

KOREA SOUTHERN POWER CO., LTD.

STATEMENTS OF INCOME

FOR THE PERIOD FROM APRIL 2, 2001 (INCEPTION) TO DECEMBER 31, 2001 AND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Korean Won</u>		<u>Translation into</u>
	<u>2001</u>	<u>2002</u>	<u>U.S. Dollars (Note 2)</u>
	(In millions, except per share amounts)		2002 (In thousands, except per share amounts)
SALES (Note 15)	₩ 1,305,345	₩ 1,794,682	US\$ 1,512,840
COST OF SALES (Note 15)	<u>1,193,629</u>	<u>1,515,915</u>	<u>1,277,851</u>
GROSS PROFIT	111,716	278,767	234,989
SELLING AND ADMINISTRATIVE EXPENSES (Note 14)	<u>14,298</u>	<u>25,225</u>	<u>21,264</u>
OPERATING INCOME	97,418	253,542	213,725
OTHER INCOME (EXPENSES):			
Interest income	4,169	6,599	5,563
Rental income (Note 15)	7,172	7,223	6,089
Gain (loss) on foreign currency transactions and translation, net	(633)	18,593	15,673
Gain on valuation interest rate swap	-	3,373	2,843
Gain on disposition of property, plant and equipment	4	3,154	2,658
Other income	856	1,379	1,162
Interest expense	(73,166)	(81,071)	(68,340)
Loss on disposition of property, plant and equipment	(1,016)	(1,241)	(1,046)
Impairment loss on property, plant and equipment (Note 2)	(11,206)	-	-
Donation	(9)	(1,181)	(996)
Loss on valuation interest rate swap	-	(382)	(322)
Other expenses	<u>(550)</u>	<u>(1,115)</u>	<u>(939)</u>
	<u>(74,379)</u>	<u>(44,669)</u>	<u>(37,655)</u>
ORDINARY INCOME	23,039	208,873	176,070
EXTRAORDINARY ITEM	<u>-</u>	<u>-</u>	<u>-</u>
INCOME BEFORE INCOME TAX	23,039	208,873	176,070
INCOME TAX EXPENSE (Note 13)	<u>7,231</u>	<u>61,980</u>	<u>52,246</u>
NET INCOME	<u>₩ 15,808</u>	<u>₩ 146,893</u>	<u>US\$ 123,824</u>
ORDINARY INCOME PER SHARE (Note 2)	<u>₩ 342</u>	<u>₩ 3,181</u>	<u>US\$ 2.68</u>
EARNINGS PER SHARE (Note 2)	<u>₩ 342</u>	<u>₩ 3,181</u>	<u>US\$ 2.68</u>

See accompanying notes to financial statements.