

KOREA SOUTHERN POWER CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017

	<i>In millions of won</i>	December 31, 2018	December 31, 2017
Cash flows from operating activities			
Profit for the year	₩	95,067	91,534
Adjustments for:			
Income tax expense(revenue)		(51,324)	41,785
Interest expense		141,408	112,167
Interest income		(8,248)	(8,013)
Dividends		(5,651)	-
Depreciation		729,813	629,971
Amortization of intangible assets		4,340	6,571
Retirement benefit expenses		23,326	23,548
Loss on disposals of property, plant and equipment and intangible assets, net		12,460	14,251
Gain on disposals of property, plant and equipment and intangible assets, net		(6,737)	(179)
Loss on foreign currency translations, net		19,859	(40,657)
Gain on foreign currency transaction, net		(97)	(4,230)
Loss(gain) on valuation of derivatives instruments, net		(19,497)	42,326
Loss(gain) on transactions of derivative instruments, net		(8,379)	8,542
Loss on disposal of inventories, net		564	63
Loss on impairment of available-for-sale securities		-	216
Equity method loss of associates		10,702	10,024
gain on disposal of Investments in associates, net		(5,079)	(58)
Impairment loss on Investments in associates		7,907	3,440
Gain on assets contributed		(7,566)	(3,660)
Compensation costs		1,005	-
Reversal of provisions		(39)	(26,284)
Accrual of provisions		37,282	38,002
		<u>876,049</u>	<u>847,825</u>
Changes in:			
Trade and other receivables		(40,683)	(32,882)
Inventories		(32,670)	(44,252)
Non-financial assets		(1,469)	54,483
Trade and other payables		45,246	81,002
Current derivative liabilities		4,105	(2,889)
Non-financial liabilities		(4,946)	1,082
Use of current provisions		(34,150)	(42,410)
Payments of retirement benefit obligations		(12,715)	(12,369)
Other long-term employee benefits		(36)	98
		<u>(77,318)</u>	<u>1,863</u>
Cash generated from operating activities :			
Interest received		3,731	4,148
Interest paid		(142,504)	(142,047)
Dividends received		6,481	302
Income tax paid		(18,876)	(148,883)
		<u>(151,168)</u>	<u>(286,480)</u>
Net cash provided by operating activities	₩	<u>742,630</u>	<u>654,742</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, 2018 and 2017

In millions of won

	December 31, 2018	December 31, 2017
Cash flows from investing activities		
Increase in loans	(2,638)	(62,418)
Decrease in loans	6,691	4,023
Receipt of financial lease receivables	198	303
Acquisition of Profit or loss - Fair value measurement Financial assets	(150)	-
Proceeds from disposal of property, plant and equipment	16,149	11,132
Acquisition of property, plant and equipment	(715,014)	(683,728)
Acquisition of intangible assets	(539)	(432)
Receipt of government grants	928	2,591
Decrease in guarantee deposits	8,048	2,777
Increase in guarantee deposits	(20,702)	(678)
Proceeds from disposal of Investments in associates and joint ventures	-	641
Acquisition of investments in associates and joint ventures	(4,692)	(97,706)
Net cash used in investing activities	(711,721)	(823,495)
Cash flows from financing activities		
Proceeds from borrowings	681,743	261,337
Repayment of borrowings	(837,106)	(528)
Proceeds from debentures	822,311	498,615
Repayment of debentures	(691,551)	(766,620)
Net cash provided by financing activities	(1,664)	8,210
Payment of cash dividends	(26,319)	(60,859)
Net cash provided by financing activities	(52,586)	(59,845)
Net decrease in cash and cash equivalents	(21,677)	(228,598)
Cash and cash equivalents at beginning of the year	86,933	320,431
Effect of exchange rate fluctuations	98	(4,900)
Cash and cash equivalents at end of the year	₩ 65,354	86,933

See accompanying notes to the consolidated financial statements.