082		

- (5) Changes in retained earnings of investments in associates and joint ventures for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follow:

<i>In millions of won</i>	March 31, 2014	December 31, 2013
Beginning balance	(233)	(7,904)
Changes	(688)	7,671
Income tax effect	482	
Ending balance	(439)	(233)

- (6) Changes in remeasurement components for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follow:

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Beginning balance	39,591	(76,088)
Changes	(23,115)	207,761
Income tax effect	8,415	(73,640)
Transfer to reserve for business expansion	(64,956)	(18,442)
Ending balance	(40,065)	39,591

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**32. Hybrid Bonds**

Korea Western Power Co., Ltd. and Korea South-East Power Co., Ltd. which are wholly owned subsidiaries of the Company, issued bond-type hybrid bonds for the three-month period ended March 31, 2014. Bond-type hybrid securities classified as equity (non-controlling interest) as of March 31, 2014 are as follows:

*In millions of won*

<b>Issuer</b>	<b>Hybrid Bond</b>	<b>Issued date</b>	<b>Maturity</b>	<b>Yield (%)</b>	<b>Amount</b>
Korea Western Power Co., Ltd.	1st bond-type			5yr government	
	hybrid bond	2012.10.18	2042.10.18	bond rate+1.20	100,000
Korea South-East Power Co., Ltd.	1st bond-type				
	hybrid bond	2012.12.07	2042.12.06	4.38	170,000
Korea South-East Power Co., Ltd.	2nd bond-type				
	hybrid bond	2012.12.07	2042.12.06	4.44	230,000
Expense of Issuance					(1,340)
					498,660

Although these instruments have contractual maturity dates, the contractual agreements allow the Company to indefinitely extend the maturity dates and defer the payment of interest without modification to the other terms of the instruments. When the Company decides to not pay dividends on ordinary shares, the Company is not required to pay interest on the hybrid bonds.

Substantially, as these instruments have no contractual obligation to pay principal and interest, these instruments have been classified as equity (non-controlling interest).

**33. Other Components of Equity**

**(1) Other components of equity of the parent as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Other capital surpluses	828,121	830,982
Accumulated other comprehensive income	34,185	55,538
Treasury stocks	(741,489)	(741,489)
Other equity	13,294,973	13,294,973
	<b>13,415,790</b>	<b>13,440,004</b>

**(2) Changes in other capital surpluses for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>			<b>December 31, 2013</b>		
	<b>Gains on disposal of treasury stocks</b>	<b>Others</b>	<b>Subtotal</b>	<b>Gains on disposal of treasury stocks</b>	<b>Others</b>	<b>Subtotal</b>
Beginning balance	303,028	527,954	830,982	303,028	402,420	705,448
Disposal of subsidiary					183,522	183,522
Issuance of share capital of subsidiary		(2,861)	(2,861)		(155)	(155)
Change in consolidation scope					(10,224)	(10,224)
Income tax effect					(47,609)	(47,609)
Ending balance	303,028	525,093	828,121	303,028	527,954	830,982

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(3) **Changes in accumulated other comprehensive income for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

	<b>March 31, 2014</b>				
	<b>Available-for-sale financial asset valuation</b>	<b>Shares in other comprehensive income of associates and joint ventures</b>	<b>Reserve for overseas operations translation credit</b>	<b>Reserve for gain (loss) on valuation of derivatives</b>	<b>Total</b>
Beginning balance	62,614	182,261	(170,679)	(18,658)	55,538
Changes in the unrealized fair value of available-for-sale financial assets, net of tax	(16,545)				(16,545)
Shares in other comprehensive income of associates and joint ventures, net of tax		(53,681)			(53,681)
Foreign currency translation of foreign operations, net of tax			48,417		48,417
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax				456	456
Ending balance	46,069	128,580	(122,262)	(18,202)	34,185

*In millions of won*

	<b>December 31, 2013</b>				
	<b>Available-for-sale financial asset valuation</b>	<b>Shares in other comprehensive income of</b>	<b>Reserve for overseas operations translation</b>	<b>Reserve for gain (loss) on</b>	<b>Total</b>

	reserve	investments in associates and joint ventures	credit	valuation of derivatives	
Beginning balance	(23,929)	143,558	(70,107)	(37,565)	11,957
Changes in the unrealized fair value of available- for-sale financial assets, net of tax	86,543				86,543
Shares in other comprehensive income of associates and joint ventures, net of tax		38,703			38,703
Foreign currency translation of foreign operations, net of tax			(100,572)		(100,572)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax				18,907	18,907
Ending balance	62,614	182,261	(170,679)	(18,658)	55,538

(4) There were no changes in treasury stocks for the three-month period ended March 31, 2014 and for the year ended December 31, 2013.

(5) Changes in other equity for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	March 31, 2014	December 31, 2013
Statutory revaluation reserve	13,294,973	13,295,098
Changes in other equity		(125)
	13,294,973	13,294,973

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**34. Sales**

Details of sales for the three-month periods ended March 31, 2014 and 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>March 31, 2013</b>	
	<b>Domestic</b>	<b>Overseas</b>	<b>Domestic</b>	<b>Overseas</b>
Sales of goods	14,011,418	62,158	13,179,178	55,181
Electricity	13,746,527		12,921,178	
Heat supply	129,575		128,641	
Others	135,316	62,158	129,359	55,181
Sales of service	28,822	35,756	47,316	33,056
Sales of construction Services	38,645	510,103	24,087	381,693
Revenue related to transfer of assets from customers	85,745		78,587	
	14,164,630	608,017	13,329,168	469,930

**35. Selling and Administrative Expenses**(1) **Composition of selling and administrative expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Salaries	140,883	156,628
Retirement benefit expense	18,632	20,035
Welfare and benefit expense	23,224	23,085
Insurance expense	2,880	1,895
Depreciation	16,467	16,613
Amortization of intangible assets	10,709	12,635
Bad debt expense (Reversal of allowance for bad debts)	501	(2,308)

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Commission	122,514	113,085
Advertising expense	4,486	6,956
Training expense	1,173	1,474
Vehicle maintenance expense	2,834	3,086
Publishing expense	681	773
Business promotion expense	793	915
Rent expense	8,434	8,640
Telecommunication expense	6,288	6,305
Transportation expense	84	93
Taxes and dues	7,000	4,497
Expendable supplies expense	901	1,006
Water, light and heating expense	2,694	2,870
Repairs and maintenance expense	6,959	2,394
Ordinary development expense	34,830	36,876
Travel expense	3,211	3,595
Clothing expense	102	21
Survey and analysis expense	147	119
Membership fee	351	302
Sales promotional expense	1	
Others	19,070	20,054
	435,849	441,644



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**36. Other Non-operating Income and Expense****(1) Other income for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Reversal of other provisions	2,060	152
Gains on assets contributed	20	34
Gains on liabilities exempted	782	
Compensation and reparations revenue	10,916	23,372
Gains on electricity infrastructure development fund	1,958	10,464
Revenue from research contracts	375	994
Rental income	48,481	47,414
Others	6,131	5,629
	<b>70,723</b>	<b>88,059</b>

**(2) Other expense for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Accretion expenses of other provisions	105	35
Depreciation expenses on investment properties	183	226
Depreciation expenses on idle assets	1,663	1,658
Other bad debt expense	11,870	5,800
Donations	7,027	7,323
Others	2,211	2,171
	<b>23,059</b>	<b>17,213</b>



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**37. Other Gains (Losses)****(1) Composition of other gains (losses) for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Gains on disposal of property, plant and equipment	7,416	12,746
Gains on foreign currency translation	2,507	1,350
Gains on foreign currency transaction	10,914	11,135
Others	52,906	54,490
Losses on disposal of property, plant and equipment	(2,944)	(11,222)
Impairment loss on property, plant and equipment		(1,161)
Impairment loss on intangible assets		(2)
Losses on foreign currency translation	(1,619)	(5,465)
Losses on foreign currency transaction	(13,676)	(22,457)
Others	(14,422)	(8,410)
	<b>41,082</b>	<b>31,004</b>

**38. Finance Income****(1) Finance income for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Interest income	48,195	50,662
Dividends income	12,525	11,239
Gains on valuation of derivatives	153,465	304,251

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Gains on transaction of derivatives	37,415	39,695
Gains on foreign currency translation	19,483	23,642
Gains on foreign currency transaction	6,975	7,239
	278,058	436,728

- (2) **Interest income included in finance income for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Cash and cash equivalents	12,242	15,889
Available-for-sale financial assets	108	527
Held-to-maturity investments	17	16
Loans and receivables	6,020	12,691
Short-term financial instrument	3,927	6,115
Long-term financial instrument	110	5
Other financial assets	305	7
Trade and other receivables	25,466	15,412
	48,195	50,662

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**39. Finance expenses****(1) Finance expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Interest expense	597,046	595,282
Losses on sale of financial assets	2	
Losses on valuation of derivatives	9,819	15,254
Losses on transaction of derivatives	25,279	24,897
Losses on foreign currency translation	165,047	405,549
Losses on foreign currency transaction	4,928	18,561
	<b>802,121</b>	<b>1,059,543</b>

**(2) Interest expense included in finance expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Trade and other payables	22,376	26,222
Short-term borrowings	4,522	7,810
Long-term borrowings	44,424	54,656
Debt securities	589,852	535,328
Other financial liabilities	147,123	140,725
	<b>808,297</b>	<b>764,741</b>
Less: Capitalized borrowing costs	(211,251)	(169,459)
	<b>597,046</b>	<b>595,282</b>

Capitalization rates for the three-month periods ended March 31, 2014 and 2013 are 3.43% ~ 4.44% and 2.41% ~ 4.94%, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes****(1) Income tax expense for the three-month periods ended March 31, 2014 and 2013 are as follows:**

