

KOREA ELECTRIC POWER CORP

Form 6-K

June 04, 2015

[Table of Contents](#)

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**Pursuant to Rule 13a-16 or 15d-16 of**

**the Securities Exchange Act of 1934**

**For the Month of June 2015**

**Commission File Number: 001-13372**

**KOREA ELECTRIC POWER CORPORATION**

**(Translation of registrant's name into English)**

**55 Jeollyeok-ro, Naju-si, Jeollanam-do, 520-350, Korea**

**(Address of principal executive offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82- .

**Table of Contents**

This Report of Foreign Private Issuer on Form 6-K is deemed filed for all purposes under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

**Table of Contents**

**QUARTERLY BUSINESS REPORT**

(For the period from January 1, 2015 to March 31, 2015)

THIS IS A SUMMARY IN ENGLISH OF THE QUARTERLY BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE FINANCIAL SERVICES COMMISSION OF KOREA.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS. NON-MATERIAL OR PREVIOUSLY DISCLOSED INFORMATION IS OMITTED OR ABRIDGED.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED FOR USE IN KOREA, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

**Table of Contents**

**I. Company Overview**

1. Name of the company: Korea Electric Power Corporation (KEPCO)

2. Information of the company

(Address) 55 Jeollyeok-ro, Naju-si, Jeollanam-do, 520-350, Korea

(Phone number) 82-61-345-4261

(Website) <http://www.kepcoco.kr>

3. Major businesses

KEPCO, as the parent company, is engaged in the following activities:

development of electric power resources;

generation, transmission, transformation and distribution of electricity and other related activities;

research and development of technology related to the businesses mentioned above;

overseas business related to the businesses mentioned above;

investment or contributions related to the businesses mentioned above;

development and operation of certain real estate holdings; and

other businesses entrusted by the government.

Businesses operated by KEPCO's major subsidiaries are as follows: nuclear power generation by Korea Hydro & Nuclear Power (KHNP), thermal power generation by Korea South-East Power (KOSEP), Korea Midland Power (KOMIPO), Korea Western Power (KOWEPO), Korea Southern Power (KOSPO) and Korea East-West Power (EWP), other businesses including engineering service by KEPCO Engineering & Construction (KEPCO E&C), maintenance and repair of power plants by KEPCO Plant Service & Engineering (KEPCO KPS), nuclear fuel processing by KEPCO Nuclear Fuel (KEPCO NF), IT service by KEPCO KDN, and other overseas businesses and related investments.

4. Subsidiaries and affiliates of KEPCO

(As of March 31, 2015)

| <b>Classification</b> | <b>Consolidated subsidiaries</b> | <b>Associates and joint ventures</b> | <b>Total</b> |
|-----------------------|----------------------------------|--------------------------------------|--------------|
| Domestic              | 16                               | 52                                   | 68           |
| Overseas              | 59                               | 37                                   | 96           |
| <b>Total</b>          | <b>75</b>                        | <b>89</b>                            | <b>164</b>   |

**Table of Contents**

## 5. Major changes in management

At the annual general meeting of shareholders of KEPCO held on March 31, 2015, Mr. Jang, Jae-Won was appointed as a standing director in lieu of Mr. Goo, Bon-Woo whose the term of office expired, and Mr. Sung, Tae-Hyun, a non-standing director, was appointed as a member of the audit committee.

## 6. Changes in major shareholders

On December 31, 2014, Korea Development Bank merged with Korea Finance Corporation, and became the largest shareholder of KEPCO.

## 7. Information regarding KEPCO shares

A. Issued share capital: ₩ 3,210 billion (Authorized capital: ₩ 6 trillion)

B. Total number of issued shares: 641,964,077

(Total number of shares authorized to for issuance: 1,200,000,000)

C. Dividends: Dividend payment of ₩ 500 per share for fiscal year 2014 (₩ 321 billion in aggregate). Dividend payment for fiscal year 2013 was ₩ 90 per share and no dividend was paid for fiscal year 2012.

**II. Business Overview**

## 1. Consolidated financial results by segment for the first three-month period ended March 31, 2015 and 2014

|  | January to March 2015 |                  | (In billions of Won)<br>January to March 2014 |                  |
|--|-----------------------|------------------|---|------------------|
|  | Sales                 | Operating profit | Sales   | Operating profit |
| Electricity sales                          | 14,937                | 194              | 14,681  | -267             |
| Nuclear generation                         | 2,736                 | 1,196            | 2,448   | 949              |
| Thermal generation                         | 6,624                 | 1,217            | 7,429   | 514              |
| Others(*)                                  | 705                   | 71               | 677   | 89               |
| Sub total                                  | 25,002                | 2,290            | 25,235  | 1,285            |
| Adjustment for related- party transactions | -9,878                | -50              | -10,462                                       | -58              |
| <b>Total</b>                               | <b>15,124</b>         | <b>2,240</b>     | <b>14,773</b>                                 | <b>1,227</b>     |

**Table of Contents**

The figures may not add up to the relevant total numbers due to rounding.

(\*) Others relate to 69 subsidiaries including KEPCO E&C, KEPCO KPS, KEPCO NF and KEPCO KDN, among others.

Sales and operating profit reflects amendments to Korean IFRS 1001 Presentation of Financial Statements.

## 2. Changes in unit prices of major products

| <b>Business sector</b>                    |                       | <b>Company</b> | (In Won per kWh)                 |                                     |
|---|-----------------------|----------------|----------------------------------|-------------------------------------|
|   |                       |                | <b>January to March<br/>2015</b> | <b>January to December<br/>2014</b> |
| Electricity<br>sold                       | Residential           | KEPCO          | 129.94                           | 125.14                              |
|   | Commercial            |                | 129.35                           | 129.75                              |
|   | Educational           |                | 107.30                           | 114.15                              |
|   | Industrial            |                | 108.79                           | 106.83                              |
|   | Agricultural          |                | 47.39                            | 47.31                               |
|   | Street lighting       |                | 109.18                           | 113.39                              |
|   | Overnight usage       |                | 72.85                            | 67.33                               |
| Electricity from<br>nuclear<br>generation | Nuclear<br>Generation | KHNP           | 70.19                            | 59.23                               |
| Electricity from<br>thermal<br>generation | Thermal generation    | KOSEP          | 75.43                            | 67.96                               |
|   |                       | KOMIPO         | 98.51                            | 99.24                               |
|   |                       | KOWEPO         | 103.02                           | 99.34                               |
|   |                       | KOSPO          | 104.48                           | 108.67                              |
|   |                       | EWP            | 92.89                            | 91.18                               |



**Table of Contents**

## 3. Power purchase from generation companies for the first three-month period ended March 31, 2015

| Company | Volume      | Expense              |
|---------|-------------|----------------------|
|         | (MWh)       | (In billions of Won) |
| KHNP    | 38,707,036  | 2,720                |
| KOSEP   | 18,695,271  | 1,410                |
| KOMIPO  | 11,817,395  | 1,165                |
| KOWEPO  | 12,997,428  | 1,340                |
| KOSPO   | 12,426,705  | 1,229                |
| EWP     | 12,375,890  | 1,202                |
| Others  | 24,585,772  | 3,532                |
| Total   | 131,605,497 | 12,598               |

Excludes expense related to the renewable portfolio standard provisions.

## 4. Intellectual property as of March 31, 2015

|                         | Patents  |          | Utility | Trademarks |          | Total |          |
|-------------------------|----------|----------|---------|------------|----------|-------|----------|
|                         | Domestic | Overseas | models  | Designs    | Domestic |       | Overseas |
| Number of registrations | 3,458    | 501      | 711     | 93         | 252      | 20    | 5,035    |

**III. Financial Information**

## 1. Condensed consolidated financial results as of and for the first three-month period ended March 31, 2015

| Consolidated statements of | (In billions of Won) |          |        |                    |           |         |     |
|----------------------------|----------------------|----------|--------|--------------------|-----------|---------|-----|
|                            | comprehensive income |          |        | financial position |           |         |     |
|                            | January              | January  | Change | December 31,       | March 31, | Change  |     |
|                            | to March             | to March |        |                    |           |         |     |
| 2014                       | 2015                 | (%)      | 2014   | 2015               | (%)       |         |     |
| Sales                      | 14,773               | 15,124   | 2.4    | Total assets       | 163,708   | 166,820 | 1.9 |
| Operating profit           | 1,227                | 2,240    | 82.5   | Total liabilities  | 108,883   | 111,295 | 2.2 |
| Net income                 | 561                  | 1,223    | 117.9  | Total equity       | 54,825    | 55,525  | 1.3 |

**Table of Contents**

## 2. Condensed separate financial results as of and for the first three-month period ended March 31, 2015

(In billions of Won)

|                  | Separate statements of<br>comprehensive income<br>January<br>January<br>to March |          |                    | Change<br>(%)     | Separate statements of<br>financial position<br>December<br>31,<br>2014 |         |      | Change<br>(%) |
|------------------|--|----------|--------------------|-------------------|---|---------|------|---------------|
|                  | 2014   | 2015     |                    |                   | March 31,<br>2015   |         |      |               |
|                  | to March   | to March |                    |                   | March 31,   |         |      |               |
| Sales            | 14,681   | 14,937   | 1.7                | Total assets      | 99,719  | 101,354 | 1.6  |               |
| Operating profit | -267   | -194     | 27.3               | Total liabilities | 56,338  | 58,000  | 3.0  |               |
| Net income       | -204   | 335      | n/m <sup>(*)</sup> | Total equity      | 43,381  | 43,354  | -0.1 |               |

(\*) n/m means not meaningful.

**IV. Board of Directors (KEPCO Only)**

1. The board of directors is required to consist of not more than 15 directors including the president and there may not be more than seven standing directors including president and more than eight non-standing directors.

\* The Audit Committee consists of one standing director and two non-standing directors.

**Table of Contents**

## 2. Board meetings and agendas for the first-three month period ended March 31, 2015

| Number of meetings | Number of agendas | Resolutions | Classification       |         | Results Accepted as reported |
|--------------------|-------------------|-------------|----------------------|---------|------------------------------|
|                    |                   |             | Results              | Reports |                              |
| 2                  | 12                | 6           | Approved as proposed | 6       |                              |

\* The audit committee held 2 meetings with 12 agendas (of which, 6 were resolved as proposed and 6 were approved as reported).

## 3. Major activities of the Board of Directors

| Date              | Agenda  | Results              | Type       |
|-------------------|---|----------------------|------------|
| January 16, 2015  | Report on regional cooperation business such as the energy valley composition project in Naju, Korea                                | Accepted as reported | Report     |
|                   | Report on plans for the construction expenses for the new transmission lines in Dangjin, Korea                                      | Accepted as reported | Report     |
| February 27, 2015 | Recommendation of candidates to become a member of the Audit Committee  | Approved as proposed | Resolution |
|                   | Approval of the maximum aggregate amount of remuneration for directors in 2015  | Approved as proposed | Resolution |
|                   | Approval of consolidated and separate financial statements for the fiscal year 2014   | Approved as proposed | Resolution |
|                   | Approval to call for the annual general meeting of shareholders for the fiscal year 2014  | Approved as proposed | Resolution |
|                   | Approval of the establishment of the new district offices   | Approved as proposed | Resolution |
|                   | Approval of establishment of a special purpose company and investment for supporting the communities surrounding transmission lines | Approved as proposed | Resolution |
|                   | Report on the annual management of commercial papers in 2014  | Accepted as reported | Report     |
|                   | Report on internal control over financial reporting for the fiscal year 2014  | Accepted as reported | Report     |

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|   |                      |        |
|---|----------------------|--------|
| Evaluation report on internal control over financial reporting for the fiscal year 2014 | Accepted as reported | Report |
| Auditor's report to the board of directors for 2014                                     | Accepted as reported | Report |

**Table of Contents**

## 4. Major activities of the Audit Committee

| <b>Date</b>       | <b>Agenda</b>  | <b>Results</b>       | <b>Type</b> |
|-------------------|--|----------------------|-------------|
| February 27, 2015 | Auditor's report on the agendas for the annual general meeting of shareholders   | Approved as proposed | Resolution  |
|                   | Audit plans for 2015   | Approved as proposed | Resolution  |
|                   | Report on internal control over financial reporting for the fiscal year 2014   | Accepted as reported | Report      |
|                   | Education plans for auditors for 2015  | Accepted as reported | Report      |
|                   | Auditor's report for 2014  | Accepted as reported | Report      |
| March 20, 2015    | Approval of selection of independent auditors of subsidiaries  | Approved as proposed | Resolution  |
|                   | Independent auditor's report on the auditing results for the consolidated and separate financial statements for the fiscal year 2014 | Accepted as reported | Report      |

The audit department, organized under the supervision of the Audit Committee, conducts internal audit over the entire company and takes administrative measures as appropriate in accordance with relevant internal regulations. KEPCO's District Divisions and Branch Offices also have separate audit teams which conduct internal inspections with respect to the relevant divisions or offices.

**Table of Contents****V. Shareholders**

## 1. List of shareholders as of December 31, 2014

|                                     |                            | <b>Number of<br/>shareholders</b> | <b>Shares<br/>owned</b> | <b>Percentage of<br/>total (%)</b> |
|-------------------------------------|----------------------------|-----------------------------------|-------------------------|------------------------------------|
| Government of the Republic of Korea |                            | 1                                 | 135,917,118             | 21.17                              |
| Korea Development Bank              |                            | 1                                 | 192,170,340             | 29.94                              |
| Subtotal                            |                            | 2                                 | 328,087,458             | 51.11                              |
| National Pension Service            |                            | 1                                 | 44,492,954              | 6.93                               |
| Public                              | Common shares              | 1,436                             | 152,720,483             | 23.79                              |
| (non-Koreans)                       | American depository shares |                                   |                         |                                    |
|                                     | (ADS)                      | 1                                 | 32,170,678              | 5.01                               |
| Public                              | Corporate                  | 1,466                             | 56,462,310              | 8.80                               |
| (Koreans)                           | Individual                 | 373,089                           | 28,030,194              | 4.36                               |
|                                     | Total                      | 375,995                           | 641,964,077             | 100.00                             |

Percentages are based on issued shares of common stock.

All of our shareholder have equal voting rights.

Citibank, N.A. is our depository bank and each ADS represents one-half of one share of our common stock.

**VI. Directors and employees as of and for the first three-month period ended March 31, 2015 (KEPCO Only)**

## 1. Directors

| <b>Type</b>           | <b>Number of<br/>directors</b> | <b>Total<br/>remuneration</b> | <b>(In thousands of Won)<br/>Average remuneration<br/>per person</b> |
|-----------------------|--------------------------------|-------------------------------|--|
| Standing director     | 7                              | 194,851                       | 27,836   |
| Non-standing director | 8                              | 52,500                        | 6,563  |
| Total                 | 15                             | 247,351                       | 16,490   |

**Table of Contents**

## 2. Employees

| Type   | Number of employees |                 |        | Average<br>continuous<br>service year | (In thousands of Won) |                                   |
|--------|---------------------|-----------------|--------|---------------------------------------|-----------------------|-----------------------------------|
|        | Regular             | Non-<br>regular | Total  |                                       | Total<br>salaries     | Average<br>salaries<br>per person |
| Male   | 16,427              | 252             | 16,679 | 19.7                                  | 340,837,653           | 20,435                            |
| Female | 3,380               | 101             | 3,481  | 14.1                                  | 51,350,785            | 14,752                            |
| Total  | 19,807              | 353             | 20,160 | 18.7                                  | 392,188,438           | 19,454                            |

**VII. Other Information Necessary for the Protection of Investors**

## 1. Summary of the annual general meeting of shareholders ( AGM ) for the fiscal year 2014

| Type  | Agenda  | Results  |
|---|---|--|
| Annual General Meeting held on March 31, 2015 | Approval of financial statements for the fiscal year 2014<br>Approval of the maximum aggregate amount of remuneration for directors in 2015<br>Election of a standing director: Mr. Chang, Jae-Won<br>Appointment of a non-standing director as a member of the Audit Committee: Mr. Sung, Tae-Hyun | Approved as proposed<br>Approved as proposed<br>Approved as proposed<br>Approved as proposed |

## 2. Pending legal proceedings as of March 31, 2015

| Type  | Number of lawsuits | (In billions of Won) |
|---|--------------------|----------------------|
|   |                    | Amount claimed       |
| Lawsuits where KEPCO and its subsidiaries are engaged as the defendants | 684                | 642                  |
| Lawsuits where KEPCO and its subsidiaries are engaged as the plaintiffs | 154                | 497                  |

Table of Contents

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ Ko, Weon-Gun  
Name: Ko, Weon-Gun  
Title: Vice President

Date: June 4, 2015



**Table of Contents**

KOREA ELECTRIC POWER CORPORATION

AND SUBSIDIARIES

Consolidated Interim Financial Statements

March 31, 2015

(Unaudited)

(With Independent Auditors' Review Report Thereon)

**Table of Contents**

INDEX TO FINANCIAL STATEMENTS

|  | <b>Page</b> |
|--|-------------|
| <b><u>Independent Auditors' Review Report</u></b>              | 1           |
| <u>Consolidated Interim Statements of Financial Position</u>   | 2           |
| <u>Consolidated Interim Statements of Comprehensive Income</u> | 4           |
| <u>Consolidated Interim Statements of Changes in Equity</u>    | 6           |
| <u>Consolidated Interim Statements of Cash Flows</u>           | 8           |
| <u>Notes to the Consolidated Interim Financial Statements</u>  | 10          |

**Table of Contents**

Independent Auditors' Review Report

**Based on a report originally issued in Korean**

The Board of Directors and Shareholders

Korea Electric Power Corporation

**Reviewed financial statements**

We have reviewed the accompanying consolidated interim financial statements of Korea Electric Power Corporation and its subsidiaries (the Company), which comprise the consolidated interim statement of financial position as of March 31, 2015, the consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2015 and 2014 and notes to the interim financial statements.

**Management's responsibility**

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) 1034, Interim Financial Reporting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' review responsibility**

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews. We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Review conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS 1034, Interim Financial Reporting.

**Other matters**

The procedures and practices utilized in the Republic of Korea to review such consolidated interim financial statements may differ from those generally accepted and applied in other countries.

