

KOREA SOUTHERN POWER CO., LTD.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2003

	Korean Won		Translation into
	2002	2003	U.S. Dollars (Note 2) 2003
	(In millions, except per share amounts)		(In thousands, except per share amounts)
SALES (Note 15)	₩ 1,794,682	₩ 2,019,628	US\$ 1,694,319
COST OF SALES (Note 15)	1,515,915	1,664,564	1,396,446
GROSS PROFIT	278,767	355,064	297,873
SELLING AND ADMINISTRATIVE EXPENSES (Note 14)	25,225	23,215	19,476
OPERATING INCOME	253,542	331,849	278,397
OTHER INCOME (EXPENSES):			
Interest income	6,599	3,554	2,982
Rental income (Note 15)	7,223	1,880	1,577
Gain on foreign currency transactions and translation	18,593	3,314	2,780
Gain on valuation interest rate swap (Note 11)	3,373	-	-
Gain on disposition of property, plant and equipment	3,154	426	358
Other income	1,379	2,456	2,061
Interest expense	(81,071)	(54,728)	(45,913)
Loss on disposition of property, plant and equipment	(1,241)	(2,440)	(2,047)
Donation	(1,181)	(9,219)	(7,734)
Loss on valuation interest rate swap (Note 11)	(382)	(1,005)	(843)
Loss on valuation currency swap (Note 11)	-	(9,133)	(7,662)
Loss on currency swap transaction (Note 11)	-	(1,242)	(1,042)
Other expenses	(1,115)	(1,313)	(1,103)
	(44,669)	(67,450)	(56,586)
ORDINARY INCOME	208,873	264,399	221,811
EXTRAORDINARY ITEM	-	-	-
INCOME BEFORE INCOME TAX	208,873	264,399	221,811
INCOME TAX EXPENSE (Note 13)	61,980	78,200	65,604
NET INCOME	₩ 146,893	₩ 186,199	US\$ 156,207
ORDINARY INCOME PER SHARE (Note 2)	₩ 3,181	₩ 4,032	US\$ 3.38
EARNINGS PER SHARE (Note 2)	₩ 3,181	₩ 4,032	US\$ 3.38

See accompanying notes to financial statements.