*In millions of won*

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Current income tax expense</b>		
Payment of income tax	204,100	270,549
Adjustment recognized in the period for current tax of prior period	(6,760)	79,270
Current income tax directly recognized in equity	22,875	42,109
	<b>220,215</b>	<b>391,928</b>
<b>Deferred income tax expense</b>		
Generation and realization of temporary differences	158,161	(156,997)
Recognition of unrecognized tax losses in the past, tax credit and temporary differences before prior year	(1,741)	(32,817)
Changes in deferred tax on tax losses incurred in the period	(50,008)	(154,494)
Tax credit carry forwards	14,029	
	<b>120,441</b>	<b>(344,308)</b>
Income tax expense	<b>340,656</b>	<b>47,620</b>

**(2) Reconciliation between actual income tax expense (benefit) and amount computed by applying the statutory tax rate of 24.2% to income before income taxes for the three-month periods ended March 31, 2014 and 2013 are as follows:**

*In millions of won*

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Income before income tax expense	901,927	208,045
Income tax benefit computed at applicable tax rate of 24.2%	218,266	50,347
<b>Adjustments</b>		
Additional payment of income taxes or receipt of income tax refunds	1,522	3,549
Effect of applying gradual tax rate	1,724	(652)
Effect of non-taxable revenue	(32,725)	(106,233)
Effect of non-deductible expenses	4,779	4,345
Effects of tax credits and deduction	(12,378)	(12,816)
Recognition of unrecognized tax losses in the past, tax credit, and temporary differences before prior year	(1,988)	(36,785)
Consolidated deferred income tax	162,778	141,683
Others, net	(1,322)	4,182
	122,390	(2,727)
<b>Income tax expense</b>	<b>340,656</b>	<b>47,620</b>
Effective tax rate	37.8%	22.8%



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes, Continued**

- (3) **Deferred income tax directly adjusted to shareholders' equity (except for accumulated other comprehensive income) for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Dividends of hybrid securities	1,308	1,139
	1,308	1,139

- (4) **Income tax recognized as accumulated other comprehensive income for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Income tax recognized as accumulated other comprehensive income		
Gain (loss) on valuation of available-for-sale financial assets	10,342	2,781
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	2,367	(1,277)
Actuarial losses on employee benefit obligations	8,415	48,304
Investments in associates	482	(8,838)
Others	(39)	
	21,567	40,970

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes, Continued**

(5) **Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

	Beginning balance	Amounts recognized in profit or loss	March 31, 2014 Amount recognized in other comprehensive income	Amounts recognized directly in equity	Ending balance
<b>Deferred income tax on temporary differences</b>					
Employee benefits	518,681	18,851	8,415		545,947
Cash flow hedge	51,991	(26,477)	2,367		27,881
Investments in associates or subsidiaries	(5,227,034)	84,684	482		(5,141,868)
Property, plant and equipment	(6,061,613)	(52,170)			(6,113,783)
Finance lease	(142,081)	(6,177)			(148,258)
Intangible assets	10,242	2,104			12,346
Financial assets at fair value through profit or loss	83,645	(20,848)			62,797
Available-for-sale financial assets	(101,088)	5,291	10,342		(85,455)
Deferred revenue	244,806	(8,078)			236,728
Provisions	3,150,908	31,311			3,182,219
Doubtful receivables	59				59
Other finance liabilities	25,856	2,458		1,308	29,622
Gain (loss) on foreign exchange translation	(19,164)	930			(18,234)
Allowance for doubtful accounts	7,314	7,330			14,644
Accrued income	(1,248)	(2,600)			(3,848)
Special deduction	(194,785)	34			(194,751)
Impairment of non-current assets	86,720				86,720
Reserve for research and human development	(43,143)	(2,009)			(45,152)
Others	409,436	(206,527)	(39)		202,870

	(7,200,498)	(171,893)	21,567	1,308	(7,349,516)
<b>Deferred income tax on unused tax losses and tax credit</b>					
Tax losses	2,501,349	42,247			2,543,596
Tax credit	56,099	(13,670)			42,429
	2,557,448	28,577			2,586,025
	(4,643,050)	(143,316)	21,567	1,308)	(4,763,491)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes, Continued**

- (5) **Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

	Beginning balance	December 31, 2013			Ending balance
		Amounts recognized in profit or loss	Amount recognized in other comprehensive income	Amounts recognized directly in equity	
<b>Deferred income tax on temporary differences</b>					
Employee benefits	547,115	45,213	(73,647)		518,681
Cash flow hedge	(11,364)	56,939	6,416		51,991
Investments in associates or subsidiaries	(5,273,904)	104,803	(10,324)	(47,609)	(5,227,034)
Property, plant and equipment	(6,326,201)	264,588			(6,061,613)
Finance lease	(159,957)	17,876			(142,081)
Intangible assets	8,534	1,708			10,242
Financial assets at fair value through profit or loss	30,148	53,497			83,645
Available-for-sale financial assets	(73,867)	4,146	(31,367)		(101,088)
Deferred revenue	43,752	201,054			244,806
Provisions	3,003,489	147,419			3,150,908
Doubtful receivables	59				59
Other finance liabilities	10,794	9,607		5,455	25,856
Gains (losses) on foreign exchange translation	6,017	(25,181)			(19,164)
Allowance for doubtful accounts	(85)	7,399			7,314
Accrued income	(1,341)	93			(1,248)
Special deduction	(194,925)	140			(194,785)

Impairment of non-current assets		86,720			86,720
Reserve for research and human development	(40,485)	(2,658)			(43,143)
Others	398,870	10,566			409,436
	(8,033,351)	983,929	(108,922)	(42,154)	(7,200,498)

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

Tax losses	2,696,165	(194,816)			2,501,349
Tax credit	97,196	(41,097)			56,099
Others	16,481	(16,481)			
	2,809,842	(252,394)			2,557,448
	(5,223,509)	731,535	(108,922)	(42,154)	(4,643,050)

**(6) Deferred income tax assets (liabilities) recognized in the statements of financial position as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Deferred income tax assets	255,724	359,535
Deferred income tax liabilities	(5,019,215)	(5,002,585)
	(4,763,491)	(4,643,050)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes, Continued**

- (7) **Details of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Deductible temporary differences	444,029	441,955
Tax losses and tax credits carryback	29,775	29,775
	<b>473,804</b>	<b>471,730</b>

- (8) **Expiration dates of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Tax losses</b>	<b>Tax credits carryback</b>	<b>Tax losses</b>	<b>Tax credits carryback</b>
Less than 1 year		4,484		4,484
1~ 2 years		5,134		5,134
2~ 3 years		16,945		16,945
More than 3 years		3,212		3,212
		<b>29,775</b>		<b>29,775</b>

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**41. Expenses Classified by Nature**

Expenses classified by nature for the three-month periods ended March 31, 2014 and 2013 are as follows:

*In millions of won*

	<b>March 31, 2014</b>		
	<b>Selling and administrative expenses</b>	<b>Cost of sales</b>	<b>Total</b>
Raw materials used		6,023,195	6,023,195
Salaries	140,883	671,520	812,403
Retirement benefit expense	18,632	80,822	99,454
Welfare and benefit expense	23,224	84,847	108,071
Insurance expense	2,880	16,878	19,758
Depreciation	16,467	1,869,949	1,886,416
Amortization of intangible assets	10,709	9,153	19,862
Bad debt expense	501		501
Commission	122,514	72,292	194,806
Advertising expense	4,486	1,111	5,597
Training expense	1,173	1,642	2,815
Vehicle maintenance expense	2,834	2,259	5,093
Publishing expense	681	746	1,427
Business promotion expense	793	1,028	1,821
Rent expense	8,434	26,417	34,851
Telecommunication expense	6,288	16,586	22,874
Transportation expense	84	822	906
Taxes and dues	7,000	48,918	55,918
Expendable supplies expense	901	4,932	5,833
Water, light and heating expense	2,694	8,380	11,074
Repairs and maintenance expense	6,959	291,606	298,565
Ordinary development expense	34,830	77,175	112,005
Travel expense	3,211	11,200	14,411
Clothing expense	102	169	271
Survey and analysis expense	147	493	640
Membership fee	351	1,919	2,270
Power purchase		3,280,763	3,280,763

Others	19,071	504,899	523,970
	435,849	13,109,721	13,545,570



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**41. Expenses Classified by Nature, Continued**

Expenses classified by nature for the three-month periods ended March 31, 2014 and 2013 are as follows, continued:

*In millions of won*

	<b>March 31, 2013</b>		
	<b>Selling and administrative expenses</b>	<b>Cost of sales</b>	<b>Total</b>
Raw materials used		6,200,325	6,200,325
Salaries	156,628	679,425	836,053
Retirement benefit expense	20,035	85,312	105,347
Welfare and benefit expense	23,085	87,482	110,567
Insurance expense	1,895	14,552	16,447
Depreciation	16,613	1,794,248	1,810,861
Amortization of intangible assets	12,635	9,447	22,082
Bad debt expense	(2,308)		(2,308)
Commission	113,085	74,238	187,323
Advertising expense	6,956	1,284	8,240
Training expense	1,474	1,529	3,003
Vehicle maintenance expense	3,086	2,248	5,334
Publishing expense	773	850	1,623
Business promotion expense	915	1,073	1,988
Rent expense	8,640	24,960	33,600
Telecommunication expense	6,305	15,266	21,571
Transportation expense	93	739	832
Taxes and dues	4,497	39,875	44,372
Expendable supplies expense	1,006	4,517	5,523
Water, light and heating expense	2,870	7,579	10,449
Repairs and maintenance expense	2,394	334,254	336,648
Ordinary development expense	36,876	81,675	118,551
Travel expense	3,595	10,458	14,053
Clothing expense	21	93	114
Survey and analysis expense	119	505	624
Membership fee	302	1,853	2,155

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Power purchase		2,839,038	2,839,038
Others	20,054	386,860	406,914
	441,644	12,699,685	13,141,329

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**42. Earnings Per Share****(1) Basic earnings per share for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In won</i> <b>Type</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Basic earnings per share	854	214

**(2) Basic earnings per share**

Net income and weighted average number of common shares used in the calculation of basic earnings per share for the three-month periods ended March 31, 2014 and 2013 are as follows:

<i>In millions of won except number of shares</i> <b>Type</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Controlling interest in net income	532,262	133,300
Profit used in the calculation of total basic earnings per share	532,262	133,300
Weighted average number of common shares	623,034,082	623,034,082

**(3) There are no potential common shares and diluted earnings per shares are same as basic earnings (loss) per share for the years ended December 31, 2013 and 2012.**

**43. Risk Management****(1) Capital risk management**

The Company manages its capital to ensure that entities in the Company 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

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Company consists of net debt (offset by cash and cash equivalents) and equity. The Company's overall capital risk management strategy remains unchanged from that of the prior year.