We have previously audited, in accordance with Korean Standards on Auditing, the consolidated statement of financial position of the Company as of December 31, 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, and we expressed an unqualified opinion on those consolidated financial statements in our report dated March 23, 2015. The

accompanying consolidated financial position of the Company as of December 31, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Seoul, Korea

May 15, 2015

This report is effective as of May 15, 2015, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position

**As of March 31, 2015 and December 31, 2014**

(Unaudited)

| <i>In millions of won</i>                    | <i>Note</i>       | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|-------------------|---------------------------|------------------------------|
| <b>Assets</b>                                |                   |                           |                              |
| Current assets                               |                   |                           |                              |
| Cash and cash equivalents                    | 5,6,7,44          | ₩ 3,054,376               | 1,796,300                    |
| Current financial assets, net                | 5,10,11,12,44     | 1,109,112                 | 176,428                      |
| Trade and other receivables, net             | 5,8,14,20,44,46   | 6,467,419                 | 7,697,862                    |
| Inventories, net                             | 13                | 4,749,141                 | 4,537,469                    |
| Income tax refund receivables                | 40                | 21,405                    | 18,475                       |
| Current non-financial assets                 | 15                | 404,819                   | 502,511                      |
| Assets held-for-sale                         | 41                | 2,090,810                 | 2,090,810                    |
| <b>Total current assets</b>                  |                   | <b>17,897,082</b>         | <b>16,819,855</b>            |
| Non-current assets                           |                   |                           |                              |
| Non-current financial assets, net            | 5,6,9,10,11,12,44 | 2,056,717                 | 2,040,921                    |
| Non-current trade and other receivables, net | 5,8,14,44,46      | 1,718,492                 | 1,724,357                    |
| Property, plant and equipment, net           | 18,27,48          | 137,782,101               | 135,812,499                  |
| Investment properties, net                   | 19,27             | 197,941                   | 317,264                      |
| Goodwill                                     | 16                | 2,582                     | 2,582                        |
| Intangible assets other than goodwill, net   | 21,27             | 781,104                   | 821,060                      |
| Investments in associates                    | 4,17              | 4,518,323                 | 4,341,830                    |
| Investments in joint ventures                | 4,17              | 1,179,676                 | 1,166,894                    |
| Deferred tax assets                          | 40                | 558,262                   | 526,934                      |
| Non-current non-financial assets             | 15                | 127,801                   | 134,093                      |
| <b>Total non-current assets</b>              |                   | <b>148,922,999</b>        | <b>146,888,434</b>           |
| <b>Total Assets</b>                          | <b>4</b>          | <b>₩ 166,820,081</b>      | <b>163,708,289</b>           |

(Continued)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position, Continued

## As of March 31, 2015 and December 31, 2014

(Unaudited)

| <i>In millions of won</i>                 | <i>Note</i>   | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|---|---------------|---------------------------|------------------------------|
| <b>Liabilities</b>                        |               |                           |                              |
| Current liabilities                       |               |                           |                              |
| Trade and other payables, net             | 5,22,24,44,46 | ₩ 5,371,890               | 6,128,604                    |
| Current financial liabilities, net        | 5,11,23,44,46 | 7,008,930                 | 7,162,372                    |
| Income tax payables                       | 40            | 873,674                   | 570,550                      |
| Current non-financial liabilities         | 20,28,29      | 10,316,351                | 6,464,356                    |
| Current provisions                        | 26,44         | 1,454,005                 | 1,274,186                    |
| <b>Total current liabilities</b>          |               | <b>25,024,850</b>         | <b>21,600,068</b>            |
| Non-current liabilities                   |               |                           |                              |
| Non-current trade and other payables, net | 5,22,24,44,46 | 3,806,426                 | 3,806,735                    |
| Non-current financial liabilities, net    | 5,11,23,44,46 | 54,344,451                | 55,999,761                   |
| Non-current non-financial liabilities     | 28,29         | 6,936,522                 | 6,946,410                    |
| Employee benefits liabilities, net        | 25,44         | 1,481,536                 | 1,277,415                    |
| Deferred tax liabilities                  | 40            | 6,051,408                 | 5,723,880                    |
| Non-current provisions                    | 26,44         | 13,649,645                | 13,529,010                   |
| <b>Total non-current liabilities</b>      |               | <b>86,269,988</b>         | <b>87,283,211</b>            |
| <b>Total Liabilities</b>                  | <b>4</b>      | <b>₩ 111,294,838</b>      | <b>108,883,279</b>           |
| <b>Equity</b>                             |               |                           |                              |
| Contributed capital                       | 1,30,44       |                           |                              |
| Share capital                             |               | ₩ 3,209,820               | 3,209,820                    |
| Share premium                             |               | 843,758                   | 843,758                      |
|   |               | 4,053,578                 | 4,053,578                    |
| Retained earnings                         | 31            |                           |                              |
| Legal reserves                            |               | 1,604,910                 | 1,604,910                    |
| Voluntary reserves                        |               | 23,720,167                | 22,999,359                   |
| Unappropriated retained earnings          |               | 10,783,069                | 10,699,378                   |
|   |               | 36,108,146                | 35,303,647                   |
| Other components of equity                | 33            |                           |                              |

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|  |        |                      |                    |
|--|--------|----------------------|--------------------|
| Other capital surpluses                      |        | 1,150,686            | 1,151,402          |
| Accumulated other comprehensive loss         |        | (258,970)            | (202,269)          |
| Other equity                                 |        | 13,294,973           | 13,294,973         |
|  |        | 14,186,689           | 14,244,106         |
| Equity attributable to owners of the Company |        | 54,348,413           | 53,601,331         |
| Non-controlling interests                    | 16, 32 | 1,176,830            | 1,223,679          |
| <b>Total Equity</b>                          |        | <b>₩ 55,525,243</b>  | <b>54,825,010</b>  |
| <b>Total Liabilities and Equity</b>          |        | <b>₩ 166,820,081</b> | <b>163,708,289</b> |

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Comprehensive Income

**For the three-month periods ended March 31, 2015 and 2014**

(Unaudited)

*In millions of won, except per share*

| <i>information</i>   | <i>Note</i> | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|--|-------------|---------------------------|---------------------------|
| <b>Sales</b>   | 4,35,44,46  |                           |                           |
| Sales of goods   |             | ₩ 14,232,984              | 14,073,576                |
| Sales of services  |             | 94,788                    | 64,578                    |
| Sales of construction services   | 20          | 704,509                   | 548,748                   |
| Revenue related to transfer of assets from customers                           |             | 91,578                    | 85,745                    |
|  |             | 15,123,859                | 14,772,647                |
| <b>Cost of sales</b>   | 13,25,42,46 |                           |                           |
| Cost of sales of goods   |             | (11,665,919)              | (12,518,259)              |
| Cost of sales of services  |             | (89,159)                  | (88,080)                  |
| Cost of sales of construction services   |             | (667,091)                 | (503,382)                 |
|  |             | (12,422,169)              | (13,109,721)              |
| <b>Gross profit</b>  |             | 2,701,690                 | 1,662,926                 |
| <b>Selling and administrative expenses</b>                                     | 25,35,42,46 | (461,824)                 | (435,849)                 |
| <b>Operating profit</b>  | 4           | 2,239,866                 | 1,227,077                 |
| <b>Other non-operating income</b>  | 36          | 117,365                   | 70,723                    |
| <b>Other non-operating expense</b>   | 36          | (23,137)                  | (23,059)                  |
| <b>Other gains, net</b>  | 37          | 25,894                    | 41,082                    |
| <b>Finance income</b>  | 5,11,38     | 187,207                   | 278,058                   |
| <b>Finance expenses</b>  | 5,11,39     | (681,424)                 | (802,121)                 |
| <b>Profit related associates, joint ventures and subsidiaries</b>              | 4,17        |                           |                           |
| Share in income of associates and joint ventures                               |             | 207,554                   | 134,983                   |
| Gain on disposal of investments in associates, joint ventures and subsidiaries |             | 5,866                     |                           |
| Share in loss of associates and joint ventures                                 |             | (20,871)                  | (23,258)                  |
| Impairment loss on investments in associates and joint ventures                |             |                           | (1,558)                   |
|  |             | 192,549                   | 110,167                   |
| <b>Profit before income tax</b>  |             | 2,058,320                 | 901,927                   |



|                              |    |           |           |
|------------------------------|----|-----------|-----------|
| <b>Income tax expense</b>    | 40 | (835,213) | (340,656) |
| <b>Profit for the period</b> | ₩  | 1,223,107 | 561,271   |

*(Continued)*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Comprehensive Income, Continued

**For the three-month periods ended March 31, 2015 and 2014**

(Unaudited)

*In millions of won, except per share*

| <i>information</i>  | <i>Note</i>   | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|---|---------------|---------------------------|---------------------------|
| <b>Other comprehensive income (loss)</b>  | 5,11,25,31,33 |                           |                           |
| Items that will not be reclassified subsequently to profit or loss:                                 |               |                           |                           |
| Remeasurements of defined benefit liability, net of tax   | 25,31         | ₩ (78,831)                | (15,345)                  |
| Share in other comprehensive loss of associates and joint ventures, net of tax                      | 31            | (242)                     | (206)                     |
| Items that are or may be reclassified subsequently to profit or loss:                               |               |                           |                           |
| Net change in the unrealized fair value of available-for-sale financial assets, net of tax          | 33            | (9,647)                   | (16,547)                  |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | 5,11,33       | 11,998                    | 3,325                     |
| Foreign currency translation of foreign operations, net of tax                                      | 33            | (52,013)                  | 58,805                    |
| Share in other comprehensive loss of associates and joint ventures, net of tax                      | 33            | (10,791)                  | (53,794)                  |
| <b>Other comprehensive loss, net of tax</b>   |               | (139,526)                 | (23,762)                  |
| <b>Total comprehensive income for the period</b>  |               | ₩ 1,083,581               | 537,509                   |
| <b>Profit or loss attributable to:</b>  |               |                           |                           |
| Owners of the Company   | 43            | ₩ 1,200,083               | 532,262                   |
| Non-controlling interests   |               | 23,024                    | 29,009                    |
|   |               | ₩ 1,223,107               | 561,271                   |
| <b>Total comprehensive income attributable to:</b>  |               |                           |                           |
| Owners of the Company   |               | ₩ 1,068,780               | 496,003                   |
| Non-controlling interests   |               | 14,801                    | 41,506                    |
|   |               | ₩ 1,083,581               | 537,509                   |
| <b>Earnings per share</b>   | 43            |                           |                           |
| Basic and diluted earnings per share  |               | ₩ 1,869                   | 854                       |

*See accompanying notes to the consolidated interim financial statements.*



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity

**For the three-month periods ended March 31, 2015 and 2014**

(Unaudited)

| <i>In millions of won</i>   | Equity attributable to owners of the Company |                   |                            |            | Non-controlling Interests | Total equity |
|---|--|-------------------|----------------------------|------------|---------------------------|--------------|
|   | Contributed capital                          | Retained earnings | Other components of equity | Subtotal   |                           |              |
| <b>Balance at January 1, 2014</b>   | ₩4,053,578                                   | 32,766,086        | 13,440,004                 | 50,259,668 | 1,191,068                 | 51,450,736   |
| <b>Total comprehensive income (loss) for the period</b>   |  |                   |                            |            |                           |              |
| Profit for the period   |  | 532,262           |                            | 532,262    | 29,009                    | 561,271      |
| Items that will not be reclassified subsequently to profit or loss:                                 |  |                   |                            |            |                           |              |
| Remeasurements of defined benefit liability, net of Tax   |  | (14,700)          |                            | (14,700)   | (645)                     | (15,345)     |
| Share in other comprehensive loss of associates and joint ventures, net of tax                      |  | (206)             |                            | (206)      |                           | (206)        |
| Items that may be reclassified subsequently to profit or loss:                                      |  |                   |                            |            |                           |              |
| Net changes in the unrealized fair value of available-for-sale financial assets, net of tax         |  |                   | (16,545)                   | (16,545)   | (2)                       | (16,547)     |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |  |                   | 456                        | 456        | 2,869                     | 3,325        |
| Foreign currency translation of foreign operations, net of tax                                      |  |                   | 48,417                     | 48,417     | 10,388                    | 58,805       |
|   |  |                   | (53,681)                   | (53,681)   | (113)                     | (53,794)     |

|  |                   |                   |                   |                   |                  |                   |
|--|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| Share in other comprehensive loss of associates and joint ventures, net of tax |                   |                   |                   |                   |                  |                   |
| <b>Transactions with owners of the Company, recognized directly in equity</b>  |                   |                   |                   |                   |                  |                   |
| Dividends paid   | (56,073)          |                   | (56,073)          | (37,753)          |                  | (93,826)          |
| Issuance of share capital by subsidiaries                                      |                   | (155)             | (155)             | 3,440             |                  | 3,285             |
| Changes in consolidated scope other than issuance of share capital             |                   | (2,706)           | (2,706)           | (1,088)           |                  | (3,794)           |
| Others   |                   |                   |                   | (10)              |                  | (10)              |
| <b>Balance at March 31, 2014</b>   | <b>₩4,053,578</b> | <b>33,227,369</b> | <b>13,415,790</b> | <b>50,696,737</b> | <b>1,197,163</b> | <b>51,893,900</b> |

*(Continued)*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Changes in Equity, Continued

**For the three-month periods ended March 31, 2015 and 2014**

(Unaudited)

| <i>In millions of won</i>   | Equity attributable to owners of the Company |                   |                            | Subtotal   | Non-controlling Interests | Total equity |
|---|--|-------------------|----------------------------|------------|---------------------------|--------------|
|   | Contributed capital                          | Retained earnings | Other components of equity |            |                           |              |
| <b>Balance at January 1, 2015</b>   | ₩4,053,578                                   | 35,303,647        | 14,244,106                 | 53,601,331 | 1,223,679                 | 54,825,010   |
| Total comprehensive income (loss) for the period  |  |                   |                            |            |                           |              |
| Profit for the period   |  | 1,200,083         |                            | 1,200,083  | 23,024                    | 1,223,107    |
| Items that will not be reclassified subsequently to profit or loss:                                 |  |                   |                            |            |                           |              |
| Remeasurements of defined benefit liability, net of tax   |  | (74,360)          |                            | (74,360)   | (4,471)                   | (78,831)     |
| Share in other comprehensive loss of associates and joint ventures, net of tax                      |  | (242)             |                            | (242)      |                           | (242)        |
| Items that may be reclassified subsequently to profit or loss:                                      |  |                   |                            |            |                           |              |
| Net changes in the unrealized fair value of available-for-sale financial assets, net of tax         |  |                   | (9,647)                    | (9,647)    |                           | (9,647)      |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |  |                   | 15,483                     | 15,483     | (3,485)                   | 11,998       |

|  |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Foreign currency translation of foreign operations, net of tax                 |                   | (51,746)          | (51,746)          | (267)             | (52,013)          |
| Share in other comprehensive loss of associates and joint ventures, net of tax |                   | (10,791)          | (10,791)          |                   | (10,791)          |
| <b>Transactions with owners of the Company, recognized directly in equity</b>  |                   |                   |                   |                   |                   |
| Dividends paid   | (320,982)         |                   | (320,982)         | (55,044)          | (376,026)         |
| Equity transaction in consolidated scope other than issuance of share capital  |                   | (716)             | (716)             | (1,509)           | (2,225)           |
| Dividends paid (hybrid securities)   |                   |                   |                   | (4,105)           | (4,105)           |
| Others   |                   |                   |                   | (992)             | (992)             |
| <b>Balance at March 31, 2015</b>   | <b>₩4,053,578</b> | <b>36,108,146</b> | <b>14,186,689</b> | <b>54,348,413</b> | <b>1,176,830</b>  |
|  |                   |                   |                   |                   | <b>55,525,243</b> |

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

**For the three-month periods ended March 31, 2015 and 2014**

(Unaudited)

| <i>In millions of won</i>                                       | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|---|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                     |                           |                           |
| Profit for the period   | ₩ 1,223,107               | 561,271                   |
| <b>Adjustments for:</b>   |                           |                           |
| Income tax expense  | 835,213                   | 340,656                   |
| Depreciation  | 2,001,075                 | 1,888,262                 |
| Amortization  | 19,864                    | 19,862                    |
| Employee benefit expense  | 76,860                    | 87,045                    |
| Bad debt expense (reversal)                                     | (3,745)                   | 12,371                    |
| Interest expense  | 552,656                   | 597,046                   |
| Loss on sale of financial assets                                | 975                       | 2                         |
| Loss on disposal of property, plant and equipment               | 516                       | 2,944                     |
| Loss on abandonment of property, plant, and equipment           | 61,727                    | 74,729                    |
| Impairment loss on property, plant and equipment                | 3,285                     |                           |
| Loss on disposal of intangible assets                           | 5                         |                           |
| Accretion expense to provisions, net                            | 323,680                   | 289,543                   |
| Loss on foreign currency translation, net                       | 61,740                    | 144,676                   |
| Valuation and transaction gain on derivative instruments, net   | (62,309)                  | (155,782)                 |
| Share in income of associates and joint ventures, net           | (186,683)                 | (111,724)                 |
| Gain on disposal of property, plant and equipment               | (17,915)                  | (1,619)                   |
| Gain on disposal of investments in subsidiaries                 | (5,866)                   |                           |
| Impairment loss on investments in associates and joint ventures |                           | 1,558                     |
| Interest income   | (49,493)                  | (48,195)                  |
| Dividend income   | (5,456)                   | (12,525)                  |
| Impairment loss on available-for-sale securities                | 5,821                     |                           |
| Others, net   | 148                       | (665)                     |
|   | 3,612,098                 | 3,128,184                 |
| <b>Changes in:</b>  |                           |                           |
| Trade receivables   | 1,283,480                 | 839,907                   |
| Non-trade receivables   | 69,047                    | 220,792                   |
| Accrued income  | (80,701)                  | (63,485)                  |
| Other receivables   | (1,615)                   | 1,411                     |
| Other current assets  | 69,597                    | (103,743)                 |
| Inventories   | (297,068)                 | (284,922)                 |



