

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2013 and 2012

In millions of won

	December 31, 2013	December 31, 2012
Cash flows from operating activities		
Profit for the period	₩ 105,735	105,595
Adjustments for:		
Income tax expense	7,415	50,248
Interest expense	55,362	65,125
Interest income	(14,734)	(9,697)
Dividends income	(37)	-
Depreciation	432,312	441,515
Amortization of intangible assets	6,565	6,062
Retirement benefit expenses	14,519	13,469
Gain on foreign currency translations, net	(12,957)	(45,393)
Loss on disposals of property, plant and equipment and intangible assets, net	13,722	12,004
Loss on valuation of derivatives, net	12,487	48,650
Gain on transactions of derivative instruments, net	(22,061)	(1,557)
Equity method loss (income) of associates, net	(3,154)	679
Gain on disposal of inventories, net	(925)	(695)
Gain on assets contributed	(13,951)	-
Accrual of provisions	66,153	57,798
	<u>540,716</u>	<u>638,208</u>
Changes in:		
Trade and other receivables	(4,210)	5,523
Inventories	28,886	(28,175)
Non-financial assets	(23,813)	2,056
Trade and other payables	(78,140)	136,838
Current derivative liabilities	(400)	-
Use of Current provisions	(34,919)	(24,715)
Non-financial liabilities	8,967	220
Payments of retirement benefit obligations	(11,672)	(21,522)
Plan assets	-	(3,151)
Other long-term employee benefits	(377)	356
	<u>(115,678)</u>	<u>67,430</u>
Cash generated from operating activities		
Interest received	12,198	6,634
Interest paid	(86,362)	(40,241)
Dividends received	37	-
Income tax paid	(38,799)	(16,520)
	<u>(112,926)</u>	<u>(50,127)</u>
Net cash provided by operating activities	₩ 417,847	761,106

See accompanying notes to the Consolidated financial statements.

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued
For the years ended December 31, 2013 and 2012

In millions of won

	December 31, 2013	December 31, 2012
Cash flows from investing activities		
Decrease in loans	₩ 2,006	1,565
Increase in loans	(1,681)	(1,841)
Receipt of financial lease receivables	72	-
Proceeds from disposals of available-for-sale financial assets	2,126	-
Acquisition of available-for-sale financial assets	(21,440)	(8,850)
Proceeds from disposal of property, plant and equipment	3,046	3,625
Acquisition of property, plant and equipment	(1,422,792)	(668,838)
Proceeds from disposal of intangible assets	-	46
Acquisition of intangible assets	(2,484)	(1,684)
Receipt of government grants	88	-
Decrease in guarantee deposits	34,396	1,935
Increase in guarantee deposits	(317)	(7,732)
Acquisition of investments in associates and joint ventures	(21,410)	(56,055)
Net cash used in investing activities	(1,428,390)	(737,829)
Cash flows from financing activities		
Proceeds from borrowings	104,162	527,997
Repayment of borrowings	(223,595)	(580,515)
Proceeds from debentures	1,599,550	299,057
Repayment of debentures	(508,440)	(80,000)
Repayment of finance lease liabilities	(88,527)	(5,520)
Settlement of derivative instruments	37,071	1,463
Payment of cash dividends	(51,680)	(47,120)
Net cash provided by financing activities	868,541	115,362
Net increase (decrease) in cash and cash equivalents	(142,002)	138,639
Cash and cash equivalents at beginning of the period	204,686	66,200
Effect of exchange rate fluctuations on cash held	(981)	(153)
Cash and cash equivalents at end of the period	₩ 61,703	204,686

See accompanying notes to the Consolidated financial statements.