Details of the Company's capital management accounts as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Total borrowings and debt securities	61,572,126	60,888,150
Cash and cash equivalents	(2,728,775)	(2,232,313)
Net borrowings and debt securities	58,843,351	58,655,837
Total shareholder's equity	51,893,900	51,450,736
Debt to equity ratio	113.39%	114.00%

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued**

**(2) Financial risk management**

The Company is exposed to various risks related to its financial instruments, such as, market risk (currency risk, interest rate risk, price risk), credit risk. The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. The Company uses derivative financial instruments to certain hedge risk exposures. The Company'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 Company 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 Company makes transactions with are reputable financial institutions, the credit risk from them are considered limited. The Company 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 Company are the necessity for daily life and industrial activities of Korean nationals, and have importance as one of the national key industries. The Company dominates the domestic market supplying electricity to customers. The Company is not exposed to credit risk as customers of the Company are from various industries and areas. The Company 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 Company 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 Company of assets which individually are not material and (ii) incurred but not recognized losses that are assessed using statistical methods, judgment and past experience.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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 Company's level of maximum exposure to credit risk as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Cash and cash equivalents	2,728,775	2,232,313
Derivative assets (trading)	16,192	4,118
Available-for-sale financial assets	1,232,732	1,256,765
Held-to-maturity investments	2,205	2,285
Loans and receivables	623,904	608,239
Long-term/short-term financial instruments	262,836	385,382
Derivative assets (using hedge accounting)	96,242	82,376
Trade and other receivables	8,425,008	9,170,644
Financial guarantee contracts (*)	202,607	261,565

(\*) Maximum exposure associated with the financial guarantee contracts is the maximum amounts of the obligation. Financial guarantee contracts as of March 31, 2014 are as follows:

<i>In thousands of U.S. dollars</i>			
<b>Type</b>	<b>Company</b>	<b>Currency</b>	<b>Amounts</b>
Joint ventures	KEPCO SPC Power Corporation	USD	189,565
			189,565

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 Company'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.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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 March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	Type	Accounts	March 31, 2014		December 31, 2013	
			1% Increase	1% Decrease	1% Increase	1% Decrease
Future salary increases	Defined benefit obligation		271,585	(340,184)	257,512	(316,563)
Discount rate	Defined benefit obligation		(243,898)	282,724	(236,761)	274,619

Changes of employee benefits assuming a 1% increase and decrease movements in discount rate on plan asset for the three-month period ended March 31, 2014 and the year ended December 31, 2013 are 1,411 million and 1,181million, respectively.

## Provisions

Changes in provisions due to movements in underlying assumptions as of March 31, 2014 and December 31, 2013 are as follows:

Type	Accounts	March 31, 2014	December 31, 2013
PCBs	Inflation rate	3.04%	3.10%
	Discount rate	4.39%	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 March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>		March 31, 2014		December 31, 2013	
Type	Accounts	0.1% Increase	0.1% Decrease	0.1% Increase	0.1% Decrease
Discount rate	PCBs	(1,128)	1,061	(1,086)	1,095
	Nuclear plants	(221,624)	227,733	(221,516)	227,667
	Spent fuel	(46,808)	48,623	(46,164)	47,953
Inflation rate	PCBs	1,128	(1,196)	1,113	(1,106)
	Nuclear plants	243,435	(237,026)	240,778	(234,438)
	Spent fuel	49,325	(47,550)	48,646	(46,895)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(2) Financial risk management, continued**

Management judgment effected by uncertainties in underlying assumptions

## Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as of March 31, 2014 and December 31, 2013 are as follows:

Type	Assets		Liabilities	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
AUD	11,605	1,460	320,368	321,444
CAD	4	4		611
CNY	1	1		
EUR	21,302	27,946	15,080	33,398
IDR	316,877	546,902	15,465	2,973
MXN	5,063	5,064	129	426
PHP	301,646	248,623	21,444	22,954
SAR	1,522	1,565		
USD	978,902	627,504	11,304,797	11,207,483
INR	698,745	362,996	407,257	500,933
PKR	130,800	116,847	100	650
MGA	2,559,962	2,124,218	62,285	101,503
JPY	144,061	176,921	23,619,174	22,521,580
KZT	126,671	164,790		16,517
GBP				4
CHF	4,940	143,120	400,012	400,012
AED	1,703	288	1,078	809

ZAR	112			
SEK			189	
JOD	206	132	3	1
BDT	36,349	34,753	3,528	2,977
CLP		93		

A sensitivity analysis on the Company's income for the period assuming a 10% increase and decrease in currency exchange rates as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i> Type	March 31, 2014		December 31, 2013	
	10% Increase	10% Decrease	10% Increase	10% Decrease
Increase (decrease) of income before income tax	(1,203,519)	1,203,519	(1,199,673)	1,199,673
Increase (decrease) of shareholder's equity(*)	(1,203,519)	1,203,519	(1,199,673)	1,199,673

(\*) The effect on the shareholders' equity excluding 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 March 31, 2014 and December 31, 2013.

To manage its foreign currency risk related to foreign currency denominated receivables and payables, the Company 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 Company enters into cross-currency swap agreements.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(2) Financial risk management, continued**

## Interest rate risk

The Company 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 Company's borrowings and debt securities with floating interest rates as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>		
<b>Type</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Short-term borrowings	41,022	48,981
Long-term borrowings	4,842,355	5,029,163
Debt securities	2,389,120	2,268,065
	7,272,497	7,346,209

A sensitivity analysis on the Company'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 three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
<b>Type</b>	<b>1% Increase</b>	<b>1% Decrease</b>	<b>1% Increase</b>	<b>1% Decrease</b>
Increase (decrease) of profit before income tax	(72,725)	72,725	(73,462)	73,462
Increase (decrease) of shareholder's equity (*)	(72,725)	72,725	(73,462)	73,462

(\*) The effect on the shareholders' equity excluding the impact of income taxes.

To manage its interest rate risks, the Company enters into certain interest swap agreements or maintains an appropriate mix of fixed and floating rate borrowings.

#### Electricity rates risk

The Company 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 Company's income for the period assuming a 1% increase and decrease in price of electricity for the three-month periods ended March 31, 2014 and 2013 are as follows:

<i>In millions of won</i> <b>Type</b>	<b>March 31, 2014</b>		<b>March 31, 2013</b>	
	<b>1% Increase</b>	<b>1% Decrease</b>	<b>1% Increase</b>	<b>1% Decrease</b>
Increase (decrease) of profit before income tax	137,465	(137,465)	129,212	(129,212)
Increase (decrease) of shareholder's equity (*)	137,465	(137,465)	129,212	(129,212)

(\*) The effect on the shareholders' equity excluding the impact of income taxes.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(2) Financial risk management, continued**

## (iv) Liquidity risk

The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company 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 Company 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 Company 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 as of March 31, 2014 and December 31, 2013. 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	March 31, 2014				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	
Borrowings and debt securities	10,451,641	8,191,983	26,656,130	29,912,645	75,212,399
Finance lease liabilities	196,604	184,125	508,528	359,814	1,249,071
Trade and other payables	5,389,975	273,645	534,660	2,427,333	8,625,613
Financial guarantee contracts (*)	27,014	27,014	81,043	67,536	202,607
	16,065,234	8,676,767	27,780,361	32,767,328	85,289,690

*In millions of won*

Type	December 31, 2013				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	

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Borrowings and debt securities	9,676,694	8,052,432	25,845,951	29,021,954	72,597,031
Finance lease liabilities	202,309	184,809	532,119	381,742	1,300,979
Trade and other payables	5,777,455	397,279	751,577	2,053,005	8,979,316
Financial guarantee contracts (*)	88,190	26,673	80,019	66,683	261,565
	15,744,648	8,661,193	27,209,666	31,523,384	83,138,891

(\*) Total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of March 31, 2014 and December 31, 2013 are 7,023 million and 8,789 million, respectively.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(2) Financial risk management, continued**

The expected maturities for non-derivative financial assets as of March 31, 2014 and December 31, 2013 in detail are as follows:

*In millions of won*

Type	March 31, 2014				Total
	Less than 1 year	1~5 Years	More than 5 years	Other (*)	
Cash and cash equivalents	2,728,775				2,728,775
Available-for-sale financial assets				1,232,732	1,232,732
Held-to-maturity investments	133	2,059	13		2,205
Loans and receivables	52,704	190,123	431,098	11,580	685,505
Long-term/short-term financial instruments	261,642			1,194	262,836
Trade and other receivables	6,761,711	819,575	769,612	83,188	8,434,086
	9,804,965	1,011,757	1,200,723	1,328,694	13,346,139

*In millions of won*

Type	December 31, 2013				Total
	Less than 1 year	1~5 Years	More than 5 years	Other (*)	
Cash and cash equivalents	2,232,313				2,232,313
Available-for-sale financial assets		76		1,256,689	1,256,765
Held-to-maturity investments	168	2,105	12		2,285
Loans and receivables	51,503	242,827	298,397	75,165	667,892
Long-term/short-term financial instruments	384,199		615	568	385,382
Trade and other receivables	7,528,508	731,914	802,752	115,849	9,179,023

10,196,691	976,922	1,101,776	1,448,271	13,723,660
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(\*) 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 March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	<b>March 31, 2014</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	(8)				(8)
Gross settlement					
- Trading	(259,562)	(139,467)	(138,403)	(40,586)	(578,018)
- Hedging	(50,715)	(18,552)	(168,810)	(39,384)	(277,461)
	(310,285)	(158,019)	(307,213)	(79,970)	(855,487)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(2) Financial risk management, continued***In millions of won*

Type	December 31, 2013				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	
Gross settlement					
- Trading	(314,891)	(134,050)	(33,831)	(44,343)	(527,115)
- Hedging	(64,794)	(26,409)	(187,689)	(49,071)	(327,963)
	(379,685)	(160,459)	(221,520)	(93,414)	(855,078)

**(3) Fair value risk**

The fair value of the Company'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 Company'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 Company uses that technique.