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|  |           |           |
|--|-----------|-----------|
| Other non-current assets                     | (19,309)  | (2,284)   |
| Trade payables                               | (863,528) | (202,389) |
| Non-trade payables                           | (14,846)  | 20,006    |
| Accrued expenses                             | (21,003)  | (97,095)  |
| Other liabilities                            | 4,046     | (171,938) |
| Other current liabilities                    | 711,990   | 327,098   |
| Other non-current liabilities                | (28,258)  | 241,112   |
| Investments in associates and joint ventures | 16,839    | 14,201    |
| Provisions                                   | (98,760)  | (113,316) |
| Payments of employee benefit obligations     | (4,016)   | (64,805)  |
| Plan assets                                  |           | (112)     |
|  | 725,895   | 560,438   |

*(Continued)*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows, Continued

**For the three-month periods ended March 31, 2015 and 2014**

(Unaudited)

| <i>In millions of won</i>                                  | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|--|---------------------------|---------------------------|
| <b>Cash generated from operating activities</b>            |                           |                           |
| Dividends received   | ₩ 678                     | 644                       |
| Interest paid  | (593,028)                 | (615,071)                 |
| Interest received  | 44,607                    | 41,016                    |
| Income taxes paid  | (196,126)                 | (19,353)                  |
| <b>Net cash from operating activities</b>                  | <b>4,817,231</b>          | <b>3,657,129</b>          |
| <b>Cash flows from investing activities</b>                |                           |                           |
| Proceeds from disposals of associates and joint ventures   |                           | 491                       |
| Acquisition of associates and joint ventures               | (31,010)                  | (108,576)                 |
| Proceeds from disposals of property, plant and equipment   | 3,209,129                 | 7,169                     |
| Acquisition of property, plant and equipment               | (3,894,434)               | (3,580,706)               |
| Proceeds from disposals of intangible assets               | 147                       |                           |
| Acquisition of intangible assets                           | (5,057)                   | (12,028)                  |
| Proceeds from disposals of financial assets                | 40,263                    | 242,764                   |
| Acquisition of financial assets                            | (946,425)                 | (120,351)                 |
| Increase in loans  | (39,557)                  | (36,622)                  |
| Collection of loans  | 16,748                    | 23,578                    |
| Increase in deposits                                       | (60,846)                  | (107,938)                 |
| Decrease in deposits                                       | 44,839                    | 97,689                    |
| Receipt of government grants                               | 4,739                     | 23,852                    |
| Usage of government grants                                 | (4,434)                   | (1,597)                   |
| Net cash inflow from changing in consolidation scope       | 553                       |                           |
| Other cash inflow (outflow) from investing activities, net | 2,588                     | (4,317)                   |
| <b>Net cash used in investing activities</b>               | <b>(1,662,757)</b>        | <b>(3,576,592)</b>        |
| <b>Cash flows from financing activities</b>                |                           |                           |
| Proceeds (Repayment) from short-term borrowings, net       | (290,350)                 | 346,444                   |
| Proceeds from long-term borrowings and debt securities     | 532,900                   | 1,952,121                 |
| Repayment of long-term borrowings and debt securities      | (2,105,718)               | (1,804,376)               |
| Payment of finance lease liabilities                       | (27,995)                  | (30,128)                  |
| Settlement of derivative instruments, net                  | 9,031                     | (48,360)                  |

|  |                    |                  |
|--|--------------------|------------------|
| Change in non-controlling interest   | (11)               | (367)            |
| Dividends paid (hybrid bond)   | (4,105)            | (5,405)          |
| Dividends paid   | (14,572)           | (1,442)          |
| Other cash inflow from financing activities, net   |                    | 6,367            |
| <b>Net cash from used in financing activities</b>  | <b>(1,900,820)</b> | <b>414,854</b>   |
| <b>Net increase in cash and cash equivalents before effect of exchange rate fluctuations</b> | <b>1,253,654</b>   | <b>495,391</b>   |
| <b>Effect of exchange rate fluctuations on cash held</b>                                     | <b>4,422</b>       | <b>1,071</b>     |
| <b>Net increase in cash and cash equivalents</b>   | <b>1,258,076</b>   | <b>496,462</b>   |
| <b>Cash and cash equivalents at January 1</b>  | <b>1,796,300</b>   | <b>2,232,313</b> |
| <b>Cash and cash equivalents at March 31</b>   | <b>₩ 3,054,376</b> | <b>2,728,775</b> |

*See accompanying notes to the consolidated interim financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

March 31, 2015

(Unaudited)

**1. Reporting Entity (Description of the controlling company)**

Korea Electric Power Corporation ( KEPCO ), controlling company as defined in Korean International Financial Reporting Standards ( K-IFRS ) 1110 Consolidated Financial Statements , was incorporated on January 1, 1982 in accordance with the Korea Electric Power Corporation Act (the KEPCO Act ) to engage in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. KEPCO also provides power plant construction services. KEPCO 's stock was listed on the Korea Stock Exchange on August 10, 1989 and the Company listed its Depository Receipts (DR) on the New York Stock Exchange on October 27, 1994.

As of March 31, 2015, KEPCO 's share capital amounts to ₩3,209,820 million and KEPCO 's shareholders are as follows:

|                                     | Number of shares | Percentage of ownership |
|-------------------------------------|------------------|-------------------------|
| Government of the Republic of Korea | 116,841,794      | 18.20%                  |
| Korea Development Bank              | 211,235,264      | 32.90%                  |
| Other (*)                           | 313,887,019      | 48.90%                  |
|                                     | 641,964,077      | 100.00%                 |

(\*) The number of shares held by foreign shareholders are 184,891,161 shares (28.80%) as of the most recent closing date of Register of Shareholders (December 31, 2014).

In accordance with the Restructuring Plan enacted on January 21, 1999 by the Ministry of Trade, Industry and Energy (the MTIE , formerly the Ministry of Knowledge Economy), KEPCO spun off its power generation divisions on April 2, 2001, resulting in the establishment of six power generation subsidiaries. KEPCO moved the headquarters to Naju, Jeollanam-do, in November 2014 as part of the government 's plan to relocate state-run companies for balanced national development.

**2. Basis of Preparation**

These consolidated interim financial statements were prepared in accordance with K-IFRS 1034, Interim Financial Reporting as part of the period covered by KEPCO and subsidiaries (the Company ) 's K-IFRS annual financial statements. The notes are included to explain events and transactions to give the changes in financial position and

performance of the Company since the last annual consolidated financial statements as at and for the year ended December 31, 2014.

**(1) Statement of compliance**

The consolidated financial statements have been prepared in accordance with K-IFRS, as prescribed in *the Act on External Audits of Corporations in the Republic of Korea*.

**(2) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statements of financial position:

- ü derivative financial instruments are measured at fair value
  
- ü available-for-sale financial assets are measured at fair value
  
- ü liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

**(3) Functional and presentation currency**

These consolidated financial statements are presented in Korean won ( Won ), which is KEPCO's functional currency and the currency of the primary economic environment in which the Company operates.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**2. Basis of Preparation, Continued**

**(4) Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment, estimations on provision for decommissioning costs  
The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Management's assumptions could affect the determination of estimated economic useful lives.

The Company records the fair value of estimated decommissioning costs as a liability in the period in which the Company incurs a legal obligation associated with the retirement of long-lived assets that result from acquisition, construction, development and/or normal use of the assets. The Company is required to record a liability for the dismantling (demolition) of nuclear power plants and disposal of spent fuel and low and intermediate radioactive wastes.

(ii) Deferred tax  
The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities of each consolidated taxpaying entity. However, the amount of deferred tax assets may be different if the Company does not realize estimated future taxable income during the carry forward periods.

(iii) Valuations of financial instruments at fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(iv) Defined employee benefit liabilities

The Company offers its employees defined benefit plans. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. For actuarial valuations, certain inputs such as discount rates and future salary increases are estimated. Defined benefit plans contain significant uncertainties in estimations due to its long-term nature.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**2. Basis of Preparation, Continued**

**(4) Use of estimates and judgments, continued**

(v) Unbilled revenue

Energy delivered but not yet metered nor billed are estimated at the reporting date based on consumption statistics and selling price estimates. Determination of the unbilled revenues at the end of the reporting period is sensitive to the estimated assumptions and prices based on statistics. Unbilled revenue recognized as of March 31, 2015 and 2014 is ₩1,413,414 million and ₩1,499,049 million, respectively.

**(5) Changes in accounting policies**

(i) Amendments to K-IFRS 1019 Employee Benefits Employee contributions

The Company has adopted amendments to K-IFRS 1019, Employee Benefits Employee contributions, since July 1, 2014. Amendments to K-IFRS 1019 introduced a practical expedient to accounting for defined benefit plan, when employees or third parties pay contributions if certain criteria are met. According to the amendments, the entity is permitted to recognize those contributions as a reduction of the service cost in the period in which the related service is rendered, instead of forecast future contributions from employees or third parties and attribute them to periods or service as negative benefits.

Upon adoption of the amendment, there is no impact on the Company's consolidated financial statements.

**(6) New standards and interpretations not yet adopted**

The following new standards, interpretations and amendments to existing standards have been published for mandatory application for annual periods beginning after January 1, 2015, and the Company has not early adopted them. The management believes the impact on the consolidated financial statements upon the adoption of the amendments is immaterial.

(i) Amendments to K-IFRS 1016 Property, Plant and Equipment



Amendments to K-IFRS 1016, *Property, Plant and Equipment* specify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. This amendments are effective for annual periods beginning on or after January 1, 2016.

(ii) Amendments to K-IFRS 1038, *Intangible Assets*

Amendments to K-IFRS 1038, *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated, or when the intangible asset is expressed as a measure of revenue. This amendments are effective for annual periods beginning on or after January 1, 2016.

(iii) Amendments to K-IFRS 1111, *Joint Arrangement*

Amendments to K-IFRS 1111, *Joint Arrangement* require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business as defined in K-IFRS 1103, *Business Combinations* . This amendments are effective for annual periods beginning on or after January 1, 2016.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies**

Except as described in note 2.(5), the Company applied the following significant accounting policies consistently for all periods presented.

**(1) Basis of consolidation**

The consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity. Subsidiaries are controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income (loss) from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company.

Transactions between the Company and its subsidiaries are eliminated during the consolidation.

Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the income or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to income or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1039, Financial

Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

**(2) Business combinations**

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in income or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012, *Income Taxes* and K-IFRS 1019, *Employee Benefits* respectively;

assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105, *Non-current Assets Held for Sale* are measured in accordance with that standard.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(2) Business combinations, continued**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in income or loss as a bargain purchase gain.

Non-controlling interest that is present on acquisition day and entitles the holder to a proportionate share of the entity's net assets in an event of liquidation, may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement can be elected on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in other K-IFRSs.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, or with K-IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in income or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting

gain or loss, if any, is recognized in income or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to income or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The assets and liabilities acquired under business combinations under common control are recognized at the carrying amounts recognized previously in the consolidated financial statements of the ultimate parent. The difference between consideration transferred and carrying amounts of net assets acquired is recognized as part of share premium.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(3) Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. If the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105 Non-current Assets Held for Sale, any retained portion of an investment in associates that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. If the Company holds 20% ~ 50% of the voting power of the investee, it is presumed that the Company has significant influence.

After the disposal takes place, the Company shall account for any retained interest in associates in accordance with K-IFRS 1039, Financial Instruments: Recognition and Measurement unless the retained interest continues to be an associates, in which case the entity uses the equity method.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the income or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in income or loss. The requirements of K-IFRS 1039, Financial Instruments: Recognition and Measurement, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment

subsequently increases.

Upon disposal of an associate that results in the Company losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS 1036. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to income or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to income or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When the Company transacts with its associate, incomes and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(4) Joint arrangements**

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are classified into two types - joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement.

If the Company is a joint operator, the Company is to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant K-IFRSs applicable to the particular assets, liabilities, revenues and expenses. If the joint arrangement is a joint venture, the Company is to account for that investment using the equity method accounting in accordance with K-IFRS 1028, Investment in Associates and Joint Ventures (see note 3 (3)), except when the Company is applying K-IFRS 1105, Non-current Assets Held for Sale .

**(5) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

**(6) Goodwill**



The Company measures goodwill which is acquired in a business combination at the amount recognized at the date on which it obtains control of the acquiree (acquisition date) less any accumulated impairment losses. Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the business acquired.

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(7) Revenue recognition**

Revenue from the sale of goods, rendering of services or use of the Company assets is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, which are recognized as a reduction of revenue. Revenue is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

(i) Sales of goods

The Korean government approves the rates charged to customers by the Company's power transmission and distribution division. The Company's utility rates are designed to recover the Company's reasonable costs plus a fair investment return. The Company's power generation rates are determined in the market.

The Company recognizes electricity sales revenue based on power sold (transferred to the customer) up to the reporting date. To determine the amount of power sold, the Company estimates daily power volumes of electricity for residential, commercial, general and etc. The differences between the current month's estimated amount and actual (meter-read) amount, is adjusted for (trued-up) during the subsequent month.

(ii) Sales of other services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed or services performed to date as a percentage of total services to be performed or the proportion that costs incurred to date bear to the estimated total costs of the transaction or other methods that reliably measures the services performed.

(iii) Dividend income and interest income

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income is recognized as it accrues in profit or loss, using the effective interest method. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that

asset's net carrying amount on initial recognition.

(iv) Rental income

The Company's policy for recognition of revenue from operating leases is described in note 3 (9) below.

(v) Deferral of revenue – Transfer of Assets from Customers

The Company recovers a substantial amount of the cost related to its electric power distribution facilities from customers through the transfer of assets, while the remaining portion is recovered through electricity sales from such customers in the future. As such, the Company believes there exists a continued service obligation to the customers in accordance with K-IFRS 2118, "Transfer of Assets from Customers" when the Company receives an item of property, equipment, or cash for constructing or acquiring an item of property or equipment, in exchange for supplying electricity to customers. The Company defers the amounts received, which are subsequently recognized as revenue over the estimated service period which does not exceed the transferred asset's useful life.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(8) Construction services revenue**

The Company provides services related to the construction of power plants related to facilities of its customers, mostly in foreign countries.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized based on the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred when it is probable the revenue will be realized. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized income less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized income less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position as accounts and other receivables.

**(9) Leases**

The Company classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

(i) The Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic

rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(ii) The Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in income or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(9) Leases, continued**

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(10) Foreign currencies**

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to

income or loss on disposal or partial disposal of the net investment.

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal.

**(11) Borrowing costs**

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in income or loss in the period in which they are incurred.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(12) Government grants**

Government grants are not recognized unless there is reasonable assurance that the Company will comply with the grant's conditions and that the grant will be received.

Benefit from a government loan at a below-market interest rate is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(i) If the Company received grants related to assets

Government grants whose primary condition is that the Company purchase, construct or otherwise acquire long-term assets are deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(ii) If the Company received grants related to income

Government grants which are intended to compensate the Company for expenses incurred are recognized as other income (government grants) in profit or loss over the periods in which the Company recognizes the related costs as expenses.

**(13) Employee benefits**

When an employee has rendered service to the Company during a period, the Company recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense).

For defined benefit pension plans and other post-employment benefits, the net periodic pension expense is actuarially determined by Pension Actuarial System developed by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. However, if there is not a deep market, market yields on government bonds are used.



Net defined benefit liability's measurement is composed of actuarial gains and losses, return on plan assets excluding net interest on net defined benefit liability, and any change in the effect of the asset ceiling, excluding net interest, which will immediately recognized in other comprehensive income. The actuarial gains or losses recognized in other comprehensive income which will not be reclassified into net profit or loss for later periods are immediately recognized in retained earnings. Past service cost will be recognized as expenses upon the earlier of the date of change or reduction to the plan, or the date of recognizing termination benefits.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(14) Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

(ii) Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. However, deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable income.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets or deferred tax liabilities on investment properties measured at fair value, unless any contrary evidence exists, are measured using the assumption that the carrying amount of the property will be recovered entirely through sale.

The Company recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Company recognizes a deferred tax asset for all deductible temporary differences arising

from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

(iii) Current and deferred tax for the year

Current and deferred tax are recognized in income or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**Table of Contents****KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued****(15) Property, plant and equipment**

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. For loaded nuclear fuel related to long-term raw materials and spent nuclear fuels related to asset retirement costs, the Company uses the production method to measure and recognizes as expense the economic benefits of the assets.

The estimated useful lives of the Company's property, plant and equipment are as follows:

|                        | <b>Useful lives (years)</b> |
|------------------------|-----------------------------|
| Buildings              | 8 ~ 40                      |
| Structures             | 8 ~ 50                      |
| Machinery              | 6 ~ 32                      |
| Vehicles               | 4                           |
| Loaded heavy water     | 30                          |
| Asset retirement costs | 18, 30, 40                  |
| Finance lease assets   | 20                          |
| Ships                  | 9                           |
| Others                 | 4~9                         |

A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate.

Property, plant and equipment are derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of a property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in income or loss when the asset is derecognized.

**(16) Investment property**

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is initially measured at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Investment property except for land, are depreciated on a straight-line basis over 8 ~ 40 years as estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(16) Investment property, continued**

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income or loss in the period in which the property is derecognized.

**(17) Intangible assets**

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

The technical feasibility of completing the intangible asset so that it will be available for use or sale;

The intention to complete the intangible asset and use or sell it;

The ability to use or sell the intangible asset;

How the intangible asset will generate probable future economic benefits;

The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. When the development expenditure does not meet the criteria listed above, an internally-generated intangible asset cannot be recognized and the expenditure is recognized in income or loss in the period in which it is incurred.

Internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

The estimated useful lives and amortization methods of the Company's intangible assets with finite useful lives are as follows:

|                                 | <b>Useful lives (years)</b> | <b>Amortization methods</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Usage rights for donated assets | 4 ~ 30                      | Straight                    |
| Software                        | 4, 5                        | Straight                    |
| Industrial rights               | 5, 10                       | Straight                    |
| Development expenses            | 5                           | Straight                    |
| Dam usage right                 | 50                          | Straight                    |
| Mining right                    | -                           | Unit of production          |
| Others                          | 4~20, 50                    | Straight                    |

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(17) Intangible assets, continued**

(iii) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in income or loss when the asset is derecognized.

**(18) Impairment of non-financial assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets with definite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.



Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(19) Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost of inventories, except for those in transit, are measured under the weighted average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

**(20) Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

**(i) Provision for employment benefits**

The Company determines the provision for employment benefits as the incentive payments based on the results of the individual performance evaluation or management assessment.

