

KOREA SOUTHERN POWER CO., LTD.

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM APRIL 2, 2001 (INCEPTION) TO DECEMBER 31, 2001

	<u>Korean Won</u> <u>December 31, 2001</u> (In thousands)
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Net Income	₩ 15,808,479
Adjustment to reconcile net income to net cash provided by operating activities:	
Provision for severance indemnities	6,335,954
Depreciation	287,868,892
Amortization	718,097
Allowance for doubtful accounts-trade receivables	1,471,523
Interest expense	298,682
Allowance for doubtful accounts-other	16,607
Loss on valuation of inventories	5,799
Loss on disposition of inventories	39,767
Loss on foreign currency translation	2,141,645
Loss on disposition of property, plant and equipment	1,016,137
Impairment loss on property, plant and equipment	11,205,946
Gain on disposition of inventories	(11,323)
Gain on foreign currency translation	(149,106)
Gain on disposition of property, plant and equipment	(4,374)
	310,954,246
Changes in operating assets and liabilities:	
Increase in trade receivables	(147,152,342)
Increase in accounts receivable-other	(852,351)
Increase in accrued income	(585,308)
Decrease in advance payments	9,443,146
Decrease in prepaid expenses	15,529
Decrease in other current assets	2,287,069
Increase in inventories	(22,460,560)
Increase in deferred income tax assets	(1,644,254)
Increase in trade payables	87,677,633
Increase in accounts payable-other	45,508,668
Increase in withholdings	2,762,844
Increase in accrued expense	6,527,714
Increase in income tax payable	4,564,401
Decrease in other current liabilities	(125,929)
Payment of severance and retirement benefits	(348,043)
	(14,381,783)
	₩ 312,380,942

(continued)

KOREA SOUTHERN POWER CO., LTD.

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE PERIOD FROM APRIL 2, 2001 (INCEPTION) TO DECEMBER 31, 2001

	<u>Korean Won</u> <u>December 31, 2001</u> (In thousands)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Collection of long-term loans	₩ 588,122
Withdrawal of guarantee deposits	224,441
Proceeds from sale of other investments	57,625
Proceeds from disposal of property, plant and equipment	31,369
Increase in cash and cash equivalents from spin-off	32,532,976
Acquisition of short-term financial instruments	(65,000,000)
Acquisition of investment securities	(4,384,110)
Increase in long-term loans	(894,152)
Acquisition of guarantee deposits	(472,500)
Acquisition of property, plant and equipment	(116,991,070)
Increase in organization costs	(558,159)
Acquisition of other intangible assets	(46,438)
	<u>(154,911,896)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Proceeds from short-term borrowings	239,492,917
Proceeds from debentures	97,655,672
Repayment of short-term borrowings	(148,378,556)
Repayment of current portion of debentures	(6,640,000)
Repayment of current portion of long-term borrowings	(117,768,016)
Repayment of long-term borrowings	(65,000,000)
	<u>(637,983)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>156,831,063</b>
<b>CASH, BEGINNING OF THE PERIOD (Note 17)</b>	<u>-</u>
<b>CASH, END OF THE PERIOD (Note 17)</b>	<u>₩ 156,831,063</u>

The accompanying notes are an integral part of this statement.