For trade receivables and payables, the Company 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.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(3) Fair value risk, continued**

- (i) Fair value and book value of financial assets and liabilities as of March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i> Type	March 31, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
<b>Assets recognized at fair value</b>				
Available-for-sale financial assets (*1)	1,232,731	1,232,731	1,256,765	1,256,765
Derivative assets (trading)	16,192	16,192	4,118	4,118
Derivative assets (using hedge accounting)	96,242	96,242	82,376	82,376
Long-term financial instruments	1,194	1,194	1,183	1,183
Short-term financial instruments	261,642	261,642	384,199	384,199
	1,608,001	1,608,001	1,728,641	1,728,641
<b>Assets carried at amortized cost</b>				
Held-to-maturity investments	2,205	2,205	2,285	2,285
Loans and receivables	623,904	623,904	608,239	608,239
Trade and other receivables	8,425,008	8,425,008	9,170,644	9,170,644
Cash and cash equivalents	2,728,775	2,728,775	2,232,313	2,232,313
	11,779,892	11,779,892	12,013,481	12,013,481
<b>Liabilities recognized at fair value</b>				
Derivative liabilities (trading)	366,539	366,539	491,035	491,035
Derivative assets (using hedge accounting)	160,086	160,086	209,440	209,440
	526,625	526,625	700,475	700,475

**Liabilities carried at amortized cost**

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Secured borrowings	707,334	707,334	582,053	579,111
Unsecured bond	55,368,677	57,890,099	54,878,897	57,226,079
Finance lease liabilities	855,015	855,015	884,966	884,966
Unsecured borrowings	5,492,197	5,609,101	5,383,966	5,493,786
Trade and other payables(*2)	8,625,613	8,625,613	8,979,316	8,979,316
Bank overdraft	3,919	3,919	43,233	43,233
	71,052,755	73,691,081	70,752,431	73,206,491

(\*1) Book values of equity securities held by the Company that were measured at cost as of March 31, 2014 and December 31, 2013 are 333,086 million and 330,001 million, respectively, as a quoted market price does not exist in an active market and its fair value cannot be measured reliably.

(\*2) Excludes finance lease liabilities.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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 March 31, 2014 and December 31, 2013 are as follows:

<b>Type</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Derivatives	0.11% ~ 3.92%	0.17% ~ 4.34%
Borrowings and debt securities	1.14% ~ 4.05%	1.40% ~ 4.11%
Finance lease	9.00% ~ 10.80%	9.00% ~ 10.80%

**(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 March 31, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i> <b>Type</b>	<b>March 31, 2014</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value</b>				

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Available-for-sale financial assets	712,527		187,119	899,646
Derivative assets		112,434		112,434
	712,527	112,434	187,119	1,012,080

**Financial liabilities at fair value**

Derivative liabilities		526,625		526,625
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*In millions of won*

Type	December 31, 2013			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value</b>				
Available-for-sale financial assets	740,805		185,959	926,764
Derivative assets		86,494		86,494
	740,805	86,494	185,959	1,013,258

**Financial liabilities at fair value**

Derivative liabilities		700,475		700,475
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(3) Fair value risk, continued**

Changes of financial assets and liabilities which are classified as level 3 for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	<b>Beginning balance</b>	<b>March 31, 2014</b>			<b>Ending balance</b>
		<b>Acquisition</b>	<b>Valuation</b>	<b>Disposal Other(*)</b>	
<b>Financial assets at fair value</b>					
Available-for-sale financial assets					
Unlisted securities	171,304		(9)		171,295
Debt securities	14,655			1,169	15,824

(\*) Amount due to foreign currency translation.

<i>In millions of won</i>	<b>Beginning balance</b>	<b>December 31, 2013</b>			<b>Ending balance</b>
		<b>Acquisition</b>	<b>Reclassified category</b>	<b>Valuation Disposal Other(*)</b>	
<b>Financial assets at fair value</b>					
Available-for-sale financial assets					
Unlisted securities	169,637	784	883		171,304
Debt securities	22,518			(7,863)	14,655
<b>Financial liabilities at fair value</b>					
Derivative liabilities					
Derivative liabilities (trading)	9,491			(9,491)	

**44. Service Concession Arrangements**

**(1) Significant terms and concession period of the arrangement**

The Company has entered into a contract with National Power Corporation (the NPC), based in the Republic of the Philippines whereby the Company can collect the electricity rates which are composed of fixed costs and variable costs during the concession period after building, rehabilitating, and operating the power plant.

**(2) Rights and classification of the arrangement**

The Company has the rights to use and own the power plant during the concession period from 2002 to 2022. At the end of the concession period, the Company has an obligation to transfer its ownership of the power plant to NPC.

**(3) The Company's expected future collections of service concession arrangements as of March 31, 2014 are as follows:**

*In millions of won*

<b>Type</b>	<b>Amounts</b>
Less than 1 year	223,281
1~ 2 years	223,281
2~ 3 years	223,281
Each year thereafter through 2022	241,888

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Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties****(1) Related parties of the Company as of March 31, 2014 are as follows:**

<b>Type</b>	<b>Related party</b>
Parent	Korean Government
Subsidiaries (79 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., KEPCO Plant Service & Engineering Co., Ltd., KEPCO Nuclear Fuel Co., Ltd., KEPCO KDN Co., Ltd., Garorim Tidal Power Plant Co., Ltd., Korea Power Engineering & Power Services Co., Ltd., KEPCO International HongKong Ltd., KEPCO International Philippines Inc., KEPCO Gansu International Ltd., KEPCO Philippines Holdings Inc., KEPCO Philippines Corporation, KEPCO Ilijan Corporation, KEPCO Lebanon SARL, KEPCO Neimenggu International Ltd., KEPCO Shanxi International Ltd., KOMIPO Global Pte Ltd., KEPCO Canada Energy Ltd., KEPCO Netherlands B.V., KOREA Imouraren Uranium Investment Corp., KEPCO Australia Pty., Ltd., KOSEP Australia Pty., Ltd., KOMIPO Australia Pty., Ltd., KOWEPO Australia Pty., Ltd., KOSPO Australia Pty., Ltd. KEPCO Middle East Holding Company, Qatrania Electric Power Company, KHNP Canada Energy Ltd., KEPCO Bylong Australia Pty., Ltd., Korea Waterbury Uranium Limited Partnership, KEPCO Canada Uranium Investment Limited Partnership, Korea Electric Power Nigeria Ltd., KEPCO Holdings de Mexico, KST Electric Power Company, KEPCO Energy Service Company, KEPCO Netherlands S3 B.V., PT. KOMIPO Pembangkitan Jawa Bali, PT. Cirebon Power Service, KOWEPO International Corporation, KOSPO Jordan LLC, EWP Phillippines Corporation (Formely, EWP Cebu Corporation), EWP Philippine Holdings Corporation, EWP America Inc., EWP Renewable Co., DG Fairhaven Power, LLC, DG Kings Plaza Holdings, LLC, DG Kings Plaza, LLC, DG Kings Plaza II, LLC, DG Whitefield, LLC, Springfield Power, LLC, KNF Canada Energy Limited, PT KEPCO Resource Indonesia, EWP Barbados 1 SRL, California Power Holdings, LLC, Gyeonggi Green Energy Co., Ltd., PT. Tanggamus Electric Power, Gyeongju Wind Power Co., Ltd., KOMIPO America Inc., Boulder Solar Power, LLC, EWPRC Biomass Holdings, LLC, KOSEP USA, INC., PT. EWP Indonesia, KOWEPO America LLC., KEPCO Netherlands J3 B.V., Korea Offshore Wind Power Co., Ltd., Global One Pioneer B.V., Global Energy Pioneer B.V., Mira Power Limited, KOSEP Material Co., Ltd., Commerce and Industry Energy Co., Ltd., KEPCO Singapore Holding Pte., Ltd., KOWEPO India Private Limited, KEPCO KPS Philippines Corp., KOSPO Chile SpA.

Associates

(58 associates)

Daegu Green Power Co., Ltd., Korea Gas Corporation, Korea Electric Power Industrial Development Co., Ltd., YTN Co., Ltd., Cheongna Energy Co., Ltd., Gangwon Wind Power Co., Ltd., Hyundai Green Power Co., Ltd., Korea Power Exchange, AMEC Partners Korea, Hyundai Energy Co., Ltd., Ecollite Co., Ltd., Taebaek Wind Power Co., Ltd., Alternergy Philippine Investments Corporation, Muju Wind Power Co., Ltd., Pyeongchang Wind Power Co., Ltd., Daeryun Power Co., Ltd., JinanJangsu Wind Power Co., Ltd., Changjuk Wind Power Co., Ltd., KNH Solar Co., Ltd., SPC Power Corporation, Gemeng International Energy Co., Ltd., PT. Cirebon Electric Power, KNOC Nigerian East Oil Co., Ltd., KNOC Nigerian West Oil Co., Ltd., Dolphin Property Limited, E-Power S.A., PT Wampu Electric Power, PT. Bayan Resources TBK, S-Power Co., Ltd., Pioneer Gas Power Limited, Eurasia Energy Holdings, Xe-Pian Xe-Namnoy Power Co., Ltd., Busan Solar Co., Ltd., Hadong Mineral Fiber Co., Ltd., Green Biomass Co., Ltd., Gumi-ochang Photovoltaic Power Co., Ltd., Chungbuk Photovoltaic Power Co., Ltd., Cheonan Photovoltaic Power Co., Ltd., PT. Mutiara Jawa, Hyundai Asan Solar Power Co., Ltd., Heang Bok Do Si Photovoltaic Power Co., Ltd., Jeonnam Solar Co., Ltd., DS POWER Co., Ltd., D Solar Energy Co., Ltd., Dongducheon Dream Power Co., Ltd., KS Solar Corp. Ltd., KOSCON Photovoltaic Co., Ltd., Yeongwol Energy Station Co., Ltd., Yeonan Photovoltaic Co., Ltd., Q1 Solar Co., Ltd., Jinbhuvish Power Generation, Best Solar Energy Co., Ltd., Seokcheon Solar Power Co., Ltd., SE Green Energy Co., Ltd., Daegu Photovoltaic Co., Ltd., Jeongam Wind Power Co., Ltd., Korea Power Engineering Service Co., Ltd., Golden Route J Solar Power Co., Ltd.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued**