(ii) Provision for decommissioning costs of nuclear power plants

The Company records the fair value of estimated decommissioning costs as a liability in the period in which the Company incurs a legal obligation associated with retirement of long-lived assets that result from acquisition, construction, development and/or normal use of the assets. Accretion expense consists of period-to-period changes in the liability for decommissioning costs resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

(iii) Provision for disposal of spent nuclear fuel

Under the Radioactive Waste Management Act, the Company is levied to pay the spent nuclear fuel fund for the management of spent nuclear fuel. The Company recognizes the provision of present value of the payments.

(iv) Provision for low and intermediate radioactive wastes

Under the Radioactive Waste Management Act, the Company recognizes the provision for the disposal of low and intermediate radioactive wastes in best estimate of the expenditure required to settle the present obligation.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) Provisions, Continued**

(v) Provision for Polychlorinated Biphenyls ( PCBs )

Under the regulation of Persistent Organic Pollutants Management Act, enacted in 2007, the Company is required to remove polychlorinated biphenyls (PCBs), a toxin, from the insulating oil of its transformers by 2025. As a result of the enactments, the Company is required to inspect the PCBs contents of transformers and dispose of PCBs in excess of safety standards under the legally settled procedures. The Company's estimates and assumptions used to determine fair value can be affected by many factors, such as the estimated costs of inspection and disposal, inflation rate, discount rate, regulations and the general economy.

(vi) Provisions for power plant regional support program

Power plant regional support programs consist of scholarship programs to local students, local economy support programs, local culture support programs, environment development programs, and local welfare programs. The Company recognizes the provision in relation to power plant regional support program.

(vii) Provisions for transmission and transformation facilities-neighboring areas support program

The Company has present obligation to conduct transmission and transformation facilities-neighboring areas support program under Act on assistance to transmission and transformation facilities-neighboring areas. The Company recognizes the provision of estimated amount to fulfill the obligation.

(viii) Renewable portfolio standard ( RPS ) provisions

Renewable portfolio standard ( RPS ) program is required to generate a specified percentage of total electricity to be generated in the form of renewable energy and provisions are recognized for the governmental regulations to require the production of energies from renewable energy sources such as solar, wind and biomass.

**(21) Non-derivative financial assets**

The Company recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company recognizes financial assets in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset's acquisition or issuance.

A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

(i) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as financial assets at fair value through profit or loss.

(ii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is classified as financial assets are classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. A financial assets its acquired principally for the purpose of selling it in the near term are classified as a short-term financial assets held for trading and also all the derivatives including an embedded derivate that is not designated and effective as a hedging instrument are classified at the short-term trading financial asset as well. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) Non-derivative financial assets, continued**

A financial asset is classified as held for trading if:

It has been acquired principally for the purpose of selling it in the near term; or

On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit taking; or

It is derivative, including an embedded derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at financial assets at fair value through profit or loss upon initial recognition if:

Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

It forms a part of a contract containing one or more embedded derivatives, and with K-IFRS 1039, Financial Instruments; Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognized in income or loss. The net gain or loss recognized in income or loss incorporates any dividend or interest earned on the financial asset and is included in the 'finance income and finance expenses' line item in the consolidated statement of comprehensive income.

(iii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Company has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the valuation reserve. However, impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets are recognized in income or loss. Unquoted equity investments which are not traded in an active market, whose fair value cannot be measured reliably are carried at cost.

When a financial asset is derecognized or impairment losses are recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Dividends on an available-for-sale equity instrument are recognized in profit or loss when the Company's right to receive payment is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in income or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

(v) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method except for loans and receivables of which the effect of discounting is immaterial.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) Non-derivative financial assets, continued**

(vi) Impairment of financial assets

Financial assets, other than those at financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available-for-sale financial asset, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment in addition to the criteria mentioned below.

For all other financial assets, objective evidence of impairment could include:

Significant financial difficulty of the issuer or counterparty; or

Breach of contract, such as a default or delinquency in interest or principal payments, or

It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

The disappearance of an active market for that financial asset because of financial difficulties. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets recorded at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial



asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in income or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to income or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) Non-derivative financial assets, continued**

(vii) De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. If the Company retains substantially all the risks and rewards of ownership of the transferred financial assets, the Company continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in income or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in income or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

**(22) Non-derivative financial liabilities and equity instruments issued by the Company**

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in income or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the issue of financial liabilities are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(22) Non-derivative financial liabilities and equity instruments issued by the Company, continued**

(iv) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at financial liabilities at fair value through profit or loss when the financial liability is either held for trading or it is designated as financial liabilities at fair value through profit or loss.

A financial liability is classified as held for trading if:

It has been acquired principally for the purpose of repurchasing it in the near term; or

On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

The financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

It forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognized in income or loss. The net gain or loss recognized in income or loss incorporates any interest paid on the financial liability and is included in finance income and finance expenses.

(v) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(vi) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: (a) the amount of the obligation under the contract, as determined in accordance with K-IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*; or (b) the amount initially recognized less, cumulative amortization recognized in accordance with K-IFRS 1018, *Revenue*.

(vii) De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in income or loss.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(23) Derivative financial instruments, including hedge accounting**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps and others.

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value.

The resulting gain or loss is recognized in income or loss immediately unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in income or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(i) Separable embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and when the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative is part of, is more than 12 months and it is not expected to be realized or settled within 12 months. All other embedded derivatives are presented as current assets or current liabilities.

(ii) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(iii) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in income or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk relating to the hedged items are recognized in the consolidated statements of comprehensive income.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized as income or loss as of that date.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(23) Derivative financial instruments, including hedge accounting, continued**

(iv) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in income or loss, and is included in the finance income and expense .

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to income or loss in the periods when the hedged item is recognized in income or loss, in the same line of the consolidated statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in income or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in income or loss.



**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**4. Segment, Geographic and Other Information**

**(1) Segment determination and explanation of the measurements**

The Company's operating segments are its business components that generates discrete financial information that is reported to and regularly revised by the Company's the chief operating decision maker, the Chief Executive Officer, for the purpose of resource allocation and assessment of segment performance. The Company's reportable segment are 'Transmission and distribution', 'Electric power generation (Nuclear)', 'Electric power generation (Non-nuclear)', 'Plant maintenance & engineering service' and 'Others'; others mainly represent the business unit that manages the Company's foreign operations.

Segment operating profit (loss) is determined the same way that consolidated operating profit is determined under K-IFRS without any adjustment for corporate allocations. The accounting policies used by each segment are consistent with the accounting policies used in the preparation of the consolidated financial statements. Segment assets and liabilities are determined based on separate financial statements of the entities instead of on a consolidated basis. There are various transactions between the reportable segments, including sales of property, plant and equipment and so on, that are conducted on an arms-length basis at market prices that would be applicable to an independent third-party. For subsidiaries which are in a different segment from that of its immediate parent company, their carrying amount in separate financial statements is eliminated in the consolidating adjustments in the tables below. In addition, consolidation adjustments in the table below include adjustments of the amount of investment in associates and joint ventures from the cost basis amount reflected in segment assets to that determined using an equity method basis in the consolidated financial statements.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued****(2) Financial information of the segments for the three-month periods ended March 31, 2015 and 2014, respectively, are as follows:***In millions of  
won*

| Segment                                 | March 31, 2015        |                      |                                 |                               |                 |                  |  |                        |
|---|-----------------------|----------------------|---------------------------------|-------------------------------|-----------------|------------------|--|------------------------|
|   | Total segment revenue | Intersegment revenue | Revenue from external customers | Depreciation and amortization | Interest income | Interest expense | Profit related associates, joint ventures and subsidiaries | Operating profit(loss) |
| Transmission and distribution           | ₩ 14,936,679          | 297,155              | 14,639,524                      | 704,160                       | 10,570          | 302,116          | 170,032  | (194,166)              |
| Electric power generation               |                       |                      |                                 |                               |                 |                  |  |                        |
| (Nuclear)                               | 2,736,160             | 2,733,949            | 2,211                           | 737,316                       | 7,008           | 149,586          | (658)  | 1,195,543              |
| Electric power generation (Non-nuclear) | 6,623,817             | 6,413,081            | 210,736                         | 561,926                       | 5,669           | 82,329           | 22,375   | 1,217,388              |
| Plant maintenance & engineering service | 553,716               | 414,213              | 139,503                         | 19,898                        | 3,024           | 39               | 800  | 56,615                 |
| Others                                  | 151,629               | 19,744               | 131,885                         | 7,043                         | 25,522          | 20,509           |  | 14,501                 |
| Consolidation adjustments               | (9,878,142)           | (9,878,142)          |                                 | (9,404)                       | (2,300)         | (1,923)          |  | (50,015)               |
|   | ₩ 15,123,859          |                      | 15,123,859                      | 2,020,939                     | 49,493          | 552,656          | 192,549  | 2,239,866              |
| Other income                            |                       |                      |                                 |                               |                 |                  |  | 117,365                |
| Other expenses                          |                       |                      |                                 |                               |                 |                  |  | (23,137)               |
| Other gains, net                        |                       |                      |                                 |                               |                 |                  |  | 25,894                 |
|   |                       |                      |                                 |                               |                 |                  |  | 187,207                |

|  |           |
|--|-----------|
| Financial income   |           |
| Financial costs  | (681,424) |
| Profit related associates, joint ventures and subsidiaries | 192,549   |
| Profit before income tax                                   | 2,058,320 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued****(2) Financial information of the segments the three-month periods ended March 31, 2015 and 2014, respectively, are as follows, continued:***In millions of  
won*

| Segment  | March 31, 2014              |                         |  |                                     |                    |                     |  |                           |
|--|-----------------------------|-------------------------|--|-------------------------------------|--------------------|---------------------|--|---------------------------|
|  | Total<br>segment<br>revenue | Intersegment<br>revenue | Revenue<br>from<br>external<br>customers | Depreciation<br>and<br>amortization | Interest<br>income | Interest<br>expense | Profit related<br>associates,<br>joint ventures<br>and<br>subsidiaries | Operating<br>profit(loss) |
| Transmission<br>and distribution                 | ₩ 14,681,061                | 285,952                 | 14,395,109                               | 671,919                             | 6,965              | 359,889             | 107,056  | (266,967)                 |
| Electric power<br>generation                     |                             |                         |  |                                     |                    |                     |  |                           |
| (Nuclear)  | 2,448,121                   | 2,445,463               | 2,658                                    | 703,211                             | 3,952              | 145,797             | 740  | 948,969                   |
| Electric power<br>generation<br>(Non-nuclear)    | 7,428,668                   | 7,301,758               | 126,910                                  | 517,069                             | 8,150              | 74,913              | 3,572  | 514,372                   |
| Plant<br>maintenance &<br>engineering<br>service | 554,479                     | 403,044                 | 151,435                                  | 17,766                              | 5,002              | 143                 | (1,201)  | 57,658                    |
| Others   | 122,200                     | 25,665                  | 96,535                                   | 6,657                               | 26,896             | 18,568              |  | 31,107                    |
| Consolidation<br>adjustments                     | (10,461,882)                | (10,461,882)            |  | (8,498)                             | (2,770)            | (2,264)             |  | (58,062)                  |
|  | ₩ 14,772,647                |                         | 14,772,647                               | 1,908,124                           | 48,195             | 597,046             | 110,167  | 1,227,077                 |
| Other income                                     |                             |                         |  |                                     |                    |                     |  | 70,723                    |
| Other expenses                                   |                             |                         |  |                                     |                    |                     |  | (23,059)                  |
| Other gains, net                                 |                             |                         |  |                                     |                    |                     |  | 41,082                    |
|  |                             |                         |  |                                     |                    |                     |  | 278,058                   |

|  |           |
|--|-----------|
| Financial income   |           |
| Financial costs  | (802,121) |
| Profit related associates, joint ventures and subsidiaries | 110,167   |
| Profit before income tax                                   | 901,927   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued**

- (3) **Information related to segment assets and segment liabilities as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows:**

*In millions of won*

| Segment                                 | March 31, 2015       |  |                                   |                     |
|---|----------------------|--|-----------------------------------|---------------------|
|   | Segment assets       | Investments in associates and joint ventures | Acquisition of non-current assets | Segment liabilities |
| Transmission and distribution           | ₩ 101,353,820        | 4,330,535                                    | 1,801,303                         | 57,999,737          |
| Electric power generation (Nuclear)     | 50,194,502           | 15,835                                       | 521,821                           | 28,191,129          |
| Electric power generation (Non-nuclear) | 42,356,919           | 1,292,775                                    | 1,355,742                         | 24,383,339          |
| Plant maintenance & engineering service | 2,668,406            | 58,854                                       | 49,608                            | 1,076,970           |
| Others                                  | 5,570,163            |  | 28,377                            | 2,200,272           |
| Consolidation adjustments               | (35,323,729)         |  | 142,640                           | (2,556,609)         |
| <b>Consolidated totals</b>              | <b>₩ 166,820,081</b> | <b>5,697,999</b>                             | <b>3,899,491</b>                  | <b>111,294,838</b>  |

*In millions of won*

| Segment                                 | December 31, 2014 |  |                                   |                     |
|---|-------------------|--|-----------------------------------|---------------------|
|   | Segment assets    | Investments in associates and joint ventures | Acquisition of non-current assets | Segment liabilities |
| Transmission and distribution           | ₩ 99,719,106      | 4,173,139                                    | 4,979,968                         | 56,338,038          |
| Electric power generation (Nuclear)     | 49,237,136        | 1,929  | 2,211,783                         | 27,588,281          |
| Electric power generation (Non-nuclear) | 41,413,556        | 1,274,761                                    | 7,071,376                         | 24,185,126          |
| Plant maintenance & engineering service | 2,659,506         | 58,895                                       | 377,055                           | 990,496             |

|                           |               |           |            |             |
|---------------------------|---------------|-----------|------------|-------------|
| Others                    | 5,681,070     |           | 120,667    | 2,098,115   |
| Consolidation adjustments | (35,002,085)  |           | (144,726)  | (2,316,777) |
| Consolidated totals       | ₩ 163,708,289 | 5,508,724 | 14,616,123 | 108,883,279 |

**(4) Geographic information**

The following information on revenue from external customers and non-current assets is determined by the location of the customers and the assets:

*In millions of won*

| Geographical unit | Revenue from external customers |                | Non-current assets (*2) |                   |
|-------------------|---------------------------------|----------------|-------------------------|-------------------|
|                   | March 31, 2015                  | March 31, 2014 | March 31, 2015          | December 31, 2014 |
| Domestic          | ₩ 14,307,620                    | 14,164,630     | 140,320,130             | 136,053,940       |
| Overseas (*1)     | 816,239                         | 608,017        | 4,269,398               | 6,542,282         |
|                   | ₩ 15,123,859                    | 14,772,647     | 144,589,528             | 142,596,222       |

(\*1) Middle East and other Asian countries make up the majority of overseas revenue and non-current assets.

(\*2) Amount excludes financial assets and deferred tax assets.

**(5) Information on significant customers**

There is no individual customer comprising more than 10% of the Company's revenue for the three-month periods ended March 31, 2015 and 2014.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**5. Classification of Financial Instruments****(1) Classification of financial assets as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>           | March 31, 2015  |                       |                                     |                              |  | Total      |
|-------------------------------------|---|-----------------------|-------------------------------------|------------------------------|--|------------|
|                                     | Financial assets at fair value through profit or loss | Loans and receivables | Available-for-sale financial assets | Held-to-maturity investments | Derivative assets (using hedge accounting) |            |
| <b>Current assets</b>               |   |                       |                                     |                              |  |            |
| Cash and cash equivalents           | ₩   | 3,054,376             |                                     |                              |  | 3,054,376  |
| <b>Current financial assets</b>     |   |                       |                                     |                              |  |            |
| Held-to-maturity investments        |   |                       |                                     | 181                          |  | 181        |
| Derivative assets                   | 7,163   |                       |                                     |                              | 27,649                                     | 34,812     |
| Other financial assets              |   | 1,074,119             |                                     |                              |  | 1,074,119  |
| Trade and other receivables         |   | 6,467,419             |                                     |                              |  | 6,467,419  |
|                                     | 7,163   | 10,595,914            |                                     | 181                          | 27,649                                     | 10,630,907 |
| <b>Non-current assets</b>           |   |                       |                                     |                              |  |            |
| <b>Non-current financial assets</b> |   |                       |                                     |                              |  |            |
| Available-for-sale financial assets |   |                       | 668,543                             |                              |  | 668,543    |
| Held-to-maturity investments        |   |                       |                                     | 3,367                        |  | 3,367      |
| Derivative assets                   | 89,239  |                       |                                     |                              | 113,169                                    | 202,408    |
| Other financial assets              |   | 1,182,399             |                                     |                              |  | 1,182,399  |
| Trade and other receivables         |   | 1,718,492             |                                     |                              |  | 1,718,492  |
|                                     | 89,239  | 2,900,891             | 668,543                             | 3,367                        | 113,169                                    | 3,775,209  |
|                                     | ₩ 96,402  | 13,496,805            | 668,543                             | 3,548                        | 140,818                                    | 14,406,116 |

**December 31, 2014***In millions of won***Total**



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|                                     | Financial<br>assets at fair<br>value through<br>profit or<br>loss | Loans and<br>receivables | Available-<br>for-sale<br>financial<br>assets | Held-to-<br>maturity<br>investments | Derivative<br>assets (using<br>hedge<br>accounting) |            |
|-------------------------------------|---|--------------------------|---|-------------------------------------|---|------------|
| <b>Current assets</b>               |   |                          |   |                                     |   |            |
| Cash and cash equivalents           | ₩   | 1,796,300                |   |                                     |   | 1,796,300  |
| <b>Current financial assets</b>     |   |                          |   |                                     |   |            |
| Held-to-maturity investments        |   |                          |   | 265                                 |   | 265        |
| Derivative assets                   | 6,812   |                          |   |                                     | 1,409   | 8,221      |
| Other financial assets              |   | 167,942                  |   |                                     |   | 167,942    |
| Trade and other receivables         |   | 7,697,862                |   |                                     |   | 7,697,862  |
|                                     | 6,812   | 9,662,104                |   | 265                                 | 1,409   | 9,670,590  |
| <b>Non-current assets</b>           |   |                          |   |                                     |   |            |
| <b>Non-current financial assets</b> |   |                          |   |                                     |   |            |
| Available-for-sale financial assets |   |                          | 715,151                                       |                                     |   | 715,151    |
| Held-to-maturity investments        |   |                          |   | 3,349                               |   | 3,349      |
| Derivative assets                   | 59,037  |                          |   |                                     | 102,867   | 161,904    |
| Other financial assets              |   | 1,160,517                |   |                                     |   | 1,160,517  |
| Trade and other receivables         |   | 1,724,357                |   |                                     |   | 1,724,357  |
|                                     | 59,037  | 2,884,874                | 715,151                                       | 3,349                               | 102,867   | 3,765,278  |
|                                     | ₩ 65,849  | 12,546,978               | 715,151                                       | 3,614                               | 104,276   | 13,435,868 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**5. Classification of Financial Instruments, continued**

