

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
For the years ended December 31, 2015 and 2014

*In millions of won*

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Cash flows from operating activities</b>		
Profit for the year	₩ 221,451	64,043
Adjustments for:		
Income tax expense	43,534	15,177
Interest expense	52,991	60,511
Interest income	(4,250)	(5,984)
Depreciation	517,706	474,628
Amortization of intangible assets	9,391	7,898
Retirement benefit expenses	15,883	8,269
Loss on foreign currency translations, net	30,013	16,167
Loss on disposals of property, plant and equipment and intangible assets, net	32,797	8,363
Gain on valuation of derivatives instruments, net	(28,986)	(14,762)
Loss(gain) on transactions of derivative instruments, net	(2,594)	3,510
Equity method loss(income) of associates, net	(90)	4,861
Loss(gain) on disposal of inventories, net	9,789	(1,013)
Loss on impairment of available-for-sale securities	12,988	5,551
Loss on disposal of financial assets	60	594
Gain on assets contributed	(4,485)	(2,219)
Compensation and indemnification expense	16,958	-
Accrual of provisions	28,761	61,245
	<u>730,466</u>	<u>642,796</u>
Changes in:		
Trade and other receivables	144,771	35,995
Inventories	21,203	31,898
Non-financial assets	(6,413)	24,765
Trade and other payables	(283,584)	(192,635)
Current derivative liabilities	2,677	(7)
Use of current provisions	(49,598)	(34,978)
Non-financial liabilities	13,393	(8,193)
Payments of retirement benefit obligations	(11,440)	(25,922)
Other long-term employee benefits	(82)	(2,365)
	<u>(169,073)</u>	<u>(171,442)</u>
Cash generated from operating activities :		
Interest received	2,511	4,630
Interest paid	(139,735)	(122,801)
Dividends received	44	2,283
Income tax paid	460	11,566
	<u>(136,720)</u>	<u>(104,322)</u>
<b>Net cash provided by operating activities</b>	₩ <u>646,124</u>	<u>431,075</u>

*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, 2015 and 2014

*In millions of won*

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Cash flows from investing activities</b>		
Increase in short-term financial instruments	₩ (20,000)	-
Decrease in loans	1,111	2,311
Increase in loans	(1,990)	(3,332)
Receipt of financial lease receivables	74	146
Proceeds from disposals of available-for-sale financial assets	72	6,419
Acquisition of available-for-sale financial assets	(393)	-
Proceeds from disposal of property, plant and equipment	14,368	5,135
Acquisition of property, plant and equipment	(961,662)	(1,886,356)
Acquisition of intangible assets	(285)	(199)
Receipt of government grants	-	-
Decrease in guarantee deposits	13,770	75,014
Increase in guarantee deposits	(67)	(20,854)
Acquisition of investments in associates and joint ventures	(880)	(34,448)
Proceeds from disposal of Investments in associates and joint ventures	-	747
<b>Net cash used in investing activities</b>	<b>(955,882)</b>	<b>(1,855,417)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	838,000	1,339,981
Repayment of borrowings	(850,154)	(1,363,375)
Proceeds from debentures	578,406	1,754,011
Repayment of debentures	(100,000)	(308,295)
Capital contribution from non-controlling interest	25,000	-
Settlement of derivative instruments	-	(18,090)
Payment of cash dividends	(10,272)	(30,800)
<b>Net cash provided by financing activities</b>	<b>480,980</b>	<b>1,373,432</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>171,222</b>	<b>(50,910)</b>
Cash and cash equivalents at beginning of the period	10,839	61,703
Effect of exchange rate fluctuations	90	46
<b>Cash and cash equivalents at end of the period</b>	<b>₩ 182,151</b>	<b>10,839</b>

*See accompanying notes to the consolidated financial statements.*