Type	Related party
Joint ventures (36 joint ventures)	KEPCO-Uhde Inc., Eco Biomass Energy Sdn. Bhd., Datang Chaoyang Renewable Power Co., Ltd., Shuweiha Asia Power Investment B.V., Shuweiha Asia Operation & Maintenance Company, Waterbury Lake Uranium L.P., ASM-BG Investicii AD, RES Technology AD, KV Holdings, Inc., KEPCO SPC Power Corporation, Canada Korea Uranium Limited Partnership, KEPCO Energy Resource Nigeria Limited, Gansu Datang Yumen Wind Power Co., Ltd., Datang Chifeng Renewable Power Co., Ltd., Datang KEPCO Chaoyang Renewable Power Co., Ltd., Rabigh Electricity Company, Rabigh Operation & Maintenance Company, Jamaica Public Service Company Limited, KW Nuclear Components Co., Ltd., Busan shinho Solar power Co., Ltd., GS Donghae Electric Power Co., Ltd., YEONGAM Wind Power Co., Ltd., Global Trade Of Power System Co., Ltd., Expressway Solar-light Power Generation Co., Ltd., KODE NOVUS 1 LLC., KODE NOVUS 2 LLC., Daejung Offshore Wind Power Co., Ltd., Arman Asia Electric Power Company, KEPCO-ALSTOM Power Electronics Systems, Inc., Dongbu Power Dangjin Corporation, Honam Wind Power Co., Ltd., Nepal Water & Energy Development Company Pty Ltd., Kelar S.A, PT. Tanjung Power Indonesia, Incheon New Power Co., Ltd., Seokmun Energy Co., Ltd.
Others	Korea Finance Corporation

(2) **Transactions between KEPCO and its subsidiaries are eliminated in the consolidation and will not be shown as notes.**

(3) **Related party transactions for the three-month periods ended March 31, 2014 and 2013 are as follows:**

<i>In millions of won</i>	Company name	Transaction type	Sales and others	
			March 31, 2014	March 31, 2013
<b>&lt;Associates&gt;</b>				
	Daegu Green Power Co., Ltd.	Electricity sales	206	9
	Dongducheon Dream Power Co., Ltd.	Rental income and others	3,929	

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Korea Gas Corporation	Electricity sales	22,532	52104
Chungbuk Photovoltaic Power Co., Ltd.	Electricity sales	2	
Cheonan Photovoltaic Power Co., Ltd.	Electricity sales	1	
Daegu Photovoltaic Co., Ltd.	Service		5
Jeongam Wind Power Co., Ltd.	Service	4	
Yeongwol Energy Station Co., Ltd.	Service	2,323	
KOSCON Photovoltaic Co., Ltd.	Service	2	
Yeonan Photovoltaic Co., Ltd.	Service	2	
Q1 Solar Co., Ltd.	Service	5	
Best Solar Energy Co., Ltd.	Service	5	
Seokcheon Solar Power Co., Ltd.	Electricity sales	2	
D Solar Energy Co., Ltd.	Electricity sales	3	
KS Solar Co., Ltd.	Electricity sales	2	
Incheon New Power Co., Ltd.	Construction revenue	2,219	
Hyundai Asan Solar Power Co., Ltd.	Electricity sales	3	
Korea Electric Power Industrial Development Co., Ltd.	Service	5,255	1,303
DS POWER Co., Ltd.	Construction revenue	20,106	
YTN Co., Ltd.	Electricity sales	596	282
Cheongna Energy Co., Ltd.	Rental income and others	6,331	607
Gangwon Wind Power Co., Ltd.	Dividend income	2,020	2,013
Hyundai Green Power Co., Ltd.	Dividend income	10,430	9,727
Korea Power Exchange	Service	2,907	3,498
Hyundai Energy Co., Ltd.	Service	14,259	5,358
Ecollite Co., Ltd.	Interest income		449

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued**

(3) **Related party transactions for the three-month periods ended March 31, 2014 and 2013 are as follows, continued:**

*In millions of won*

Company name	Transaction type	Sales and others	
		March 31, 2014	March 31, 2013
Taebaek Wind Power Co., Ltd.	Service	183	168
Daeryun Power Co., Ltd.	Electricity sales	478	30
Changjuk Wind Power Co., Ltd.	Electricity sales	160	156
KNH Solar Co., Ltd.	Electricity sales	5	6
S-Power Co., Ltd.	Electricity sales	154	
Busan Solar Co., Ltd.	Electricity sales	5	
Dolphin Property Limited	Service		32
E-POWER S.A.	Service	4	1,883
<b>&lt;Joint ventures&gt;</b>			
KEPCO SPC Power Corporation	Interest income	1,426	2,546
Dongbu Power Dangjin Corporation	Technical fee	5	
Honam Wind Power Co., Ltd.	Electricity sales	19	
KW Nuclear Components Co., Ltd.	Service	128	267
STX Electric Power Co., Ltd.	Architectural engineering	1,101	684
Busan shinho Solar power Co., Ltd.	Electricity sales	6	
YEONGAM Wind Power Co., Ltd.	Service	29	
Global Trade Of Power System Co., Ltd.	Service	39	
Datang Chifeng Renewable Power Co., Ltd.	Interest income	601	683
Rabigh Operation & Maintenance Company	Rental income and others	275	524
Shuweihat Asia Power Investment B.V.	Service		30
Jamaica Public Service Company Limited	Service	726	678

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KV Holdings, Inc.	Dividend income		319
Arman Asia Electric Power Company	Service	4,903	9,989

*In millions of won*

Company name	Transaction type	Purchase and others	
		March 31, 2014	March 31, 2013
<b>&lt;Associates&gt;</b>			
Korea Gas Corporation	Purchase of power generation fuel	3,546,368	3,421,045
Gumi-ochang Photovoltaic Power Co., Ltd.	REC Purchase	528	676
Chungbuk Photovoltaic Power Co., Ltd.	REC Purchase	115	224
Cheonan Photovoltaic Power Co., Ltd.	REC Purchase	65	116
Daegu Photovoltaic Co., Ltd.	Electricity purchase	409	
Golden Route J Solar Power Co., Ltd.	Service	127	93
KOSCON Photovoltaic Co., Ltd.	Electricity purchase	486	
Yeonan Photovoltaic Co., Ltd.	Electricity purchase	236	
Q1 Solar Co., Ltd.	Electricity purchase	925	
Best Solar Energy Co., Ltd.	Electricity purchase	816	
Seokcheon Solar Power Co., Ltd.	Service	270	85
D Solar Energy Co., Ltd.	REC Purchase	481	
KS Solar Co., Ltd	REC Purchase	215	
Hyundai Asan Solar Power Co., Ltd.	Electricity purchase	418	



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued**

- (3) **Related party transactions for the three-month periods ended March 31, 2014 and 2013 are as follows, continued:**

<i>In millions of won</i>		<b>Purchase and others</b>	
<b>Company name</b>	<b>Transaction type</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	52,400	42,874
YTN Co., Ltd.	Service		125
Gangwon Wind Power Co., Ltd.	Electricity purchase	8,197	11,468
Hyundai Green Power Co., Ltd.	Electricity purchase	121,714	82,089
Korea Power Exchange	Electricity purchase	23,862	20,218
Hyundai Energy Co., Ltd.	Electricity purchase		231
Taebaek Wind Power Co., Ltd.	REC Purchase	4,485	3,474
Changjuk Wind Power Co., Ltd.	Electricity purchase	4,634	2,801
KNH Solar Co., Ltd.	REC Purchase	1,454	1,024
Busan Solar Co., Ltd.	Electricity purchase	972	307
Green Biomass Co., Ltd.	Woodchip purchase	442	
<b>&lt;Joint ventures&gt;</b>			
KEPCO-ALSTOM Power Electronics Systems, Inc	Service	176	
Busan shinho Solar power Co., Ltd.	Electricity purchase	2,794	683
YEONGAM Wind Power Co., Ltd.	Electricity purchase	3,230	
Expressway Solar-light Power	Electricity purchase	233	171
Jamaica Public Service Company Limited	Service	28	

- (4) **Receivables and payables arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows:**

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*In millions of won*

Company name	Type	Receivables		Payables	
		March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
<b>&lt;Associates&gt;</b>					
Korea Gas Corporation	Trade receivables	5,546	8,237		
	Non-trade receivables and others	274	1,507		
	Trade payables			1,225,850	1,208,072
	Non-trade payables and others			1	101
Chungbuk Photovoltaic Power Co., Ltd.	Trade receivables	1			
	Non-trade payables and others			67	57
Cheonan Photovoltaic Power Co., Ltd.	Non-trade payables and others			54	
Daegu Photovoltaic Co., Ltd.	Non-trade payables and others			171	212
Jeongam Wind Power Co., Ltd.	Non-trade payables and others				6
Golden Route J Solar Power Co., Ltd.	Non-trade payables and others			35	48
Yeongwol Energy Station Co., Ltd.	Trade receivables	8,075	11,413		
KOSCON Photovoltaic Co., Ltd.	Non-trade payables and others			311	45
Yeonan Photovoltaic Co., Ltd.	Trade receivables		23		
	Non-trade payables and others			101	20
Q1 Solar Co., Ltd.	Trade receivables	1			
Best Solar Energy Co., Ltd.	Trade receivables	2			
	Non-trade payables and others				21
Seokcheon Solar Power Co., Ltd.	Non-trade payables and others			120	154
D Solar Energy Co., Ltd.					
KS Solar Co., Ltd.					
Incheon New Power Co., Ltd.	Non-trade payables and others			228	29
	Trade receivables	1			
	Trade receivables	706			
	Non-trade payables and others				1,483
Hyundai Asan Solar Power Co., Ltd.	Trade receivables	3			
	Non-trade payables and others			112	
Korea Electric Power Industrial Development Co.,	Trade receivables	1,345	590		

