

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Korean Won	
	2012	2011
	(Won in millions)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the period	₩ 105,596	₩ 68,356
Adjustments for:		
Income tax expenses	50,248	32,048
Depreciation	441,515	396,305
Amortization of intangible assets	6,062	3,177
Retirement benefit expenses	13,469	15,374
Interest expenses	65,125	69,099
Donations	-	-
Loss on disposal of property, plant and equipment	12,017	6,904
Interest income	(9,698)	(8,805)
Dividends income	-	-
Valuation and transaction gain on derivative instruments	47,093	(10,879)
Loss on foreign currency translations	(45,393)	11,056
Share in loss of associates and joint ventures	679	998
Others	(695)	-
	<u>580,422</u>	<u>515,277</u>
<b>Changes in operating assets and liabilities:</b>		
Increase in accounts receivables	5,523	(113,708)
Increase in inventories	(28,175)	(53,145)
Increase in current non-financial assets	2,056	(6,490)
Increase in accounts payables	164,771	30,384
Increase in current non-financial liabilities	(5,772)	2,808
Payments of retirement benefit obligations	(24,673)	(78,461)
Increase in provision	5,149	-
Increase in other long-term employee benefits	357	-
	<u>119,236</u>	<u>(218,612)</u>
	<u>805,254</u>	<u>365,021</u>
Dividends received	-	-
Interest received	6,634	4,699
Interest paid	(40,241)	(74,986)
Income tax paid	(16,520)	(42,962)
Net cash provided by operating activities	<u>755,127</u>	<u>251,772</u>

(Continued)

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Korean Won	
	2012	2011
	(Won in millions)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease(increase) in loans	₩ (276)	₩ 17
Decrease(increase) in deposits received	(5,797)	(2,244)
Acquisition of available-for-sale financial assets	(8,850)	(336)
Acquisition of investments in associates	(56,055)	(30,869)
Acquisition of property, plant and equipment	(668,838)	(495,369)
Acquisition of intangible assets	(1,684)	(1,378)
Disposal of property, plant and equipment	3,625	829
Disposal of intangible asset	33	-
	<u>(737,842)</u>	<u>(529,350)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of finance lease liabilities	(1,047)	(10,538)
Repayment of borrowings	(52,519)	(3,130)
Proceeds from debentures	219,058	148,409
Dividends paid	(47,120)	(56,428)
Settlement of derivative instruments, net	1,463	49,475
	<u>119,835</u>	<u>127,788</u>
EFFECTS OF EXCHANGE RATE CHANGES	(154)	422
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	136,966	(149,368)
CASH AND CASH EQUIVALENTS, BEGINING OF THE PERIOD	<u>65,418</u>	<u>214,786</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>₩ 202,384</u>	<u>₩ 65,418</u>

See accompanying notes to consolidated financial statements