

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES
 Consolidated Statements of Cash Flows
 For the years ended December 31, 2017 and 2016

In millions of won

	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Profit for the year	₩ 91,534	422,548
Adjustments for:		
Income tax expense	41,785	105,223
Interest expense	112,167	64,161
Interest income	(8,013)	(5,861)
Depreciation	629,971	501,848
Amortization of intangible assets	6,571	7,536
Retirement benefit expenses	23,548	18,586
Loss on disposals of property, plant and equipment and intangible assets, net	14,251	18,091
Gain on disposals of property, plant and equipment and intangible assets, net	(179)	-
Loss(gain) on foreign currency translations, net	(40,657)	16,210
Gain on foreign currency transaction, net	(4,230)	-
Loss(gain) on valuation of derivatives instruments, net	42,326	(17,728)
Loss(gain) on transactions of derivative instruments, net	8,542	(2,795)
Loss (gain) on disposal of inventories, net	63	(19)
Loss on impairment of available-for-sale securities	216	1,963
Equity method loss of associates	10,024	9,437
Loss (gain) on disposal of Investments in associates, net	(58)	1,825
Impairment loss on Investments in associates	3,440	-
Gain on assets contributed	(3,660)	-
Reversal of provisions	(26,284)	-
Accrual of provisions	38,002	31,794
	<u>847,825</u>	<u>750,271</u>
Changes in:		
Trade and other receivables	(32,882)	(87,372)
Inventories	(44,252)	(101,443)
Non-financial assets	54,483	(87,441)
Trade and other payables	81,002	152,793
Current derivative liabilities	(2,889)	2,661
Non-financial liabilities	1,082	5,172
Use of current provisions	(42,410)	(41,215)
Payments of retirement benefit obligations	(12,369)	(8,554)
Other long-term employee benefits	98	37
	<u>1,863</u>	<u>(165,362)</u>
Cash generated from operating activities :		
Interest received	4,148	4,420
Interest paid	(142,047)	(145,012)
Dividends received	302	188
Income tax refund (paid)	(148,883)	(45,835)
	<u>(286,480)</u>	<u>(186,239)</u>
Net cash provided by operating activities	₩ 654,742	821,218

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, 2017 and 2016

In millions of won

	December 31, 2017	December 31, 2016
Cash flows from investing activities		
Decrease (increase) in short-term financial instruments	₩ -	20,000
Increase in loans	(62,418)	(2,897)
Decrease in loans	4,023	1,418
Receipt of financial lease receivables	303	133
Proceeds from disposal of property, plant and equipment	11,132	822
Acquisition of property, plant and equipment	(683,728)	(701,627)
Proceeds from disposal of intangible assets	-	260
Acquisition of intangible assets	(432)	(4,270)
Receipt of government grants	2,591	-
Decrease in guarantee deposits	2,777	6,401
Increase in guarantee deposits	(678)	(6,263)
Proceeds from disposal of Investments in associates and joint ventures	641	33,548
Acquisition of investments in associates and joint ventures	(97,706)	(54,252)
Net cash used in investing activities	(823,495)	(706,727)
Cash flows from financing activities		
Proceeds from borrowings	261,337	189,000
Repayment of borrowings	(528)	(1,016)
Proceeds from debentures	498,615	319,049
Repayment of debentures	(766,620)	(480,000)
Net cash provided by financing activities	8,210	-
Proceeds from increase in capital	-	14,557
Payment of cash dividends	(60,859)	(17,849)
Net cash provided by financing activities	(59,845)	23,741
Net increase (decrease) in cash and cash equivalents	(228,598)	138,232
Cash and cash equivalents at beginning of the period	320,431	182,151
Effect of exchange rate fluctuations	(4,900)	48
Cash and cash equivalents at end of the period	₩ 86,933	320,431

See accompanying notes to the consolidated financial statements.