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows, continued:**

*In millions of won*

Company name	Type	Receivables		Payables	
		March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
	Non-trade receivables and others	210	129		
	trade payables			12	
	Non-trade payables and others			11,156	24,357
DS Power Co., Ltd.	Trade receivables	1,610			
	Non-trade receivables and others	17,949			
YTN Co., Ltd.	Non-trade payables and others				1
	Trade receivables	51	51		
	Non-trade payables and others				110
Cheongna Energy Co., Ltd.	Trade receivables	103	133		
	Non-trade receivables and others	810	1,805		
	Non-trade payables and others			1	
Gangwon Wind Power Co., Ltd.	Trade receivables	8	7		
	Non-trade payables and others			3,769	3,720
Hyundai Green Power Co., Ltd.	Trade receivables	877	1,311		
	Non-trade payables and others			39,836	28,427
Korea Power Exchange	Trade receivables	68,111	3,810		
		8	147		

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	Non-trade receivables and others		
	Trade payables		3,317 3,497
	Non-trade payables and others		2,680 6,709
Hyundai Energy Co., Ltd.	Trade receivables	80	60
	Non-trade receivables and others	24,211	17,936
	Non-trade payables and others		9,116 8,823
Taebaek Wind Power Co., Ltd.	Trade receivables	99	129
	Non-trade payables and others		653 703
Pyeongchang Wind Power Co., Ltd.	Trade receivables		186
	Non-trade receivables and others	186	
Daeryun Power Co., Ltd.	Trade receivables	150	208
Changjuk Wind Power Co., Ltd.	Trade receivables	87	92
	Non-trade payables and others		639 797
Busan Solar Co., Ltd.	Trade receivables	1	
	Trade payables		266
	Non-trade payables and others		77 3
KNH Solar Co., Ltd.	Trade receivables	1	1
	Non-trade payables and others		14
S-Power Co., Ltd.	Trade receivables	65	
Green Biomass Co., Ltd.	Non-trade receivables and others	120	258
	Non-trade payables and others		45
SPC Power Corporation	Non-trade receivables and others		6
E-POWER S.A.	Non-trade receivables and others		2

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows, continued:**

*In millions of won*

Company name	Type	Receivables Payables			
		March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
<b>&lt;Joint venture&gt;</b>					
KEPCO SPC Power Corporation	Trade receivables	15,336	10,237		
	Non-trade receivables and others	1,688			
KEPCO-ALSTOM Power Electronics Systems, Inc	Non-trade receivables and others		473		
Dongbu Power Dangjin Corporation	Non-trade receivables and others	5	1,575		
Seokmun Energy Co., Ltd.	Non-trade receivables and others	196	196		
KW Nuclear Components Co., Ltd.	Non-trade receivables and others	41			
GS Donghae Electric Power Co., Ltd.	Trade receivables	4	323		
	Non-trade receivables and others	229	100		
Busan Shinho Solar power Co., Ltd.	Trade receivables	2			
	Non-trade payables and others			1,078	1,132
YEONGAM Wind Power Co., Ltd.	Trade receivables	3	252		
	Non-trade receivables and others	2			
Datang Chifeng Renewable Power Co., Ltd.	Trade receivables	75	613		

Jamaica Public Service Company Limited	Trade receivables	537	537
	Non-trade receivables and others	117	59
Arman Asia Electric Power Company	Trade receivables	2,854	

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(5) Loans and others arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

Type	Company name	Beginning balance	Loans	Collection	Allowance for doubtful accounts	Others	Ending balance
Joint ventures	KEPCO SPC Power Corporation	48,544				621	49,165
Joint ventures	Datang Chifeng Renewable Power Co., Ltd.	35,679		(3,614)		456	32,521
Joint ventures	Jamaica Public Service Company Limited	2,111				27	2,138
Associates	KNOC Nigerian East Oil Co., Ltd.						
	KNOC Nigerian West Oil Co., Ltd.	25,353	189		(20,228)	300	5,614
Associates	Dolphin Property Limited	953			(354)	6	605
Associates	Rabigh Electricity Company	103,421				1,323	104,744
Associates	PT. Cirebon Electric Power	55,741				1,591	57,332
		271,802	189	(3,614)	(20,582)	4,324	252,119

**(6) Borrowings arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

Type	Company name	Transaction type	Beginning balance	Borrowings	Repayments	Others	Ending balance
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Other related parties	Korea Finance			
	Corporation	Facility	2,300,000	2,300,000

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of March 31, 2014 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>Credit limit</b>	<b>Guarantee</b>
Korea Electric Power Corporation	KEPCO SPC Power Corporation	Debt guarantees	USD 189,565	SMBC and others
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 42,646	Hana Bank, Korea Exchange Bank
		Guarantees for supplemental funding (*)		
Korea Western Power Co., Ltd.	Xe-Pian Xe-Namnoy Power Co., Ltd.	Payment guarantees for business reserve	USD 2,500	Krung Thai Bank and others
		Collateralized money invested	USD 16,934	
		Guarantees for supplemental funding (*)		
Korea Western Power Co., Ltd.	Rabigh O&M Co., Ltd.	Performance guarantees	SAR 4,800	Saudi Arabia British Bank
			KRW 1,229	

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Korea Western Power Co., Ltd.	Deagu Photovoltaic Co., Ltd.	Collateralized money invested		Shinhan Capital Co., Ltd.
Korea Western Power Co., Ltd.	Dongducheon Dream Power Co., Ltd.	Collateralized money invested	KRW 144,200	Kookmin Bank and others
Korea Western Power Co., Ltd.	PT Mutiara Jawa	Collateralized money invested	USD 2,610	Shinhan Bank Singapore
Korea East-West Power Co., Ltd.	Busan shinho Solar power Co., Ltd.	Collateralized money invested	KRW 2,100	KT Capital Co., Ltd.
Korea East-West Power Co., Ltd.	GS-Donghae Electric Power Co., Ltd. (formerly named STX Electric Power Co., Ltd.)	Collateralized money invested	KRW 225,400	Korea Development Bank
Korea East-West Power Co., Ltd.	Honam Wind Power Co., Ltd.	Collateralized money invested	KRW 3,480	Shinhan Bank and others
Korea Southern Power Co., Ltd.	KNH Solar Co., Ltd.	Collateralized money invested	KRW 1,296	Shinhan Bank, Kyobo Life Insurance Co., Ltd.
		Performance guarantees and guarantees for supplemental funding (*)		
Korea Southern Power Co., Ltd.	Daeryun Power Co., Ltd.	Collateralized money invested	KRW 25,477	Korea Development Bank, Daewoo Securities Co., Ltd. and others
		Guarantees for supplemental funding (*)		
Korea Southern Power Co., Ltd.	Changjuk Wind Power Co., Ltd.	Collateralized money invested	KRW 3,801	Shinhan Bank, Woori Bank
		Guarantees for supplemental funding (*)		
Korea Southern Power Co., Ltd.	Busan Solar Co., Ltd.	Collateralized money invested	KRW 793	Consus Asset Management Co., Ltd
Korea Southern Power Co., Ltd.	Taebaek Wind Power Co., Ltd.	Guarantees for supplemental funding (*)		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
		Performance guarantees and guarantees for supplemental funding (*)		
Korea Southern Power Co., Ltd.	KS Solar Corp. Ltd.	Collateralized money invested	KRW 637	Shinhan Capital Co., Ltd.
			KRW 700	

Korea Southern Power Co., Ltd.	Jeonnam Solar Co., Ltd.	Collateralized money invested	Shinhan Capital Co., Ltd.
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of March 31, 2014 are as follows, continued:***In millions of won and thousands of foreign currencies*

<b>Primary guarantor</b>	<b>Secondary guarantor</b>	<b>Type of guarantees</b>	<b>Credit limit</b>	<b>Guarantee</b>
Korea Southern Power Co., Ltd.	Kelar S.A.	Performance guarantees	USD 13,000	Korea Exchange Bank
		Debt guarantees	USD 106,600	SMBC, MIZUHO
KEPCO Engineering & Construction Company, Inc.	DS Power Co., Ltd.	Collateralized money invested	KRW 2,900	Korea Development Bank and Daewoo Securities Co., Ltd.
Korea Southern Power Co., Ltd.			KRW 15,000	
KEPCO Engineering & Construction Company, Inc.		Performance guarantees and guarantees for supplemental funding (*)		
Korea Southern Power Co., Ltd.				
Korea Midland Power Co., Ltd.	Hyundai Green Power Co.	Collateralized money invested	KRW 87,003	Korea Development Bank and others
		Guarantees for supplemental funding (*)		
Korea Midland Power Co., Ltd.	Gangwon Wind Power Co., Ltd.	Collateralized money invested	KRW 7,410	Industrial Bank of Korea
Korea Midland Power Co., Ltd.	Cheonan Photovoltaic Power Co., Ltd.	Collateralized money invested	KRW 122	KT Capital Corporation
Korea Midland Power Co., Ltd.	Gumi-ochang Photovoltaic Power Co., Ltd.	Collateralized money invested	KRW 288	Shinhan Capital Co., Ltd.
			KRW 166	