(2) Classification of financial liabilities as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>      | <b>March 31, 2015</b>   |   |  |              |
|--------------------------------|---|---|--|--------------|
|                                | <b>Financial liabilities<br/>at fair value through<br/>profit or<br/>loss</b> | <b>Financial liabilities<br/>recognized at<br/>amortized cost</b> | <b>Derivative liabilities<br/>(using hedge<br/>accounting)</b> | <b>Total</b> |
| <b>Current liabilities</b>     |   |   |  |              |
| Borrowings                     | ₩   | 824,448   |  | 824,448      |
| Debt securities                |   | 6,130,910   |  | 6,130,910    |
| Derivative liabilities         | 50,830  |   | 2,742  | 53,572       |
| Trade and other payables       |   | 5,371,890   |  | 5,371,890    |
|                                | 50,830  | 12,327,248  | 2,742  | 12,380,820   |
| <b>Non-current liabilities</b> |   |   |  |              |
| Borrowings                     |   | 3,108,705   |  | 3,108,705    |
| Debt securities                |   | 50,962,768  |  | 50,962,768   |
| Derivative liabilities         | 94,995  |   | 177,983  | 272,978      |
| Trade and other payables       |   | 3,806,426   |  | 3,806,426    |
|                                | 94,995  | 57,877,899  | 177,983  | 58,150,877   |
|                                | ₩ 145,825   | 70,205,147  | 180,725  | 70,531,697   |

| <i>In millions of won</i>  | <b>December 31, 2014</b>  |   |  |              |
|----------------------------|---|---|--|--------------|
|                            | <b>Financial liabilities at<br/>fair value<br/>through<br/>profit or<br/>loss</b> | <b>Financial liabilities<br/>recognized at<br/>amortized cost</b> | <b>Derivative liabilities<br/>(using hedge<br/>accounting)</b> | <b>Total</b> |
| <b>Current liabilities</b> |   |   |  |              |

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|                                |           |            |         |            |
|--------------------------------|-----------|------------|---------|------------|
| Borrowings                     | ₩         | 1,113,354  |         | 1,113,354  |
| Debt securities                |           | 5,991,398  |         | 5,991,398  |
| Derivative liabilities         | 56,296    |            | 1,324   | 57,620     |
| Trade and other payables       |           | 6,128,604  |         | 6,128,604  |
|                                | 56,296    | 13,233,356 | 1,324   | 13,290,976 |
| <b>Non-current liabilities</b> |           |            |         |            |
| Borrowings                     |           | 3,475,206  |         | 3,475,206  |
| Debt securities                |           | 52,244,369 |         | 52,244,369 |
| Derivative liabilities         | 108,635   |            | 171,551 | 280,186    |
| Trade and other payables       |           | 3,806,735  |         | 3,806,735  |
|                                | 108,635   | 59,526,310 | 171,551 | 59,806,496 |
|                                | ₩ 164,931 | 72,759,666 | 172,875 | 73,097,472 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(3) Classification of comprehensive income (loss) from financial instruments for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>                             |  | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|---|--|---------------------------|---------------------------|
| Cash and cash equivalents                             | Interest income  | ₩ 11,890                  | 12,242                    |
| Available-for-sale financial assets                   | Dividends income   | 5,456                     | 12,525                    |
|   | Impairment loss on available-for-sale financial assets           | (5,821)                   |                           |
|   | Loss on disposal of financial assets                             | (975)                     | (2)                       |
|   | Interest income  | 29                        | 108                       |
| Held-to-maturity investments                          | Interest income  | 25                        | 17                        |
| Loans and receivables                                 | Interest income  | 6,775                     | 6,020                     |
| Trade and other receivables                           | Interest income  | 24,981                    | 25,771                    |
| Short-term financial instruments                      | Interest income  | 2,864                     | 3,927                     |
| Long-term financial instruments                       | Interest income  | 2,929                     | 110                       |
| Financial assets at fair value through profit or loss | Gain on valuation of derivatives                                 | 30,365                    | 9,379                     |
| Derivative assets                                     | Gain (loss) on transaction of derivatives                        | 1,666                     | (9,563)                   |
| (using hedge accounting)                              | Gain (loss) on valuation of derivatives                          | 14,199                    | 35,908                    |
|   | Gain (loss) on valuation of derivatives (equity, before tax) (*) | 13,010                    | (5,732)                   |
|   | Gain (loss) on transaction of derivatives                        | 1,065                     | (1,585)                   |
| Financial liabilities carried at amortized cost       | Interest expense of borrowings and debt securities               | (379,204)                 | (427,547)                 |
|   | Interest expense of trade and other payables                     | (20,909)                  | (22,376)                  |

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|  |   |           |           |
|--|---|-----------|-----------|
|  | Interest expense of others                                | (152,543) | (147,123) |
|  | Loss on foreign currency transactions and translations    | (60,337)  | (145,391) |
| Financial liabilities at fair value through profit or loss | Gain on valuation of derivatives                          | 18,342    | 68,839    |
|  | Gain (loss) on transaction of derivatives                 | (1,785)   | 28,595    |
| Derivative liabilities                                     | Gain on valuation of derivatives                          | 1,857     | 29,520    |
| (using hedge accounting)                                   | Gain on valuation of derivatives (equity, before tax) (*) | 13,737    | 6,690     |
|  | Loss on transaction of derivatives                        | (3,400)   | (5,311)   |

(\*) Items are included in other comprehensive income. All other income and gain amounts listed above are included in finance income, and all expense and loss amounts listed above are included in finance expenses in the accompanying consolidated statements of comprehensive income.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**6. Restricted Deposits**

Restricted deposits as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>        |  | <b>March 31,</b> | <b>December 31,</b> |
|----------------------------------|--|------------------|---------------------|
|                                  |  | <b>2015</b>      | <b>2014</b>         |
| Cash and cash equivalents        | Escrow accounts  | ₩ 457            | 100                 |
|                                  | Deposits for government project  | 7,001            | 10,156              |
|                                  | Collateral provided for borrowings   | 13,968           | 12,926              |
|                                  | Collateral provided for lawsuit  | 367              | 367                 |
| Short-term financial instruments | Restriction on withdrawal related to win-win growth program for small and medium enterprises | 5,000            | 5,000               |
| Long-term financial instruments  | Guarantee deposits for checking account  | 3                | 3                   |
|                                  | Guarantee deposits for banking accounts at oversea branches                                  | 314              | 312                 |
|                                  | Pledge   | 740              | 740                 |
|                                  | Decommissioning costs of nuclear power plants  |                  | 603,306             |
|                                  | Collateral provided for lawsuit  | 20               |                     |
|                                  |  | <b>₩ 27,870</b>  | <b>632,910</b>      |

**7. Cash and Cash Equivalents**

Cash and cash equivalents as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>                          | <b>March 31,</b> | <b>December 31,</b> |
|--|------------------|---------------------|
|  | <b>2015</b>      | <b>2014</b>         |
| Cash   | ₩ 160            | 77                  |
| Other demand deposit                               | 1,245,074        | 1,154,250           |
| Short-term deposits classified as cash equivalents | 1,151,422        | 340,119             |

|   |                    |                  |
|---|--------------------|------------------|
| Short-term investments classified as cash equivalents | 657,720            | 301,854          |
|   | <b>₩ 3,054,376</b> | <b>1,796,300</b> |

## 8. Trade and Other Receivables

(1) Trade and other receivables as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | March 31, 2015     |                                 |                        | Book value       |
|---------------------------|--------------------|---------------------------------|------------------------|------------------|
|                           | Gross amount       | Allowance for doubtful accounts | Present value discount |                  |
| <b>Current assets</b>     |                    |                                 |                        |                  |
| Trade receivables         | ₩ 6,008,073        | (65,450)                        | (66)                   | 5,942,557        |
| Other receivables         | 577,683            | (50,355)                        | (2,466)                | 524,862          |
|                           | 6,585,756          | (115,805)                       | (2,532)                | 6,467,419        |
| <b>Non-current assets</b> |                    |                                 |                        |                  |
| Trade receivables         | 405,626            |                                 | (5)                    | 405,621          |
| Other receivables         | 1,345,984          | (26,964)                        | (6,149)                | 1,312,871        |
|                           | 1,751,610          | (26,964)                        | (6,154)                | 1,718,492        |
|                           | <b>₩ 8,337,366</b> | <b>(142,769)</b>                | <b>(8,686)</b>         | <b>8,185,911</b> |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**8. Trade and Other Receivables, Continued****(1) Trade and other receivables as of March 31, 2015 and December 31, 2014 are as follows, continued:**

| <i>In millions of won</i> | <b>Gross amount</b> | <b>December 31, 2014</b>               |                               | <b>Book value</b> |
|---------------------------|---------------------|--|-------------------------------|-------------------|
|                           |                     | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> |                   |
| <b>Current assets</b>     |                     |  |                               |                   |
| Trade receivables         | ₩ 7,243,064         | (80,644)                               | (94)                          | 7,162,326         |
| Other receivables         | 583,991             | (46,245)                               | (2,210)                       | 535,536           |
|                           | 7,827,055           | (126,889)                              | (2,304)                       | 7,697,862         |
| <b>Non-current assets</b> |                     |  |                               |                   |
| Trade receivables         | 412,222             |  | (14)                          | 412,208           |
| Other receivables         | 1,341,398           | (21,687)                               | (7,562)                       | 1,312,149         |
|                           | 1,753,620           | (21,687)                               | (7,576)                       | 1,724,357         |
|                           | ₩ 9,580,675         | (148,576)                              | (9,880)                       | 9,422,219         |

**(2) Other receivables as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | <b>Gross amount</b> | <b>March 31, 2015</b>                  |                               | <b>Book value</b> |
|---------------------------|---------------------|--|-------------------------------|-------------------|
|                           |                     | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> |                   |
| <b>Current assets</b>     |                     |  |                               |                   |
| Non-trade receivables     | ₩ 249,026           | (50,355)                               |                               | 198,671           |
| Accrued income            | 50,782              |  |                               | 50,782            |



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|                           |             |          |         |           |
|---------------------------|-------------|----------|---------|-----------|
| Deposits                  | 201,935     | (2,466)  |         | 199,469   |
| Finance lease receivables | 8,958       |          |         | 8,958     |
| Others                    | 66,982      |          |         | 66,982    |
|                           | 577,683     | (50,355) | (2,466) | 524,862   |
| Non-current assets        |             |          |         |           |
| Non-trade receivables     | 133,399     | (23,209) |         | 110,190   |
| Accrued income            | 364         |          |         | 364       |
| Deposits                  | 247,266     |          | (6,149) | 241,117   |
| Finance lease receivables | 882,805     |          |         | 882,805   |
| Others                    | 82,150      | (3,755)  |         | 78,395    |
|                           | 1,345,984   | (26,964) | (6,149) | 1,312,871 |
|                           | ₩ 1,923,667 | (77,319) | (8,615) | 1,837,733 |

| <i>In millions of won</i> | <b>December 31, 2014</b> |  |                               |                   |
|---------------------------|--------------------------|--|-------------------------------|-------------------|
|                           | <b>Gross amount</b>      | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| Current assets            |                          |  |                               |                   |
| Non-trade receivables     | ₩ 257,260                | (46,245)                               |                               | 211,015           |
| Accrued income            | 54,242                   |  |                               | 54,242            |
| Deposits                  | 196,537                  |  | (2,210)                       | 194,327           |
| Finance lease receivables | 8,275                    |  |                               | 8,275             |
| Others                    | 67,677                   |  |                               | 67,677            |
|                           | 583,991                  | (46,245)                               | (2,210)                       | 535,536           |
| Non-current assets        |                          |  |                               |                   |
| Non-trade receivables     | 117,604                  | (18,630)                               |                               | 98,974            |
| Accrued income            | 303                      |  |                               | 303               |
| Deposits                  | 267,397                  |  | (7,562)                       | 259,835           |
| Finance lease receivables | 877,479                  |  |                               | 877,479           |
| Others                    | 78,615                   | (3,057)                                |                               | 75,558            |
|                           | 1,341,398                | (21,687)                               | (7,562)                       | 1,312,149         |
|                           | ₩ 1,925,389              | (67,932)                               | (9,772)                       | 1,847,685         |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**8. Trade and Other receivables, Continued****(2) Other receivables as of March 31, 2015 and December 31, 2014 are as follows, continued:**

Trade and other receivables are classified as loans and receivables, and are measured using the effective interest method. No interest is accrued for trade receivables related to electricity for the duration between the billing date and the payment due dates. But once trade receivables are overdue, the Company imposes a monthly interest rate of 2.0% on the overdue trade receivables. The Company holds deposits of three-months expected electricity usage for customers requesting temporary usage and customers with past defaulted payments.

**(3) Aging analysis of trade receivables as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                      | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|---------------------------|------------------------------|
| Trade receivables: (not overdue, not impaired) | ₩ 6,268,444               | 7,516,233                    |
| Trade receivables: (overdue, not impaired)     | 908                       | 1,061                        |
| Less than 60 days                              | 908                       | 1,061                        |
| Trade receivables: (impairment reviewed)       | 144,347                   | 137,992                      |
| 60 ~ 90 days                                   | 56,518                    | 31,438                       |
| 90 ~ 120 days                                  | 7,571                     | 12,045                       |
| 120 days ~ 1 year                              | 39,995                    | 42,736                       |
| Over 1 year                                    | 40,263                    | 51,773                       |
|  | 6,413,699                 | 7,655,286                    |
| Less allowance for doubtful accounts           | (65,450)                  | (80,644)                     |
| Less present value discount                    | (71)                      | (108)                        |
|  | ₩ 6,348,178               | 7,574,534                    |

The Company assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired, and provides allowances for doubtful accounts which includes impairment for trade receivables that are individually significant.

The Company considers receivables as impaired if the receivables are outstanding 60 days after the maturity and sets allowance based on past experience of collection.

**(4) Aging analysis of other receivables as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                      | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|---------------------------|------------------------------|
| Other receivables: (not overdue, not impaired) | ₩ 1,743,195               | 1,729,807                    |
| Other receivables: (overdue, not impaired)     | 54,614                    | 58,778                       |
| Less than 60 days                              | 54,614                    | 58,778                       |
| Other receivables: (impairment reviewed)       | 125,858                   | 136,803                      |
| 60 ~ 90 days                                   | 2,996                     | 1,132                        |
| 90 ~ 120 days                                  | 10,240                    | 2,242                        |
| 120 days ~ 1 year                              | 15,693                    | 18,857                       |
| Over 1 year                                    | 96,929                    | 114,572                      |
|  | 1,923,667                 | 1,925,388                    |
| Less allowance for doubtful accounts           | (77,319)                  | (67,932)                     |
| Less present value discount                    | (8,615)                   | (9,772)                      |
|  | ₩ 1,837,733               | 1,847,684                    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**8. Trade and Other Receivables, Continued**

- (5) Changes in the allowance for doubtful accounts for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

| <i>In millions of won</i> | March 31, 2015    |                   | December 31, 2014 |                   |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
|                           | Trade receivables | Other receivables | Trade receivables | Other receivables |
| <b>Beginning balance</b>  | ₩ 80,644          | 67,932            | 65,024            | 69,887            |
| Bad debt expense          | 1,159             | 7,833             | 39,018            | 15,981            |
| Write-off                 | (3,616)           | (266)             | (23,398)          | (7,534)           |
| Reversal                  | (12,737)          |                   |                   | (241)             |
| Others                    |                   | 1,820             |                   | (10,161)          |
| Ending balance            | ₩ 65,450          | 77,319            | 80,644            | 67,932            |

**9. Available-for-sale Financial Assets**

Available-for-sale financial assets as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>         | Ownership | March 31,<br>2015 | December 31,<br>2014 |
|-----------------------------------|-----------|-------------------|----------------------|
| <b>Equity securities</b>          |           |                   |                      |
| <b>Listed</b>                     |           |                   |                      |
| Kwanglim Co., Ltd. (*3)           | 0.44%     | ₩ 162             | 128                  |
| Cockatoo Coal Limited (*1)        | 1.10%     | 110               | 628                  |
| Denison Mines Corp.               | 11.51%    | 51,310            | 62,339               |
| Energy Fuels Inc.                 | 8.70%     | 8,475             | 11,569               |
| Fission 3.0                       | 0.45%     | 63                | 61                   |
| Fission Uranium Corp.             | 0.22%     | 920               | 651                  |
| PT Adaro Energy Tbk (*1,3)        | 1.50%     | 38,797            | 44,109               |
| Sungjee Construction Co., Ltd.    | 0.01%     | 7                 | 5                    |
| Ssangyong Motor Co., Ltd.         | 0.03%     | 350               | 357                  |
| Korea District Heating Corp. (*3) | 19.55%    | 124,977           | 127,240              |

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|   |       |         |         |
|---|-------|---------|---------|
| Korea Line Corp.                              | 0.00% |         |         |
| Namkwang Engineering & Construction Co., Ltd. | 0.01% | 1       | 2       |
| Pumyang Construction Co., Ltd.                | 0.00% |         |         |
| ELCOMTEC Co., Ltd.                            | 0.04% | 69      | 48      |
| PAN Ocean Co., Ltd.                           | 0.00% | 6       | 5       |
| Borneo International Furniture Co., Ltd.      | 0.01% | 4       | 4       |
| TONGYANG Inc.                                 | 0.03% | 98      | 66      |
| TONGYANG Networks Inc.                        | 0.01% | 4       | 3       |
|   |       | 225,353 | 247,215 |

