

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
For the years ended December 31, 2014 and 2013

*In millions of won*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Cash flows from operating activities</b>		
Profit for the period	₩ 64,043	105,735
Adjustments for:		
Income tax expense	15,177	7,415
Interest expense	60,511	55,362
Interest income	(5,984)	(14,734)
Dividends income	-	(37)
Depreciation	474,628	432,312
Amortization of intangible assets	7,898	6,565
Retirement benefit expenses	8,269	14,519
Loss(gain) on foreign currency translations, net	16,167	(12,957)
Loss on disposals of property, plant and equipment and intangible assets, net	8,363	13,722
Loss(gain) on valuation of derivatives instruments, net	(14,762)	12,487
Loss(gain) on transactions of derivative instruments, net	3,510	(22,061)
Equity method loss (income) of associates, net	4,861	(3,154)
Gain on disposal of inventories, net	(1,013)	(925)
Impairment on available-for-sale financial assets	5,551	-
Loss on disposal of financial assets	594	-
Gain on assets contributed	(2,219)	(13,951)
Accrual of provisions	61,245	66,153
	<u>642,796</u>	<u>540,716</u>
Changes in:		
Trade and other receivables	35,995	(4,210)
Inventories	31,898	28,886
Non-financial assets	24,765	(23,813)
Trade and other payables	(192,635)	(78,140)
Current derivative liabilities	(7)	(400)
Use of Current provisions	(34,978)	(34,919)
Non-financial liabilities	(8,193)	8,967
Payments of retirement benefit obligations	(25,922)	(11,672)
Other long-term employee benefits	(2,365)	(377)
	<u>(171,442)</u>	<u>(115,678)</u>
Cash generated from operating activities		
Interest received	4,630	12,198
Interest paid	(122,801)	(86,362)
Dividends received	2,283	37
Income tax paid	11,566	(38,799)
	<u>(104,322)</u>	<u>(112,926)</u>
<b>Net cash provided by operating activities</b>	<b>₩ 431,075</b>	<b>417,847</b>

*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, 2014 and 2013

*In millions of won*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Cash flows from investing activities</b>		
Decrease in loans	₩ 2,311	2,006
Increase in loans	(3,332)	(1,681)
Receipt of financial lease receivables	146	72
Proceeds from disposals of available-for-sale financial assets	6,419	2,126
Acquisition of available-for-sale financial assets	-	(21,440)
Proceeds from disposal of property, plant and equipment	5,135	3,046
Acquisition of property, plant and equipment	(1,886,356)	(1,422,792)
Acquisition of intangible assets	(199)	(2,484)
Receipt of government grants	-	88
Decrease in guarantee deposits	75,014	34,396
Increase in guarantee deposits	(20,854)	(317)
Acquisition of investments in associates and joint ventures	(34,448)	(21,410)
Proceeds from disposal of Investments in associates and joint ventures	747	-
<b>Net cash used in investing activities</b>	<b>(1,855,417)</b>	<b>(1,428,390)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,339,981	104,162
Repayment of borrowings	(1,363,375)	(223,595)
Proceeds from debentures	1,754,011	1,599,550
Repayment of debentures	(308,295)	(508,440)
Repayment of finance lease liabilities	-	(88,527)
Settlement of derivative instruments	(18,090)	37,071
Payment of cash dividends	(30,800)	(51,680)
<b>Net cash provided by financing activities</b>	<b>1,373,432</b>	<b>868,541</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(50,910)</b>	<b>(142,002)</b>
Cash and cash equivalents at beginning of the period	61,703	204,686
Effect of exchange rate fluctuations on cash held	46	(981)
<b>Cash and cash equivalents at end of the period</b>	<b>₩ 10,839</b>	<b>61,703</b>

*See accompanying notes to the Consolidated financial statements.*