

KOREA SOUTHERN POWER CO., LTD.  
Non-Consolidated Statements of Cash Flows

**Years ended December 31, 2008 and 2007**

	<b>Won</b>		<b>U.S. dollars</b>
	<b>2008</b>	<b>2007</b>	<b>(note 3)</b> <b>2008</b>
(In millions of Korean Won and U.S. dollars)			
<b>Cash flows from operating activities</b>			
Net income (loss)	₩ (146,255)	226,398	\$ (116.2)
Adjustments for:			
Provision for bad debt	1,269	722	1.0
Depreciation and amortization	329,118	351,240	261.7
Provision for retirement and severance benefits	20,023	12,478	15.9
Loss on disposal of property, plant and equipment, net	3,915	6,664	3.1
Loss on foreign currency translation, net	154,435	2,634	122.8
Gain on valuation of currency swaps	(162,959)	(2,580)	(129.6)
Reversal of allowance for doubtful accounts	(12)	-	-
Gain on disposal of inventory	(145)	(228)	(0.1)
Donation	119	193	0.1
Changes in operating assets and liabilities:			
Trade accounts receivable	(116,995)	(72,151)	(93.0)
Other accounts receivable	(8,702)	(15,133)	(6.9)
Other current assets	(9,151)	(9,085)	(7.3)
Inventories	(115,403)	(28,587)	(91.8)
Trade accounts payable	190,453	80,315	151.5
Other accounts payable	(52,144)	44,307	(41.5)
Other current liabilities	2,673	2,332	2.1
Income taxes payable	(48,418)	(13,027)	(38.5)
Deferred tax expense	(53,917)	(6,539)	(42.9)
Payment of retirement and severance benefits	(3,196)	(1,579)	
Other, net	2,537	1,087	(0.7)
<b>Net cash provided by (used in) operating activities</b>	<b>₩ (12,755)</b>	<b>579,461</b>	<b>\$ (10.3)</b>

See accompanying notes to non-consolidated financial statements.

KOREA SOUTHERN POWER CO., LTD.  
Non-Consolidated Statements of Cash Flows, Continued

**Years ended December 31, 2008 and 2007**

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

	Won		U.S. dollars
	2008	2007	(note 3) 2008
<b>Cash flows from investing activities:</b>			
Proceeds from maturity of short-term deposits ₩	29	75,000	\$ -
Acquisition of held-to-maturity securities	(8,722)	(5)	(6.9)
Acquisition of property, plant and equipment	(399,273)	(653,966)	(317.5)
Proceeds from disposal of property, plant and equipment	731	536	0.6
Acquisition of intangible assets	(596)	(696)	(0.5)
Collection of current portion of long-term loans to employees	612	720	0.5
Long-term loans granted to employees	(1,804)	(1,881)	(1.4)
Increase in other non-current assets, net	(204)	(487)	(0.2)
<b>Net cash used in investing activities</b>	<u>(409,227)</u>	<u>(580,779)</u>	<u>(325.4)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from short-term borrowings	-	5,178	-
Repayment of short-term borrowings	(5,213)	-	(4.1)
Proceeds from long-term borrowings	27,043	31,350	21.5
Proceeds from issuance of debentures	797,678	199,271	634.3
Repayment of current portion of long-term borrowings and debentures	(256,330)	(161,200)	(203.8)
Payment of cash dividends	(90,559)	(66,453)	(72.0)
Settlement of currency swaps	(53,554)	-	(42.6)
<b>Net cash provided by financing activities</b>	<u>419,065</u>	<u>8,146</u>	<u>333.3</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,917)	6,828	(2.4)
Cash and cash equivalents at beginning of year	<u>83,577</u>	<u>76,749</u>	<u>66.5</u>
<b>Cash and cash equivalents at end of year</b> ₩	<u><u>80,660</u></u>	<u><u>83,577</u></u>	<u><u>\$ 64.1</u></u>

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