

KOREA SOUTHERN POWER CO., LTD.

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

| | Korean Won | |
|---|---|------------------|
| | 2010 | 2009 |
| | (In millions, except per share amounts) | |
| SALES (Notes 16 and 22) | ₩ 5,119,348 | ₩ 4,556,780 |
| COST OF SALES (Notes 16 and 22) | <u>4,811,672</u> | <u>4,220,396</u> |
| GROSS PROFIT | 307,676 | 336,384 |
| SELLING AND ADMINISTRATIVE EXPENSES (Notes 16,17 and 21) | <u>36,585</u> | <u>32,815</u> |
| OPERATING INCOME | <u>271,091</u> | <u>303,569</u> |
| OTHER INCOME (EXPENSES) | | |
| Interest income | 7,071 | 3,633 |
| Interest expense | (58,318) | (66,909) |
| Rental income (Note 15) | 3,375 | 3,176 |
| Other bad debt expense, net | (147) | (767) |
| Gain(Loss) on foreign currency transactions, net | 5,049 | (4,641) |
| Gain(Loss) on foreign currency translation, net | (2,332) | 53,623 |
| Gain (Loss) on disposition of property, plant and equipment, net | (3,838) | (425) |
| Gain (Loss) on valuation of derivatives (Note 11) | 2,523 | (53,562) |
| Gain (Loss) on derivatives transactions (Note 11) | 1,165 | 5,988 |
| Equity in income (losses) of affiliates (Note 4) | 1,662 | (78) |
| Donations | (1,313) | (829) |
| Other, net | <u>4,050</u> | <u>(7,734)</u> |
| | <u>(41,053)</u> | <u>(68,525)</u> |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX | 230,038 | 235,044 |
| INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (Note 13) | <u>45,602</u> | <u>61,643</u> |
| INCOME FROM CONTINUING OPERATIONS | <u>184,436</u> | <u>173,401</u> |
| INCOME FROM DISCONTINUED OPERATIONS (Note 23) | <u>3,656</u> | <u>3,721</u> |
| NET INCOME | <u>₩ 188,092</u> | <u>₩ 177,122</u> |
| INCOME PER SHARE OF CONTINUING OPERATIONS (Note 15) | <u>3,994</u> | <u>3,755</u> |
| INCOME PER SHARE (Note 14) | <u>₩ 4,078</u> | <u>₩ 3,835</u> |

See accompanying notes to financial statements.