**Unlisted**

|  |        |         |         |
|--|--------|---------|---------|
| LIG E&C Co., Ltd.  | 0.00%  | 5       | 5       |
| Dae Kwang Semiconductor Co., Ltd.                                | 0.07%  | 6       | 6       |
| Dongnam Co., Ltd.  | 0.46%  | 72      | 72      |
| Mobo Co., Ltd.   | 0.00%  | 14      | 14      |
| SAMBO AUTO. Co., Ltd. (Formerly, Hydrogen Power Co., Ltd.)       | 0.02%  | 38      | 38      |
| Woobang ENC Co., Ltd.  | 0.00%  | 22      | 22      |
| Ginseng K Co., Ltd.  | 0.00%  |         |         |
| Areva Nc Expansion   | 13.49% | 204,048 | 227,876 |
| IBK-AUCTUS Green Growth Private Equity Firm (*3)                 | 6.30%  | 2,325   | 2,325   |
| K&C- Gyeongnam Youth Job Creation Investment Fund                | 10.00% | 1,340   | 1,340   |
| Navanakorn Electric Co., Ltd. (*5)                               | 29.00% | 16,925  | 16,836  |
| PT. Kedap Saayq  | 10.00% | 12,989  | 12,989  |
| Set Holding (*6)   | 2.50%  | 167,832 | 167,832 |
| Construction Guarantee (*7)                                      | 0.02%  | 791     | 795     |
| Global Dynasty Overseas Resource Development Private Equity Firm | 7.46%  | 2,233   | 2,233   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**9. Available-for-sale Financial Assets, Continued**

Available-for-sale financial assets as of March 31, 2015 and December 31, 2014 are as follows, continued:

| <i>In millions of won</i>  | <b>Ownership</b> | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|------------------|---------------------------|------------------------------|
| Plant & Mechanical Contractors Financial Cooperative of Korea                  | 0.01%            | ₩ 36                      | 36                           |
| Fire Guarantee   | 0.02%            | 20                        | 20                           |
| Korea Software Financial Cooperative   | 0.15%            | 301                       | 301                          |
| Engineering Financial Cooperative  | 0.10%            | 60                        | 60                           |
| Electric Contractors Financial Cooperative                                     | 0.03%            | 152                       | 152                          |
| Korea Specialty Contractor Financial Cooperative                               | 0.01%            | 417                       | 417                          |
| Information & Communication Financial Cooperative                              | 0.01%            | 10                        | 10                           |
| Troika Overseas Resource Development Private Equity Firm                       | 3.66%            | 13,340                    | 13,340                       |
| Korea Electric Engineers Association   | 0.26%            | 40                        | 40                           |
| Korea Investment Korea EXIM Bank CERs Private Special Asset Investment Trust 1 | 14.18%           | 4,752                     | 4,752                        |
| Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1    | 5.00%            | 1,167                     | 498                          |
| Hanwha Electric Power Venture fund (*2)  |                  |                           | 1,804                        |
| Hwan Young Steel Co., Ltd.   | 0.14%            | 97                        | 97                           |
| Intellectual Discovery, Ltd.   | 8.81%            | 5,000                     | 5,000                        |
| Poonglim Industrial Co., Ltd.  | 0.01%            | 78                        | 78                           |
| HANKOOK Silicon Co., Ltd.  | 10.44%           | 7,513                     | 7,513                        |
| Pumyang Asset Management Co., Ltd.   | 0.00%            | 3                         | 3                            |
| Sanbon Department Store  | 0.01%            | 124                       | 124                          |
| Woori Ascon Co., Ltd.  | 0.34%            | 10                        | 10                           |
| Miju Steel Mfg Co., Ltd.   | 0.23%            | 51                        | 51                           |
| BnB Sungwon Co., Ltd.  | 0.01%            | 15                        | 15                           |
| Hana Civil Engineering Co., Ltd.   | 0.00%            | 1                         | 1                            |
| KC Development Co., Ltd.   | 0.02%            | 6                         | 6                            |

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|   |        |           |         |
|---|--------|-----------|---------|
| IMHWA Corp.   | 0.11%  | 5         | 5       |
| IXELON Co., Ltd.                                    | 0.02%  | 23        | 23      |
| DAIM Special Vehicle Co., Ltd.                      | 0.08%  | 10        | 10      |
| ASA KIMJE Co., Ltd.                                 | 1.11%  | 465       | 465     |
| ASA JEONJU Co., Ltd.                                | 1.34%  | 697       | 697     |
| KYUNGWON Co., Ltd.                                  | 0.17%  | 14        | 14      |
| Moonkyung Silica Co., Ltd.                          | 0.56%  |           |         |
| Yousung Remicon Co., Ltd.                           | 0.26%  | 4         | 4       |
| Sungkwang Timber Co., Ltd.                          | 0.34%  | 4         | 4       |
| Yongbo Co., Ltd.                                    | 0.20%  | 3         | 3       |
| HJ Steel Co., Ltd.                                  | 0.07%  | 2         |         |
| Iidong Air Conditioning Co., Ltd.                   | 0.16%  | 2         |         |
| KS Remicon Co., Ltd.                                | 0.04%  | 3         |         |
| Sewoong Heavy Industries Co., Ltd.                  | 0.10%  | 40        |         |
| SIN-E Steel Co., Ltd.                               | 0.03%  | 13        |         |
| Joongang Platec Co., Ltd.                           | 0.75%  | 72        |         |
| Green & Sustainable Energy Investment Corp.<br>(*4) | 0.00%  |           |         |
| Kanan Hydroelectric Power Corp. (*4)                | 19.58% |           |         |
| 3i Powergen Inc. (*4)                               | 15.00% |           |         |
|   |        | 443,190   | 467,936 |
|   |        | ₩ 668,543 | 715,151 |

(\*1) It has been determined that available-for-sale financial assets were impaired because the fair values of the securities of PT Adaro Energy Tbk, Cockatoo Coal Limited declined significantly below their respective acquisition costs during the three-month period ended March 31, 2015. As such, the Company recognized ₩5,821 million of impairment loss on available-for-sale financial assets.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**9. Available-for-sale Financial Assets, Continued****Available-for-sale financial assets as of March 31, 2015 and December 31, 2014 are as follows, continued:**

- (\*2) Hanwha Electric Power Venture fund liquidated and the Company recognized loss on disposal of available-for-sale financial assets of ₩975 million for the three-month period ended March 31, 2015.
- (\*3) The fair values of the securities of PT. Adaro Energy Tbk, Korea District Heating Corp., IBK-AUCTUS green growth private equity firm, and others declined significantly below their respective acquisition costs during 2014. As such, the Company recognized ₩10,602 million of impairment loss on available-for-sale financial assets and cumulative losses of ₩67,503 million previously recognized in other comprehensive loss were reclassified to impairment loss on available-for-sale financial assets for the year ended December 31, 2014.
- (\*4) Green & Sustainable Energy Investment Corp., Kanan Hydroelectric Power Corp., 3i Power Inc. ceased its operations and the Company recognized impairment loss of available-for-sale financial assets of ₩1,513 million for the year ended December 31, 2014.
- (\*5) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.
- (\*6) The Company has estimated the fair value of SET Holding by using the discounted cash flow method and, has recognized the difference between its fair value and book value as gain or loss on valuation of available-for-sale financial assets in other comprehensive loss during the three-month period ended March 31, 2015.
- (\*7) The Company has estimated the fair value of the investment in Construction Guarantee based upon the price which would be applied when the investment is returned. The Company has recognized the difference between its fair value and book value as a loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the three-month period ended March 31, 2015.

Book values of unlisted equity securities held by the Company that were measured at cost as of March 31, 2015 and December 31, 2014 are ₩274,567 million and ₩299,308 million, respectively, as a quoted market price does not exist in an active market and its fair value cannot be measured reliably.

**10. Held-to-maturity Investments****Held-to-maturity investments as of March 31, 2015 and December 31, 2014 are as follows:****March 31, 2015****December 31, 2014**



| <i>In millions of won</i>                 | <b>Current</b> | <b>Non-current</b> | <b>Current</b> | <b>Non-current</b> |
|---|----------------|--------------------|----------------|--------------------|
| Government and municipal bonds and others | ₩ 181          | 3,367              | 265            | 3,349              |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**11. Derivatives****(1) Derivatives as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>     | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|-------------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                               | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| <b>Derivative assets</b>      |                       |                    |                          |                    |
| Currency forward              | ₩ 152                 | 11,412             | 182                      | 7,233              |
| Currency swap                 | 34,660                | 187,862            | 8,039                    | 151,934            |
| Interest rate swap            |                       | 3,134              |                          | 2,737              |
|                               | ₩ 34,812              | 202,408            | 8,221                    | 161,904            |
| <b>Derivative liabilities</b> |                       |                    |                          |                    |
| Currency forward              | ₩ 1,528               |                    | 466                      |                    |
| Currency swap                 | 49,462                | 159,824            | 53,697                   | 196,273            |
| Interest rate swap            | 2,582                 | 113,154            | 3,457                    | 83,913             |
|                               | ₩ 53,572              | 272,978            | 57,620                   | 280,186            |

**(2) Currency forward contracts which are not designated as hedge instruments as of March 31, 2015 are as follows:***In millions of won and thousands of foreign currencies*

| <b>Counterparty</b> | <b>Contract Date</b> | <b>Maturity date</b> | <b>Contract amounts</b> |                | <b>Contract exchange rate</b> |
|---------------------|----------------------|----------------------|-------------------------|----------------|-------------------------------|
|                     |                      |                      | <b>Pay</b>              | <b>Receive</b> |                               |
| Korea Exchange Bank | 2014.04.10           | 2021.07.12           | ₩ 55,120                | USD 52,000     | 1,060.00                      |
| Korea Exchange Bank | 2014.04.28           | 2021.07.12           | 50,784                  | USD 48,000     | 1,058.00                      |
| Bank of America     | 2014.04.29           | 2021.07.12           | 105,400                 | USD 100,000    | 1,054.00                      |
| Korea Exchange Bank | 2014.05.09           | 2021.07.12           | 104,600                 | USD 100,000    | 1,046.00                      |
| Citibank            | 2015.03.05           | 2015.04.06           | 5,508                   | USD 5,000      | 1,101.50                      |
| Citibank            | 2015.03.11           | 2015.04.13           | 5,649                   | USD 5,000      | 1,129.77                      |
| Credit Suisse       | 2015.03.09           | 2015.04.09           | 5,563                   | USD 5,000      | 1,112.65                      |

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|                    |            |            |        |            |          |
|--------------------|------------|------------|--------|------------|----------|
| Credit Suisse      | 2015.03.12 | 2015.04.14 | 5,658  | USD 5,000  | 1,131.62 |
| Credit Suisse      | 2015.03.30 | 2015.04.29 | 5,535  | USD 5,000  | 1,106.99 |
| HSBC               | 2015.03.24 | 2015.04.23 | 5,544  | USD 5,000  | 1,108.80 |
| Nova Scotia        | 2015.03.09 | 2015.04.08 | 5,562  | USD 5,000  | 1,112.35 |
| Nova Scotia        | 2015.03.19 | 2015.04.17 | 5,580  | USD 5,000  | 1,116.06 |
| Nova Scotia        | 2015.03.25 | 2015.04.27 | 5,525  | USD 5,000  | 1,105.00 |
| Standard Chartered | 2015.03.03 | 2015.04.01 | 5,515  | USD 5,000  | 1,102.94 |
| Standard Chartered | 2015.03.10 | 2015.04.10 | 5,611  | USD 5,000  | 1,122.15 |
| Standard Chartered | 2015.03.26 | 2015.04.28 | 5,531  | USD 5,000  | 1,106.14 |
| Deutsche Bank      | 2015.03.04 | 2015.04.02 | 5,484  | USD 5,000  | 1,096.80 |
| Deutsche Bank      | 2015.03.23 | 2015.04.21 | 5,588  | USD 5,000  | 1,117.60 |
| ING Bank           | 2015.03.24 | 2015.04.01 | 5,538  | USD 5,000  | 1,107.55 |
| Nova Scotia        | 2015.03.12 | 2015.04.16 | 11,313 | USD 10,000 | 1,131.30 |
| Nova Scotia        | 2015.03.23 | 2015.04.27 | 11,163 | CHF 10,000 | 1,116.25 |
| Nova Scotia        | 2015.03.24 | 2015.04.01 | 5,445  | CHF 4,920  | 1,106.64 |
| Barclays Bank PLC  | 2015.03.23 | 2015.04.27 | 7,967  | CHF 7,127  | 1,117.85 |
| HSBC               | 2015.03.24 | 2015.04.27 | 11,087 | USD 10,000 | 1,108.70 |
| Mizuho Bank        | 2015.03.24 | 2015.04.27 | 9,255  | USD 8,349  | 1,108.40 |
| Credit Agricole    | 2015.03.24 | 2015.05.26 | 5,550  | USD 5,000  | 1,110.00 |
| BNP Paribas        | 2015.03.24 | 2015.05.26 | 5,549  | USD 5,000  | 1,109.85 |
| Standard Chartered | 2015.03.24 | 2015.05.26 | 11,097 | USD 10,000 | 1,109.70 |
| Mizuho Bank        | 2015.03.19 | 2015.04.06 | 4,471  | USD 4,000  | 1,117.75 |
| Mizuho Bank        | 2015.03.24 | 2015.04.06 | 2,212  | USD 2,000  | 1,106.04 |
| HSBC               | 2015.03.23 | 2015.04.06 | 2,232  | USD 2,000  | 1,115.88 |
| Citibank           | 2015.03.24 | 2015.04.06 | 2,211  | USD 2,000  | 1,105.54 |
| Standard Chartered | 2015.03.25 | 2015.04.09 | 4,416  | USD 4,000  | 1,104.00 |
| Standard Chartered | 2015.03.27 | 2015.04.23 | 3,311  | USD 3,000  | 1,103.50 |
| Credit Agricole    | 2015.03.27 | 2015.04.15 | 5,519  | USD 5,000  | 1,103.80 |
| Deutsche Bank      | 2015.03.25 | 2015.04.09 | 4,408  | USD 4,000  | 1,101.90 |
| Deutsche Bank      | 2015.03.27 | 2015.04.23 | 5,519  | USD 5,000  | 1,103.80 |
| Nova Scotia        | 2015.03.26 | 2015.04.15 | 4,435  | USD 4,000  | 1,108.70 |
| Societe Generale   | 2015.03.19 | 2015.04.23 | 5,565  | USD 5,000  | 1,112.90 |
| Citibank           | 2015.03.19 | 2015.04.23 | 5,565  | USD 5,000  | 1,112.90 |
| Standard Chartered | 2015.03.19 | 2015.04.23 | 5,553  | USD 4,987  | 1,113.45 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**11. Derivatives, Continued**

(2) **Currency forward contracts which are not designated as hedge instruments, as of March 31, 2015 are as follows, continued:**

*In millions of won and thousands of foreign currencies*

| Counterparty       | Contract Date | Maturity date          | Contract amounts |           | Contract exchange rate |
|--------------------|---------------|------------------------|------------------|-----------|------------------------|
|                    |               |                        | Pay              | Receive   |                        |
| Credit Suisse      | 2015.03.19    | 2015.04.23             | ₩ 5,567          | USD 5,000 | 1,113.40               |
| Nova Scotia        | 2015.03.24    | 2015.04.27             | 5,536            | USD 5,000 | 1,107.10               |
| Nova Scotia        | 2015.03.24    | 2015.04.27             | 5,530            | USD 5,000 | 1,106.00               |
| Standard Chartered | 2015.03.24    | 2015.04.27             | 5,536            | USD 5,000 | 1,107.10               |
| Standard Chartered | 2015.03.24    | 2015.04.27             | 5,541            | USD 5,000 | 1,108.10               |
| Standard Chartered | 2015.03.24    | 2015.04.27             | 5,546            | USD 5,000 | 1,109.10               |
| Standard Chartered | 2015.03.24    | 2015.04.27             | 5,551            | USD 5,000 | 1,110.10               |
| Credit Suisse      | 2015.03.24    | 2015.04.27             | 5,536            | USD 5,000 | 1,107.10               |
| Credit Suisse      | 2015.03.24    | 2015.04.27             | 5,541            | USD 5,000 | 1,108.10               |
| Credit Suisse      | 2015.03.24    | 2015.04.27             | 5,546            | USD 5,000 | 1,109.10               |
| Credit Suisse      | 2015.03.24    | 2015.04.27             | 5,551            | USD 5,000 | 1,110.10               |
| Credit Agricole    | 2015.03.24    | 2015.04.27             | 5,536            | USD 5,000 | 1,107.10               |
| Credit Agricole    | 2015.03.24    | 2015.04.27             | 5,541            | USD 5,000 | 1,108.10               |
| Credit Agricole    | 2015.03.24    | 2015.04.27             | 5,546            | USD 5,000 | 1,109.10               |
| Credit Agricole    | 2015.03.24    | 2015.04.27             | 5,551            | USD 5,000 | 1,110.10               |
| Credit Agricole    | 2015.03.24    | 2015.04.27             | 5,556            | USD 5,000 | 1,111.10               |
| HSBC               | 2015.03.24    | 2015.04.27             | 4,973            | USD 4,497 | 1,105.80               |
| Standard Chartered | 2011.08.08    | 2015.04.27 ~2015.12.28 | USD 6,037        | 6,616     | 1,093.10~1,098.70      |

(3) **Currency swap contracts which are not designated as hedge instruments as of March 31, 2015 are as follows:**

*In millions of won and thousands of foreign currencies*

| Counterparty | Contract year | Contract amount |             | Contract interest rate |             | Contract exchange rate |
|--------------|---------------|-----------------|-------------|------------------------|-------------|------------------------|
|              |               | Pay             | Receive     | Pay (%)                | Receive (%) |                        |
| UBS          | 2011~2015     | ₩ 220,356       | USD 200,000 | 3.90%                  | 3.00%       | 1,101.78               |

