

KOREA SOUTHERN POWER CO., LTD.
Statements of Income

For the years ended December 31, 2007 and 2006

In millions of Korean Won and U.S. dollars, except earnings per share

	Won		U.S. dollars
	2007	2006	(note 3) 2007
Operating revenue (note 8):			
Sale of electric power	₩ 3,726,651	3,307,997	\$ 3,972.1
Other operating revenue	606	289	0.7
	<u>3,727,257</u>	<u>3,308,286</u>	<u>3,972.8</u>
Operating expense (note 8):			
Cost of electric power (note 22)	3,356,527	2,992,270	3,577.6
Selling, general and administrative expenses (note 19)	37,118	32,988	39.6
	<u>3,393,645</u>	<u>3,025,258</u>	<u>3,617.2</u>
Operating income	333,612	283,028	355.6
Other income (expense):			
Interest income	9,131	8,743	9.7
Interest expense (note 9)	(22,570)	(20,678)	(24.1)
Foreign currency transaction and translation gain (loss), net (note 15)	(2,673)	28,631	(2.8)
Loss on disposal of property, plant and equipment, net	(6,664)	(432)	(7.1)
Impairment loss on property, plant and equipment, net (note 9)	-	(2,036)	-
Loss on valuation and transaction of currency swap, net (note 18)	(3,827)	(39,800)	(4.1)
Gain on valuation of debentures (note 18)	1,716	10,832	1.8
Donations	(9,620)	(8,193)	(10.3)
Other, net (note 17)	2,560	25,685	2.8
	<u>(31,947)</u>	<u>2,752</u>	<u>(34.1)</u>
Income before income taxes	301,665	285,780	321.5
Income taxes (note 20)	75,267	78,116	80.2
Net income	₩ <u>226,398</u>	<u>207,664</u>	\$ <u>241.3</u>
Earnings per share (note 21)	₩ <u>4,903</u>	<u>4,497</u>	\$ <u>5.2</u>

See accompanying notes to financial statements.