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Korea Midland Power Co., Ltd.	Chungbuk Photovoltaic Power Co., Ltd.	Collateralized money invested			KT Capital Corporation
Korea Midland Power Co., Ltd.	Golden Route J Solar Power Co., Ltd.	Collateralized money invested	KRW	82	Shinhan Capital Co., Ltd.
Korea Midland Power Co., Ltd.	D Solar Energy Co., Ltd.	Collateralized money invested	KRW	400	Shinhan Capital Co., Ltd.
Korea Midland Power Co., Ltd.	Hyundai Asan Solar Power Co., Ltd.	Collateralized money invested	KRW	471	Shinhan Capital Co., Ltd.
Korea South-East Power Co., Ltd.	Hyundai Energy Co., Ltd.	Collateralized money invested	KRW	71,070	Korea Development Bank and others
		Performance guarantees and guarantees for supplemental funding (*)			
Korea South-East Power Co., Ltd.	RES Technology AD	Collateralized money invested	KRW	15,595	Korea Development Bank and others
		Debt guarantees	EUR	4,271	
Korea South-East Power Co., Ltd.	ASM-BG investicii AD	Collateralized money invested	KRW	16,101	Korea Development Bank and others
		Debt guarantees	EUR	4,175	
Korea South-East Power Co., Ltd.	Express solar-light Power Generation Co., Ltd.	Collateralized money invested	KRW	3,132	Woori Bank and others
		Guarantees for supplemental funding (*)			
Korea South-East Power Co., Ltd.	S-Power Co., Ltd.	Collateralized money invested	KRW	108,000	Korea Development Bank and others
		Performance guarantees and guarantees for supplemental funding (*)			
Korea South-East Power Co., Ltd.	YEONGAM Wind Power Co., Ltd.	Collateralized money invested	KRW	11,584	Kookmin Bank and others
		Guarantees for supplemental funding (*)			
Korea South-East Power Co., Ltd.	Coscon Photovoltaic Co., Ltd.	Collateralized money invested	KRW	245	Shinhan Capital Co., Ltd.
Korea South-East Power Co., Ltd.	Yeonan Solar Co., Ltd.	Collateralized money invested	KRW	157	Shinhan Capital Co., Ltd.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of March 31, 2014 are as follows, continued:***In millions of won and thousands of foreign currencies*

<b>Primary guarantor</b>	<b>Secondary guarantor</b>	<b>Type of guarantees</b>	<b>Credit limit</b>	<b>Guarantee</b>
Korea South-East Power Co., Ltd.	Q1 Solar Energy Co., Ltd.	Collateralized money invested	KRW 1,005	Shinhan Bank and others
Korea South-East Power Co., Ltd.	Best Solar Energy Co., Ltd.	Collateralized money invested	KRW 1,242	Shinhan Bank and others
KOSEP USA, INC.	KODE NOVUS II LLC	Guarantees for supplemental funding (*)		Korea Development Bank and others
KOSEP USA, INC.	KODE NOVUS I LLC	Guarantees for supplemental funding (*)		Daewoo Shipbuilding & Marine Engineering Co., Ltd. and others
Korea South-East Power Co., Ltd.	Yeong Wol Energy Station Co., Ltd.	Collateralized money invested	KRW 462	Daewoo Securities Co., Ltd. and others
Korea Hydro & Nuclear Power Co., Ltd.			KRW 1,400	
Korea Plant Service & Engineering Co., Ltd.	Incheon New Power Co., Ltd.	Collateralized money invested	KRW 461	Shinhan Bank
		Guarantees for supplemental funding (*)		

(\*) The Company guarantees to provide supplemental funding for business with respect to excessive business expenses or insufficient repayment of borrowings.

**(8) As of March 31, 2014, 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-month periods ended March 31, 2014 and 2013 are as follows:

*In millions of won*

Type	March 31, 2014	March 31, 2013
Salaries	193	242
Retirement and severance benefits	5	16
	198	258

#### 46. Non-Cash Transactions

Significant non-cash investment and finance transactions excluded from statements of cash flows for the three-month periods ended March 31, 2014 and 2013 are as follows:

*In millions of won*

Transactions	March 31, 2014	March 31, 2013
Transfer of long-term borrowings and debt securities from non-current to current	1,412,219	2,049,196
Conversion of investments in joint ventures from debt to equity		108,385
Transfer of finance lease receiva		23,575



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**47. Commitments for Expenditure**

- (1) **The agreements for acquisition of property, plant and equipment as of March 31, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
<b>Contracts</b>	<b>Amounts</b>	<b>Balance</b>	<b>Amounts</b>	<b>Balance</b>
Construction of New Uljin units	14,559,941	11,476,920	14,559,941	11,756,580
Construction of New Kori units	14,097,914	8,236,185	14,097,914	8,306,938
Construction of New Wolseong units	5,310,003	348,101	5,310,003	449,958
Construction of Dangjin units	957,216	376,624	952,729	486,809
Construction of New Boryeong units	1,801,718	1,456,944	1,801,718	1,613,529
Construction of Samcheok units	2,273,156	1,402,238	2,273,156	1,772,954
Construction of Taean IGCC units	927,974	452,498	925,173	521,439
Construction of Taean units	937,954	840,363	937,954	852,254
Construction of Incheon units			167,566	
Construction of office building (KDN)	106,493	60,707	106,493	68,283
Construction of office building (KOPEC)	210,021	155,886	210,021	167,563
Construction of Sejong city cogeneration units	305,360	46,007	468,153	63,485
Purchase of Wonju cogeneration units	50,220	39,333	50,400	50,241
Purchase of Ulsan combined cycle power units	256,760	117,491	256,760	63,514
Purchase of Pyeongtaek combined cycle power units	361,950	56,205	354,976	75,048
Purchase of Andong main machine	234,601	13,305	685,335	28,194
Purchase of diesel for generation	54,177		54,177	54,177
Construction of New Yeongheung units	1,633,116	242,674	1,639,047	286,727
Construction of New Yeosu units	452,932	354,495	417,733	337,926
Construction of New Seoul units	586,493	550,493	586,493	550,493
Purchase of Concrete Poles (10M,350KGF)	77,209	40,827	77,209	71,111
Other purchase contracts	131,849	58,831	135,761	65,394

- (2) **As of March 31, 2014, details of contracts for inventory purchase are as follows:**

The Company 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 Company 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:

<b>Type</b>	<b>Periods</b>	<b>Contracted amounts</b>
Concentrate	2014 ~ 2030	36,288 Ton U3O8
Transformed	2014 ~ 2022	19,511 Ton U
Enrichment	2014 ~ 2029	39,058 Ton SWU
Molded	2014	999 Ton U

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments**

- (1) **Ongoing litigations related with contingent liabilities and assets as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won*

Company	March 31, 2014		December 31, 2013	
	Number of cases	Claim amount	Number of cases	Claim amount
<b>&lt;As the defendant&gt;</b>				
Korea Electric Power Corporation	517	319,845	490	317,466
Korea Hydro & Nuclear Power Co., Ltd.	47	36,828	38	35,806
Korea South-East Power Co., Ltd.	12	5,846	13	6,956
Korea Midland Power Co., Ltd.	10	5,767	14	8,174
Korea Western Power Co., Ltd.	12	4,304	11	4,307
Korea Southern Power Co., Ltd.	18	25,318	19	25,318
Korea East-West Power Co., Ltd.	11	3,705	12	3,814
KEPCO Engineering & Construction Company, Inc.	2	399	1	219
Korea Plant Service & Engineering Co., Ltd.	5	1,188	6	3,164
Korea Nuclear Fuel Co., Ltd.	3	368	1	40
Korea Electric Power Data Network Co., Ltd.	2	150	2	150
KEPCO Ilijan Corporation	1	2,496	1	2,496
	640	406,214	608	407,910
<b>&lt;As the plaintiff&gt;</b>				
Korea Electric Power Corporation	108	78,957	109	104,104
Korea Hydro & Nuclear Power Co., Ltd.	20	141,658		
Korea South-East Power Co., Ltd.	3	3,297	5	3,357
Korea Midland Power Co., Ltd.			3	1,388
Korea Western Power Co., Ltd.	2	180	2	180
KEPCO Lebanon SARL	3	6,413	3	8,625
Qatrana Electric Power Company	1	39,878	1	39,450
	137	270,383	123	157,104

The Company is the defendant against a number of claims. The following are potentially significant claims pertaining to the Company:

Korea Electric Power Corporation (KEPCO) contracted with LS Cable & System Ltd. for 250kv submarine cables installed in the 105km section between Jindo (Mainland) and Jeju Island in September 2009. LS Cable & System Ltd. notified KEPCO of the completion of construction and requested the issuance of a certificate of completion, however KEPCO disagreed that LS Cable & System Ltd. had completed construction in accordance with the conditions of their contract. As a result, KEPCO rejected the goods (submarine cables installed) delivered and refused to pay LS Cable & System Ltd.

LS Cable & System Ltd. filed for arbitration (seeking a total amount of 194 billion from KEPCO) with the The Korean Commercial Arbitration Board in April 2013 in order to demand unpaid invoices and extra payments relating to claims of rejection of the test on completion and goods (submarine cables installed) delivered.

At this time, management believes the Company does not have a present obligation for this matter and has not recognized any provision as of March 31, 2014 due to the fact that LS Cable & System did not fully perform its obligations according to the contract terms. It is not possible to estimate an amount of potential loss because the Korean Commercial Arbitration Board is in the early stage of the process of examining the factual accuracy of the claims of each party by hiring third party experts.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued**

**(1) Ongoing litigations related with contingent liabilities and assets as of March 31, 2014 and December 31, 2013 are as follows, continued**

Korea Nuclear Technology Co., Ltd. was qualified to supply Korea Hydro & Nuclear Power Co., Ltd., a subsidiary of KEPCO, Passive Autocatalytic Recombiners(PAR) which had been developed under a cooperative research and development agreement and designated as items to be developed over a period of three years through a negotiated contract. Korea Nuclear Technology Co., Ltd. filed a lawsuit for damages and compensation against Korea Hydro & Nuclear Power Co., Ltd. relating to claims of contracting with another company through open bid.

The lower court ruled against the plaintiff based on the principle of freedom of contract and principle of competitive bid preference in October 2013. The plaintiff has filed an appeal as of March 31, 2014.

At this time, management believes the Company does not have a present obligation for this matter and has not recognized any provision as of March 31, 2014 since the Company does not have any legal obligation to have a contract with the plaintiff which is supported decision of the lower court.