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|                     |           |         |                |       |                |          |
|---------------------|-----------|---------|----------------|-------|----------------|----------|
| RBS                 | 2011~2015 | 110,110 | USD 100,000    | 3.90% | 3.00%          | 1,101.10 |
| Barclays Bank PLC   | 2011~2015 | 108,390 | USD 100,000    | 3.78% | 3.00%          | 1,083.90 |
| Credit Suisse       | 2011~2015 | 108,390 | USD 100,000    | 3.22% | 3.00%          | 1,083.90 |
| Morgan Stanley      | 2011~2015 | 63,006  | USD 60,000     | 4.06% | 3.00%          | 1,050.10 |
| Goldman Sachs       | 2012~2015 | 156,643 | USD 140,000    | 3.92% | 3.00%          | 1,118.88 |
| Deutsche Bank       | 2013~2018 | 110,412 | JPY 10,000,000 | 6.21% | 4.19%          | 11.04    |
| IBK                 | 2013~2018 | 111,800 | USD 100,000    | 3.16% | 2.79%          | 1,118.00 |
| Bank of America     | 2013~2018 | 103,580 | JPY 10,000,000 | 7.05% | 4.19%          | 10.36    |
| Credit Suisse       | 2014~2019 | 118,632 | CHF 100,000    | 2.98% | 1.50%          | 1,186.32 |
| Standard Chartered  | 2014~2019 | 114,903 | CHF 100,000    | 4.00% | 1.50%          | 1,149.03 |
| Standard Chartered  |           |         |                |       | 3M USD Libor + |          |
|                     | 2014~2017 | 51,215  | USD 50,000     | 2.24% | 0.55%          | 1,024.30 |
| Mizuho Bank         |           |         |                |       | 3M USD Libor + |          |
|                     | 2014~2017 | 153,645 | USD 150,000    | 2.35% | 0.65%          | 1,024.30 |
| Societe Generale    | 2014~2024 | 105,017 | USD 100,000    | 4.92% | 5.13%          | 1,050.17 |
| Korea Exchange Bank | 2015~2024 | 107,970 | USD 100,000    | 4.75% | 5.13%          | 1,079.70 |
| Morgan Stanley      |           |         |                |       | 3M Libor +     |          |
|                     | 2010~2015 | 118,800 | USD 100,000    | 4.61% | 1.64%          | 1,188.00 |
| M-UFJ               |           |         |                |       | 3M Libor +     |          |
|                     | 2010~2015 | 116,100 | USD 100,000    | 4.00% | 1.00%          | 1,161.00 |
| Standard Chartered  | 2014~2029 | 102,470 | USD 100,000    | 3.14% | 3.57%          | 1,024.70 |
| Citibank            | 2010~2015 | 116,080 | USD 100,000    | 3.97% | 3.13%          | 1,160.80 |
| Deutsche Bank       | 2010~2015 | 116,080 | USD 100,000    | 3.98% | 3.13%          | 1,160.80 |
| RBS                 | 2010~2015 | 116,080 | USD 100,000    | 3.97% | 3.13%          | 1,160.80 |
| HSBC                | 2010~2015 | 116,080 | USD 100,000    | 3.23% | 3.13%          | 1,160.80 |
| UBS                 | 2010~2015 | 116,080 | USD 100,000    | 3.23% | 3.13%          | 1,160.80 |
| Citibank            | 2012~2022 | 112,930 | USD 100,000    | 2.79% | 3.00%          | 1,129.30 |
| JP Morgan           | 2012~2022 | 112,930 | USD 100,000    | 2.79% | 3.00%          | 1,129.30 |
| Bank of America     | 2012~2022 | 112,930 | USD 100,000    | 2.79% | 3.00%          | 1,129.30 |
| Goldman Sachs       | 2012~2022 | 112,930 | USD 100,000    | 2.79% | 3.00%          | 1,129.30 |
| HSBC                | 2012~2022 | 111,770 | USD 100,000    | 2.89% | 3.00%          | 1,117.70 |
| Hana Bank           | 2012~2022 | 111,770 | USD 100,000    | 2.87% | 3.00%          | 1,117.70 |
| Standard Chartered  | 2012~2022 | 111,770 | USD 100,000    | 2.89% | 3.00%          | 1,117.70 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**11. Derivatives, Continued**

(3) **Currency swap contracts which are not designated as hedge instruments as of March 31, 2015 are as follows, continued:**

*In millions of won and thousands of foreign currencies*

| Counterparty       | Contract year | Contract amount |             | Contract interest rate |                | Contract exchange rate |
|--------------------|---------------|-----------------|-------------|------------------------|----------------|------------------------|
|                    |               | Pay             | Receive     | Pay (%)                | Receive (%)    |                        |
| Deutsche Bank      | 2012~2022     | ₩ 55,885        | USD 50,000  | 2.79%                  | 3.00%          | 1,117.70               |
| DBS                | 2013~2018     | 108,140         | USD 100,000 | 2.63%                  | 3M Libor+0.84% | 1,081.40               |
| DBS                | 2013~2018     | 108,140         | USD 100,000 | 2.57%                  | 3M Libor+0.84% | 1,081.40               |
| DBS                | 2013~2018     | 108,140         | USD 100,000 | 2.57%                  | 3M Libor+0.84% | 1,081.40               |
| HSBC               | 2013~2018     | 107,450         | USD 100,000 | 3.41%                  | 2.88%          | 1,074.50               |
| Standard Chartered | 2013~2018     | 107,450         | USD 100,000 | 3.44%                  | 2.88%          | 1,074.50               |
| JP Morgan          | 2013~2018     | 107,450         | USD 100,000 | 3.48%                  | 2.88%          | 1,074.50               |
| Bank of America    | 2014~2018     | 107,450         | USD 100,000 | 3.09%                  | 2.88%          | 1,074.50               |
| Citibank           | 2014~2018     | 107,450         | USD 100,000 | 3.09%                  | 2.88%          | 1,074.50               |
| JP Morgan          | 2014~2017     | 102,670         | USD 100,000 | 2.89%                  | 3M Libor+0.78% | 1,026.70               |
| Deutsche Bank      | 2014~2017     | 102,670         | USD 100,000 | 2.89%                  | 3M Libor+0.78% | 1,026.70               |
| HSBC               | 2014~2019     | 105,260         | USD 100,000 | 2.48%                  | 2.38%          | 1,052.60               |
| Standard Chartered | 2014~2019     | 105,260         | USD 100,000 | 2.48%                  | 2.38%          | 1,052.60               |
| RBS                | 2014~2019     | 105,260         | USD 100,000 | 2.48%                  | 2.38%          | 1,052.60               |

(4) **Currency swap contracts which are designated as hedge instruments as of March 31, 2015 are as follows:**

*In millions of won and thousands of foreign currencies*

| Counterparty      | Contract year | Contract amount |             | Contract interest rate |             | Contract exchange rate |
|-------------------|---------------|-----------------|-------------|------------------------|-------------|------------------------|
|                   |               | Pay             | Receive     | Pay (%)                | Receive (%) |                        |
| Citibank          | 2006~2016     | ₩ 113,200       | USD 100,000 | 1.05%                  | 6.00%       | 1,132.00               |
| Barclays Bank PLC | 2006~2016     | 113,200         | USD 100,000 | 1.05%                  | 6.00%       | 1,132.00               |
| Credit Suisse     | 2006~2016     | 113,200         | USD 100,000 | 1.05%                  | 6.00%       | 1,132.00               |
| Goldman Sachs     | 2011~2017     | 105,260         | USD 100,000 | 3.99%                  | 3.63%       | 1,052.60               |
| Barclays Bank PLC | 2011~2017     | 105,260         | USD 100,000 | 3.99%                  | 3.63%       | 1,052.60               |
| Citibank          | 2011~2017     | 105,260         | USD 100,000 | 3.99%                  | 3.63%       | 1,052.60               |

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|                    |           |             |             |                |                |          |
|--------------------|-----------|-------------|-------------|----------------|----------------|----------|
| Citibank           | 2013~2018 | 54,570      | USD 50,000  | 2.90%          | 3M Libor+1.01% | 1,091.40 |
| Standard Chartered | 2013~2018 | 54,570      | USD 50,000  | 2.90%          | 3M Libor+1.01% | 1,091.40 |
| Credit Suisse      | 2013~2018 | 111,410     | USD 100,000 | 3.22%          | 3M Libor+1.50% | 1,114.10 |
| HSBC               | 2014~2020 | 99,901      | AUD 100,000 | 3.52%          | 5.75%          | 999.01   |
| HSBC               | 2014~2020 | 100,482     | AUD 100,000 | 3.48%          | 5.75%          | 1,004.82 |
| Standard Chartered | 2013~2020 | USD 117,250 | AUD 125,000 | 3M Libor+1.25% | 5.75%          | 0.94     |
| Standard Chartered | 2014~2020 | 126,032     | USD 117,250 | 3.55%          | 3M Libor+1.25% | 1,074.90 |
| UBS AG             | 2006~2016 | 98,100      | USD 100,000 | 5.48%          | 5.50%          | 981.00   |
| Credit Suisse      | 2006~2016 | 98,100      | USD 100,000 | 5.48%          | 5.50%          | 981.00   |
| JP Morgan          | 2014~2019 | 107,190     | USD 100,000 | 3.25%+3%*n/N   | 2.75%          | 1,071.90 |
| Morgan Stanley     | 2014~2019 | 107,190     | USD 100,000 | 3.25%+3%*n/N   | 2.75%          | 1,071.90 |
| Barclays Bank PLC  | 2014~2019 | 107,190     | USD 100,000 | 3.25%+3%*n/N   | 2.75%          | 1,071.90 |
| Barclays Bank PLC  | 2006~2016 | 71,888      | USD 75,000  | 4.81%          | 5.50%          | 958.50   |
| Deutsche Bank AG   | 2006~2016 | 71,888      | USD 75,000  | 4.81%          | 5.50%          | 958.50   |
| Barclays Bank PLC  | 2012~2017 | 142,500     | USD 125,000 | 3.83%          | 3.13%          | 1,140.00 |
| Morgan Stanley     | 2012~2017 | 142,500     | USD 125,000 | 3.83%          | 3.13%          | 1,140.00 |
| RBS                | 2012~2017 | 142,500     | USD 125,000 | 3.83%          | 3.13%          | 1,140.00 |
| JP Morgan          | 2012~2017 | 142,500     | USD 125,000 | 3.83%          | 3.13%          | 1,140.00 |
| RBS                | 2013~2019 | 118,343     | CHF 100,000 | 3.47%          | 1.63%          | 1,183.43 |
| Barclays Bank PLC  | 2013~2019 | 59,172      | CHF 50,000  | 3.47%          | 1.63%          | 1,183.43 |
| Nomura             | 2013~2019 | 59,172      | CHF 50,000  | 3.47%          | 1.63%          | 1,183.43 |
| Barclays Bank PLC  | 2013~2018 | 107,360     | USD 100,000 | 3.34%          | 2.88%          | 1,073.60 |
| RBS                | 2013~2018 | 107,360     | USD 100,000 | 3.34%          | 2.88%          | 1,073.60 |
| JP Morgan          | 2013~2018 | 161,040     | USD 150,000 | 3.34%          | 2.88%          | 1,073.60 |
| Standard Chartered | 2013~2018 | 161,040     | USD 150,000 | 3.34%          | 2.88%          | 1,073.60 |
| Standard Chartered | 2014~2019 | 104,490     | USD 100,000 | 2.77%          | 2.63%          | 1,044.90 |
| RBS                | 2014~2019 | 104,490     | USD 100,000 | 2.77%          | 2.63%          | 1,044.90 |
| Barclays Bank PLC  | 2014~2019 | 104,490     | USD 100,000 | 2.77%          | 2.63%          | 1,044.90 |
| Barclays Bank PLC  | 2013~2018 | 81,188      | USD 75,000  | 2.65%          | 1.88%          | 1,082.50 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**11. Derivatives, Continued**

**(4) Currency swap contracts which are designated as hedge instruments as of March 31, 2015 are as follows, continued:**

*In millions of won and thousands of foreign currencies*

| Counterparty       | Contract year | Contract amount |             | Contract interest rate |                | Contract exchange rate |
|--------------------|---------------|-----------------|-------------|------------------------|----------------|------------------------|
|                    |               | Pay             | Receive     | Pay (%)                | Receive (%)    |                        |
| RBS                | 2013~2018     | ₩ 81,188        | USD 75,000  | 2.65%                  | 1.88%          | 1,082.50               |
| Deutsche Bank      | 2013~2018     | 81,188          | USD 75,000  | 2.65%                  | 1.88%          | 1,082.50               |
| Citibank           | 2013~2018     | 81,188          | USD 75,000  | 2.65%                  | 1.88%          | 1,082.50               |
| Standard Chartered | 2014~2017     | 54,205          | USD 50,000  | 2.93%                  | 3M Libor+1.05% | 1,084.10               |
| Credit Agricole    | 2014~2017     | 54,205          | USD 50,000  | 2.93%                  | 3M Libor+1.05% | 1,084.10               |
| BTMU               | 2010~2015     | 55,900          | USD 50,000  | 4.03%                  | 3M Libor+1.20% | 1,118.00               |
| RBS                | 2012~2017     | 115,140         | USD 100,000 | 3.38%                  | 2.50%          | 1,151.40               |
| BNP Paribas        | 2012~2017     | 115,140         | USD 100,000 | 3.38%                  | 2.50%          | 1,151.40               |
| Hana Bank          | 2012~2017     | 115,140         | USD 100,000 | 3.38%                  | 2.50%          | 1,151.40               |
| Barclays Bank PLC  | 2012~2017     | 57,570          | USD 50,000  | 3.38%                  | 2.50%          | 1,151.40               |
| Standard Chartered | 2012~2017     | 57,570          | USD 50,000  | 3.38%                  | 2.50%          | 1,151.40               |
| Nomura             | 2012~2017     | 57,570          | USD 50,000  | 3.38%                  | 2.50%          | 1,151.40               |
| Credit Agricole    | 2012~2017     | 57,570          | USD 50,000  | 3.38%                  | 2.50%          | 1,151.40               |
| Societe Generale   | 2013~2018     | 106,190         | USD 100,000 | 3.48%                  | 2.63%          | 1,061.90               |
| BNP Paribas        | 2013~2018     | 53,095          | USD 50,000  | 3.48%                  | 2.63%          | 1,061.90               |
| Hana Bank          | 2013~2018     | 53,095          | USD 50,000  | 3.48%                  | 2.63%          | 1,061.90               |
| Standard Chartered | 2013~2018     | 106,030         | USD 100,000 | 3.48%                  | 2.63%          | 1,060.30               |
| Barclays Bank PLC  | 2013~2018     | 53,015          | USD 50,000  | 3.48%                  | 2.63%          | 1,060.30               |
| Hana Bank          | 2013~2018     | 31,809          | USD 30,000  | 3.48%                  | 2.63%          | 1,060.30               |
| Societe Generale   | 2013~2018     | 21,206          | USD 20,000  | 3.48%                  | 2.63%          | 1,060.30               |
| HSBC               | 2013~2018     | 53,015          | USD 50,000  | 3.47%                  | 2.63%          | 1,060.30               |
| Nomura             | 2013~2018     | 53,015          | USD 50,000  | 3.47%                  | 2.63%          | 1,060.30               |
| Credit Agricole    | 2014~2020     | 110,680         | USD 100,000 | 2.29%                  | 2.50%          | 1,106.80               |
| Societe Generale   | 2014~2020     | 55,340          | USD 50,000  | 2.16%                  | 2.50%          | 1,106.80               |
| Hana Bank          | 2014~2020     | 55,340          | USD 50,000  | 2.16%                  | 2.50%          | 1,106.80               |
| Hana Bank          | 2014~2020     | 55,340          | USD 50,000  | 2.21%                  | 2.50%          | 1,106.80               |



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|                    |           |        |            |       |       |          |
|--------------------|-----------|--------|------------|-------|-------|----------|
| Standard Chartered | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| HSBC               | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| Nomura             | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| Barclays Bank PLC  | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| RBS                | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**11. Derivatives, Continued**

- (5) **Interest rate swap contracts which are not designated as hedge instruments as of March 31, 2015 are as follows:**

*In millions of won*

| Counterparty               | Contract year | Contract amount | Contract interest rate per annum |                |
|----------------------------|---------------|-----------------|----------------------------------|----------------|
|                            |               |                 | Pay (%)                          | Receive (%)    |
| Nonghyup Bank              | 2010~2015     | ₩ 100,000       | 4.90%                            | 3M CD + 1.05%  |
| Nonghyup Bank              | 2010~2015     | 100,000         | 4.83%                            | 3M CD + 0.90%  |
| Nonghyup Bank              | 2010~2015     | 50,000          | 4.77%                            | 3M CD + 0.90%  |
| Korea Development Bank     | 2012~2016     | 200,000         | 3.57%                            | 3M CD + 0.26%  |
| Nonghyup Bank              | 2012~2016     | 100,000         | 3.49%                            | 3M CD + 0.25%  |
| Korea Development Bank     | 2012~2016     | 50,000          | 3.49%                            | 3M CD + 0.25%  |
| HSBC                       | 2012~2016     | 50,000          | 3.49%                            | 3M CD + 0.25%  |
| Standard Chartered         | 2012~2016     | 200,000         | 3.55%                            | 3M CD + 0.26%  |
| Standard Chartered         | 2012~2017     | 160,000         | 3.57%                            | 3M CD + 0.32%  |
| JP Morgan                  | 2013~2018     | 150,000         | 3.58%                            | 3M CD + 0.31%  |
| Korea Exchange Bank        | 2012~2015     | 100,000         | 3.58%                            | 3M CD + 0.15%  |
| Korea Exchange Bank        | 2012~2015     | 100,000         | 2.86%                            | 3M CD + 0.05%  |
| Korea Exchange Bank        | 2013~2016     | 100,000         | 2.82%                            | 3M CD + 0.04%  |
| Korea Exchange Bank        | 2013~2016     | 200,000         | 2.57%                            | 3M CD + 0.04%  |
| Korea Exchange Bank        | 2013~2016     | 100,000         | 2.75%                            | 3M CD + 0.03%  |
| Credit Suisse              | 2014~2018     | 200,000         | 2.98%                            | 1Y CMT + 0.31% |
| Korea Development Bank (*) | 2014~2029     | 40,000          | 3M CD - 0.03%                    | 4.65%          |

- (\*) The contract is an interest rate swap hedging on Electricity Bonds 885, and the banks would notify the Company of the early termination every year on the early termination notification date (every year on April 28, from 2017 until 2028). The contract will be terminated if the early termination is notified.