In December 2013, the Supreme Court of Korea ruled that regular bonuses also fall under the category of ordinary wages on the condition that those bonuses are paid regularly and uniformly. The Supreme Court ruled, that employees shall not retroactively demand the difference in overtime pay as additional wages, in the event that the demand itself causes an unexpected increase in spending for their company, and thus lead the company to financial difficulty. In that case, the request is not acceptable, since it is unjust, and it is in breach of the principle of good faith.

Prior to the ruling of the Supreme Court, the Company determined wages in accordance with budget instructions from the Ministry of Strategy and Finance, which excluded bonuses from ordinary wages and was with the consent of the Company's labor unions. Any request for the retroactive demand for the difference in overtime pay as additional wages may be limited based on the principle of good faith.

At this time, management believes that the Company does not have a present obligation for this matter and has not recognized any provision as of March 31, 2014 because the application of the Supreme Court's ruling is not clear and it is highly unpredictable to estimate the timing of payment and the amount since the Company is required to follow the

Korean government's guidance, as a government entity. It is not possible to estimate the amount of potential loss because it will be dependant upon the future agreement between the management of the Company and the labor unions or the outcome of any similar lawsuits.

In addition, Korean Power Plant Industry Union and others filed lawsuits (worth 44.6 billion) against six generation units including Korea Western Power Co., Ltd., and subsidiaries of KEPCO relating to claims that ordinary wages have been paid without including certain items of wages that should have been included in ordinary wages.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued**

(2) **Guarantees of borrowings provided to other companies as of March 31, 2014 and December 31, 2013 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>March 31, 2014</b>	<b>December 31, 2013</b>
Repayment guarantees for UAE Shuweihat S3 borrowings	Mizuho, SMBC, HSBC	2011-05-16	2011-05-16 ~ 2014-02-28		USD 58,294
Guarantee of UAE Shuweihat S3 interest swap agreement	SMBC	2011-05-16	2011-05-16 ~ 2014-02-28		USD 1,500

The Company 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 1039 Financial Instruments; Recognition and Measurement, no related liability is recognized.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued****(3) Credit lines provided by financial institutions as of March 31, 2014 are as follows:***In millions of won and thousands of foreign currencies*

<b>Commitments</b>	<b>Financial institutions</b>	<b>Currency</b>	<b>Gaurantee limit</b>
Commitments on Bank-overdraft	Nonghyup Bank and others	KRW	1,845,240
Commitments on Bank-daylight overdraft	Nonghyup Bank and others	KRW	280,000
Limit amount available for CP	Korea Exchange Bank and others	KRW	1,129,000
Limit amount available for card	Hana Bank and others	KRW	77,023
Certification of payment on payables from foreign country	Korea Development Bank	USD	420,009
Loan limit	Export-Import Bank of Korea	KRW	138,330
	BNP Paribas and others	USD	2,796,059
Certification of payment on L/C	Woori Bank and others	USD	2,228,954
	Korea Exchange Bank	GBP	183,507
	Korea Exchange Bank and others	EUR	3,100
	Kookmin Bank and others	JPY	8,677,652
Certification of performance guarantee on contract	Shinhan Bank and others	KRW	144,007
	Korea Exchange Bank	AED	54,880
	Standard Chartered Bank and others	USD	843,602
	Kookmin Bank	EUR	37,082
	Hana Bank and others	INR	185,077
Certification of bidding	SMBC and others	USD	14,116
Advance payment bond, Warranty bond, Retention bond and others	Shinhan Bank	EUR	5,438
	Standard Chartered Bank and others	USD	252,264
	Katumandu Bank and others	NPR	85,289
Others	Korea Exchange Bank	KRW	4,000



	Export-Import Bank		
	of Korea and others	USD	1,407,500
	Hana Bank and others	INR	157,830
Inclusive credit	Korea Exchange Bank	KRW	925,000
	HSBC and others	USD	354,003
	Shinhan Bank and others	INR	47,489

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued**

(4) As of March 31, 2014, the blank check and assets provided as collaterals or pledges to financial institutions by the Company 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 KEPCO Ilijan Corporation	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 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.	Hana Bank and others	All shareholdings of Commerce and Industry Energy Co., Ltd.	KRW	13,570	Collateral for borrowings
Gyeonggi Green Energy Co., Ltd.	Korea Development Bank and others	Factory estate and others	KRW	327,080	Providing Guarantees
Commerce and Industry Energy Co., Ltd.	Hana Bank and others	Land, buildings, structures and machinery	KRW	111,800	Collateral for borrowings
Gyeongju Wind Power Co., Ltd.	Korea Development Bank and others	Existing or expected trade receivables	KRW	2,085	Collateral for borrowings
		Land		168	

Qatrana Electric Power Company		Finance Lease receivable and Property, Plant and Equipment and others	JOD	46,213	Collateral for borrowings
	The Islamic Development Bank				

(\*) As of March 31, 2014, the Group was provided with shares of Gyeonggi Green Energy Co., Ltd., one of its subsidiary, as collateral related to long-term borrowings above from shareholders of the subsidiary including the Controlling Company. Additionally, pledge for transfer of rights of long-term borrowings, pledge for insurance claims related long-term borrowings and other pledges were established.

(5) Fuel cost adjustment, a new electric tariff system was enacted by the Ministry of Knowledge Economy (newly named the Ministry of Trade Industry and Energy), which went into effect on July 2011. Adjusted unit fuel rate, which is multiplies fuel price variance, which is the deduction of base fuel rate from actual fuel rate with conversion coefficient. However, due to inflationary and other policy considerations relating to protecting the consumers from sudden and substantial rises in electricity tariff, the Ministry of Knowledge Economy issued a hold order on July 29, 2011 to suspending billing and collecting the amounts.

The accumulated difference as of March 31, 2014 is 350,050 million, which has decreased by 1,527,321 million from 1,877,371 million as of December 31, 2013.

There is no assurance as to when the Government will lift the hold order and allow the Company to bill and collect the FCPTA amounts. The Company concluded that, in consideration of the prolonged unbilled period and consultation with, and information from, the Ministry, the Company would not be able to bill and collect the unbilled FCPTA amounts for the foreseeable future. As a result, there were no FCPTA amounts remaining in the consolidated statement of financial position as of March 31, 2014.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued:**

- (6) The Company has a potential obligation to reimburse approximately 8.3 billion to KEPCO SPC Power Corporation, one of its joint ventures of the Company, for the turbine accident on Phillippine Unit 2 power plant. Due to the uncertainties of who's responsible party for the accident, the Company has not recognized for the expected financial effect in the consolidated statement of financial position as of March 31, 2014.

**49. Subsequent Events**

**Subsequent to the reporting date, the subsidiaries of the KEPCO, Korea Hydro & Nuclear Power Co., Ltd., Korea Midland Power Co., Ltd. and Korea Southern Power Co., Ltd. have issued new debt securities for funds of facilities and operation as follows:**

*In millions of won*

<b>Company name</b>	<b>Type</b>	<b>Interest rate</b>	<b>Issue date</b>	<b>Maturity</b>	<b>Currency</b>	<b>Amounts</b>
Korea Hydro & Nuclear Power Co., Ltd.	42-1 <sup>st</sup> Unsecured bond	3.30%	2014.04.25	2019.04.25	KRW	60,000
	42-2 <sup>nd</sup> Unsecured bond	3.68%	2014.04.25	2024.04.25	KRW	100,000
	42-3 <sup>rd</sup> Unsecured bond	3.89%	2014.04.25	2034.04.25	KRW	100,000
Korea Midland Power Co., Ltd.	26-1 <sup>st</sup> Unsecured bond	3.49%	2014.04.18	2021.04.18	KRW	110,000
	26-2 <sup>nd</sup> Unsecured bond	3.67%	2014.04.18	2024.04.18	KRW	190,000
Korea Southern Power Co., Ltd.	27-1 <sup>st</sup> Unsecured bond	3.24%	2014.05.13	2019.05.13	KRW	70,000
	27-2 <sup>nd</sup> Unsecured bond	3.58%	2014.05.13	2024.05.13	KRW	260,000
	27-3 <sup>rd</sup> Unsecured bond	3.73%	2014.05.13	2029.05.13	KRW	60,000

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**50. Adjusted Operating Income**

The operating profit or loss in the Company'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 income 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 income prepared in accordance with K-IFRS for each of the three-month period ended March 31, 2014 and 2013 to the operating profit or loss as presented in our consolidated statements of comprehensive income prepared in accordance with IFRS as issued by IASB for each of the corresponding years.

<i>In millions of won</i>	<b>2014</b>	<b>2013</b>
<b>Operating income on the statement of comprehensive income</b>	1,227,077	657,769
<b>Add</b>		
Other income		
Reversal of other provisions	2,060	152
Gains on assets contributed	20	34
Gains on liabilities exempted	782	
Compensation and reparations revenue	10,916	23,372
Electricity infrastructure development fund	1,958	10,464
Revenue from research contracts	375	994
Rental income	48,481	47,414
Others	6,131	5,629
Other profit		
Gains on disposal of property, plant and equipment	7,416	12,746
Gains on foreign currency translation	2,507	1,350
Gains on foreign currency transaction	10,914	11,135
Other profits	52,906	54,490
<b>Deduct</b>		
Other expense		
Accretion expenses of other provisions	(105)	(35)
Depreciation expenses on investment properties	(183)	(226)
Depreciation expenses on assets not in use	(1,663)	(1,658)
Other bad debt expense	(11,870)	(5,800)
Donations	(7,027)	(7,323)
Others	(2,211)	(2,171)
Other loss		

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Losses on disposal of property, plant and equipment	(2,944)	(11,222)
Impairment loss on property, plant and equipment		(1,161)
Impairment loss on intangible assets		(2)
Losses on foreign currency translation	(1,619)	(5,465)
Losses on foreign currency transaction	(13,676)	(22,457)
Other losses	(14,422)	(8,410)
<b>Adjusted operating income</b>	<b>1,315,823</b>	<b>759,619</b>