- (6) **Interest rate swap contracts which are designated as hedge instruments, as of March 31, 2015 are as follows:**

In thousands of U.S. dollars

| Counterparty             | Contract year | Contract amount | Contract interest rate per annum |              |
|--------------------------|---------------|-----------------|----------------------------------|--------------|
|                          |               |                 | Pay (%)                          | Receive (%)  |
| BNP Paribas              | 2009~2027     | USD 104,845     | 4.16%                            | 6M USD Libor |
| KFW                      | 2009~2027     | USD 104,845     | 4.16%                            | 6M USD Libor |
| CA-CIB (Credit Agricole) | 2014~2033     | USD 104,880     | 3.98% ~ 4.10%                    | 6M USD Libor |
| SMBC                     | 2014~2033     | USD 137,151     | 4.05% ~ 4.18%                    | 6M USD Libor |

- (7) Gain and loss on valuation and transaction of derivatives for the three-month periods ended March 31, 2015 and 2014 are as follows and included in finance income and costs in the accompanying consolidated statements of comprehensive income :

| In millions of won | Net income effects of                       |         |                         |         |   |         |
|--------------------|---|---------|-------------------------|---------|---|---------|
|                    | Net income effects of valuation gain (loss) |         | transaction gain (loss) |         | Accumulated other comprehensive income (loss) (*) |         |
|                    | March 31,                                   |         | March 31,               |         | March 31,   |         |
|                    | March 31, 2015                              | 2014    | March 31, 2015          | 2014    | March 31, 2015                                    | 2014    |
| Currency option    | ₩   | (940)   |                         | 22,106  |   |         |
| Currency forward   | 2,876                                       | 42      | 3,538                   | 1,534   |   |         |
| Currency swap      | 68,567                                      | 147,651 | (5,349)                 | (8,552) | 34,667  | (5,563) |
| Interest rate swap | (6,680)                                     | (3,107) | (643)                   | (1,342) | (7,920)   | 6,521   |
| Other derivatives  |   |         |                         | (1,610) |   |         |
|                    | ₩ 64,763                                    | 143,646 | (2,454)                 | 12,136  | 26,747  | 958     |

- (\*) As of March 31, 2015, the accumulated net income on valuation of derivatives using cash flow hedge accounting of ₩11,998 million, net of tax, is included in accumulated other comprehensive loss.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**12. Other Financial Assets****(1) Other financial assets as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                  | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|--|-----------------------|--------------------|--------------------------|--------------------|
|  | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Loans and receivables                      | ₩ 68,743              | 633,277            | 68,910                   | 611,610            |
| Present value discount                     | (1,110)               | (55,236)           | (1,067)                  | (55,456)           |
| Long-term/short-term financial instruments | 1,006,486             | 604,358            | 100,099                  | 604,363            |
|  | ₩ 1,074,119           | 1,182,399          | 167,942                  | 1,160,517          |

**(2) Loans and receivables as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>               | <b>March 31, 2015</b> |                               |                   |
|---|-----------------------|-------------------------------|-------------------|
|   | <b>Face value</b>     | <b>Present value discount</b> | <b>Book value</b> |
| <b>Short-term loans and receivables</b> |                       |                               |                   |
| Loans for tuition                       | ₩ 26,333              | (1,110)                       | 25,223            |
| Loans for housing                       | 5,036                 |                               | 5,036             |
| Fisheries loan                          | 6,032                 |                               | 6,032             |
| Other loans                             | 31,342                |                               | 31,342            |
|   | 68,743                | (1,110)                       | 67,633            |
| <b>Long-term loans and receivables</b>  |                       |                               |                   |
| Loans for tuition                       | 396,640               | (54,486)                      | 345,154           |
| Loans for housing                       | 48,894                |                               | 48,894            |
| Loans for related parties               | 57,664                |                               | 57,664            |
| Fisheries loan                          | 7,696                 | (750)                         | 6,946             |
| Other loans                             | 119,383               |                               | 119,383           |
|   | 633,277               | (55,236)                      | 578,041           |

₩ 702,020                      (56,346)                      645,674

| <i>In millions of won</i>               | <b>December 31, 2014</b> |                                       |                       |
|---|--------------------------|---------------------------------------|-----------------------|
|   | <b>Face<br/>value</b>    | <b>Present<br/>value<br/>discount</b> | <b>Book<br/>value</b> |
| <b>Short-term loans and receivables</b> |                          |                                       |                       |
| Loans for tuition                       | ₩ 25,828                 | (1,067)                               | 24,761                |
| Loans for housing                       | 12,050                   |                                       | 12,050                |
| Fisheries loan                          | 6,032                    |                                       | 6,032                 |
| Other loans                             | 25,000                   |                                       | 25,000                |
|   | 68,910                   | (1,067)                               | 67,843                |
| <b>Long-term loans and receivables</b>  |                          |                                       |                       |
| Loans for tuition                       | 379,797                  | (54,569)                              | 325,228               |
| Loans for housing                       | 110,152                  |                                       | 110,152               |
| Loans for related parties               | 111,033                  |                                       | 111,033               |
| Fisheries loan                          | 7,696                    | (887)                                 | 6,809                 |
| Other loans                             | 2,932                    |                                       | 2,932                 |
|   | 611,610                  | (55,456)                              | 556,154               |
|   | ₩ 680,520                | (56,523)                              | 623,997               |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**12. Other Financial Assets, Continued****(3) Long-term and short-term financial instruments as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|---------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Time deposits             | ₩ 804,278             | 742                | 90,088                   | 742                |
| Special money in trust    | 80,208                |                    | 10,011                   |                    |
| MMT                       | 42,000                | 603,300            |                          | 303,306            |
| MMDA                      |                       |                    |                          | 300,000            |
| Others                    | 80,000                | 317                |                          | 315                |
|                           | ₩ 1,006,486           | 604,359            | 100,099                  | 604,363            |

**13. Inventories****Inventories as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2015</b>   |                            |                   |
|---------------------------|-------------------------|----------------------------|-------------------|
|                           | <b>Acquisition cost</b> | <b>Valuation allowance</b> | <b>Book value</b> |
| Raw materials             | ₩ 3,183,222             | (9,734)                    | 3,173,488         |
| Merchandises              | 225                     |                            | 225               |
| Work-in-progress          | 110,201                 |                            | 110,201           |
| Finished goods            | 60,142                  |                            | 60,142            |
| Supplies                  | 874,149                 | (2,034)                    | 872,115           |
| Inventories in transit    | 524,997                 |                            | 524,997           |
| Other inventories         | 7,973                   |                            | 7,973             |
|                           | ₩ 4,760,909             | (11,768)                   | 4,749,141         |

| <i>In millions of won</i> | <b>December 31, 2014</b> |                                | <b>Book<br/>value</b> |
|---------------------------|--------------------------|--------------------------------|-----------------------|
|                           | <b>Acquisition cost</b>  | <b>Valuation<br/>allowance</b> |                       |
| Raw materials             | ₩ 3,039,422              | (1,130)                        | 3,038,292             |
| Merchandises              | 212                      |                                | 212                   |
| Work-in-progress          | 93,498                   |                                | 93,498                |
| Finished goods            | 59,222                   |                                | 59,222                |
| Supplies                  | 840,463                  | (2,685)                        | 837,778               |
| Inventories in transit    | 500,466                  |                                | 500,466               |
| Other inventories         | 8,001                    |                                | 8,001                 |
|                           | ₩ 4,541,284              | (3,815)                        | 4,537,469             |

The reversal of the allowance for loss on inventory valuation due to increases in the net realizable value of inventory deducted from cost of sales were ₩864 million and ₩3,029 million for the three-month period ended March 31, 2015 and for the year ended December 31, 2014, respectively. The amounts of loss from inventory valuation included in other gains (losses) for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 were ₩8,818 million and ₩2,709 million, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**14. Finance Lease Receivables****(1) Finance lease contracts**

The Company entered into a power purchase agreement ( PPA ) with Jordan Electric Power Company to provide a 373MW level Qatrana gas combined power plant over a 25 year lease term, and accounts for the PPA as a finance lease. Also, the Company has fly-ash pipe conduit finance leases with an average lease term of 7 years. In addition the Company entered into a PPA with the Comision Federal de Electricidad in Mexico to provide for 25 years of all electricity generated from the power plant after completion of its construction and collect rates consisting of fixed costs (to recover the capital) and variable costs during the contracted period.

**(2) Finance lease receivables as of March 31, 2015 and December 31, 2014 are as follows and included in current and non-current trade and other receivables, net, in the accompanying consolidated statements of financial position:**

|                           | March 31, 2015         |   | December 31, 2014      |   |
|---------------------------|------------------------|---|------------------------|---|
|                           | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| <i>In millions of won</i> |                        |   |                        |   |
| Less than 1 year          | ₩ 89,536               | 8,958                                   | 88,698                 | 8,275                                   |
| 1 ~ 5 years               | 381,992                | 225,683                                 | 378,703                | 237,062                                 |
| More than 5 years         | 1,660,069              | 657,122                                 | 1,675,685              | 640,417                                 |
|                           | ₩ 2,131,597            | 891,763                                 | 2,143,086              | 885,754                                 |

**(3) There are no impaired finance lease receivables as of March 31, 2015 and December 31, 2014.**

**(4) There are no changes in valuation allowance for finance lease receivables for the three-month period ended March 31, 2015 and for the year ended December 31, 2014.**



**15. Non-Financial Assets**

Non-financial assets as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|---------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance payment           | ₩ 131,270             | 11,625             | 109,112                  | 12,516             |
| Prepaid expenses          | 192,473               | 92,773             | 154,047                  | 97,972             |
| Others (*)                | 81,076                | 23,403             | 239,352                  | 23,605             |
|                           | ₩ 404,819             | 127,801            | 502,511                  | 134,093            |

(\*) Details of others as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|---------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Tax refund receivables    | ₩ 13,733              | 1,043              | 182,564                  | 1,037              |
| Others                    | 67,343                | 22,360             | 56,788                   | 22,568             |
|                           | ₩ 81,076              | 23,403             | 239,352                  | 23,605             |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries****(1) Consolidated subsidiaries as of March 31, 2015 and December 31, 2014 are as follows:**

| Subsidiaries  | Key operation activities                               | Location    | Percentage of ownership (%) |                   |
|---|--|-------------|-----------------------------|-------------------|
|   |  |             | March 31, 2015              | December 31, 2014 |
| Korea Hydro & Nuclear Power Co., Ltd.               | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea South-East Power Co., Ltd.                    | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Midland Power Co., Ltd.                       | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Western Power Co., Ltd.                       | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Southern Power Co., Ltd.                      | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea East-West Power Co., Ltd.                     | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| KEPCO Engineering & Construction Company, Inc. (*1) | Architectural engineering for utility plant and others | KOREA       | 66.32%                      | 66.32%            |
| KEPCO Plant Service & Engineering Co., Ltd.         | Utility plant maintenance and others                   | KOREA       | 54.00%                      | 54.00%            |
| KEPCO Nuclear Fuel Co., Ltd.                        | Nuclear fuel   | KOREA       | 96.36%                      | 96.36%            |
| KEPCO KDN Co., Ltd.                                 | Electric Power information technology and others       | KOREA       | 100.00%                     | 100.00%           |
| Garorim Tidal Power Plant Co., Ltd. (*2)            | Power generation                                       | KOREA       | 49.00%                      | 49.00%            |
| KEPCO International HongKong Ltd.                   | Holding company  | HONG KONG   | 100.00%                     | 100.00%           |
| KEPCO International Philippines Inc.                | Holding company  | PHILIPPINES | 100.00%                     | 100.00%           |
| KEPCO Gansu International Ltd.                      | Holding company  | HONG KONG   | 100.00%                     | 100.00%           |

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|   |   |             |         |         |
|---|---|-------------|---------|---------|
| KEPCO Philippines Holdings Inc.                     | Holding company                             | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Philippines Corporation                       | Operation of utility plant                  | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Ilijan Corporation                            | Utility plant rehabilitation and operation  | PHILIPPINES | 51.00%  | 51.00%  |
| KEPCO Lebanon SARL                                  | Operation of utility plant                  | LEBANON     | 100.00% | 100.00% |
| KEPCO Neimenggu International Ltd.                  | Holding company                             | HONG KONG   | 100.00% | 100.00% |
| KEPCO Shanxi International Ltd.                     | Holding company                             | HONG KONG   | 100.00% | 100.00% |
| KOMIPO Global Pte Ltd.                              | Holding company                             | SINGAPORE   | 100.00% | 100.00% |
| KEPCO Canada Energy Ltd.                            | Resources development                       | CANADA      | 100.00% | 100.00% |
| KEPCO Netherlands B.V.                              | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| KOREA Imouraren Uranium Investment Corp.            | Uranium mine development                    | FRANCE      | 100.00% | 100.00% |
| KEPCO Australia Pty., Ltd.                          | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KOSEP Australia Pty., Ltd.                          | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KOMIPO Australia Pty., Ltd.                         | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KOWEPO Australia Pty., Ltd.                         | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KOSPO Australia Pty., Ltd.                          | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| KEPCO Middle East Holding Company                   | Holding company                             | BAHRAIN     | 100.00% | 100.00% |
| Qatrana Electric Power Company                      | Construction and operation of utility plant | JORDAN      | 80.00%  | 80.00%  |
| KHNP Canada Energy Ltd.                             | Resources development                       | CANADA      | 100.00% | 100.00% |
| KEPCO Bylong Australia Pty., Ltd.                   | Resources development                       | AUSTRALIA   | 100.00% | 100.00% |
| Korea Waterbury Uranium Limited Partnership         | Resources development                       | CANADA      | 79.64%  | 79.64%  |
| KEPCO Canada Uranium Investment Limited Partnership | Resources development                       | CANADA      | 100.00% | 100.00% |
| Korea Electric Power Nigeria Ltd.                   | Operation of utility plant                  | NIGERIA     | 100.00% | 100.00% |
| KEPCO Holdings de Mexico                            | Holding company                             | MEXICO      | 100.00% | 100.00% |
| KST Electric Power Company                          | Construction and operation of utility plant | MEXICO      | 56.00%  | 56.00%  |
| KEPCO Energy Service Company                        | Operation of utility plant                  | MEXICO      | 100.00% | 100.00% |

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|                                      |                            |             |         |         |
|--------------------------------------|----------------------------|-------------|---------|---------|
| KEPCO Netherlands S3<br>B.V.         | Holding company            | NETHERLANDS | 100.00% | 100.00% |
| PT. KOMIPO<br>Pembangkitan Jawa Bali | Operation of utility plant | INDONESIA   | 51.00%  | 51.00%  |
| PT. Cirebon Power<br>Service (*2)    | Operation of utility plant | INDONESIA   | 27.50%  | 27.50%  |
| KOWEPO International<br>Corporation  | Operation of utility plant | PHILIPPINES | 99.99%  | 99.99%  |
| KOSPO Jordan LLC                     | Operation of utility plant | JORDAN      | 100.00% | 100.00% |
| EWP Philippines<br>Corporation       | Operation of utility plant | PHILIPPINES | 100.00% | 100.00% |
| EWP America Inc.                     | Holding company            | USA         | 100.00% | 100.00% |
| EWP Renewable Co.                    | Holding company            | USA         | 100.00% | 100.00% |
| DG Fairhaven Power,<br>LLC           | Power generation           | USA         | 100.00% | 100.00% |
| DG Kings Plaza, LLC                  | Power generation           | USA         | 100.00% | 100.00% |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries, Continued****(1) Consolidated subsidiaries as of March 31, 2015 and December 31, 2014 are as follows, continued:**

| Subsidiaries                        | Key operation activities            | Location    | Percentage of ownership (%) |                   |
|-------------------------------------|-------------------------------------|-------------|-----------------------------|-------------------|
|                                     |                                     |             | March 31, 2015              | December 31, 2014 |
| DG Whitefield, LLC                  | Power generation                    | USA         | 100.00%                     | 100.00%           |
| Springfield Power, LLC              | Power generation                    | USA         | 100.00%                     | 100.00%           |
| KNF Canada Energy Limited           | Resources development               | CANADA      | 96.36%                      | 96.36%            |
| PT KEPCO Resource Indonesia         | Resources development               | INDONESIA   | 100.00%                     | 100.00%           |
| EWP Barbados 1 SRL                  | Holding company                     | BARBADOS    | 100.00%                     | 100.00%           |
| California Power Holdings, LLC      | Power generation                    | USA         | 100.00%                     | 100.00%           |
| Gyeonggi Green Energy Co., Ltd.     | Power generation                    | KOREA       | 62.01%                      | 62.01%            |
| PT. Tanggamus Electric Power        | Power generation                    | INDONESIA   | 60.00%                      | 60.00%            |
| Gyeongju Wind Power Co., Ltd.       | Power generation                    | KOREA       | 70.00%                      | 70.00%            |
| KOMIPO America Inc.                 | Holding company                     | USA         | 100.00%                     | 100.00%           |
| Boulder Solar Power, LLC            | Solar photovoltaic power generation | USA         |                             | 82.14%            |
| EWPRC Biomass Holdings, LLC         | Holding company                     | USA         | 100.00%                     | 100.00%           |
| KOSEP USA, INC.                     | Power generation                    | USA         | 100.00%                     | 100.00%           |
| PT. EWP Indonesia                   | Holding company                     | INDONESIA   | 100.00%                     | 100.00%           |
| KOWEPO America LLC.                 | Solar photovoltaic power generation | USA         | 100.00%                     | 100.00%           |
| KEPCO Netherlands J3 B.V.           | Holding company                     | NETHERLANDS | 100.00%                     | 100.00%           |
| Korea Offshore Wind Power Co., Ltd. | Power generation                    | KOREA       | 100.00%                     | 100.00%           |
| Global One Pioneer B.V.             | Holding company                     | NETHERLANDS | 100.00%                     | 100.00%           |

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|  |                                      |             |         |         |
|--|--------------------------------------|-------------|---------|---------|
| Global Energy Pioneer B.V.                           | Holding company                      | NETHERLANDS | 100.00% | 100.00% |
| Mira Power Limited (*3)                              | Power generation                     | PAKISTAN    | 76.00%  | 76.00%  |
| KOSEP Material Co., Ltd.(*4)                         | Power generation                     | KOREA       | 46.22%  | 46.22%  |
| Commerce and Industry Energy Co., Ltd.               | Power generation                     | KOREA       | 59.03%  | 59.03%  |
| KEPCO Singapore Holding Pte., Ltd.                   | Holding company                      | SINGAPORE   | 100.00% | 100.00% |
| KOWEPO India Private Limited                         | Holding company                      | INDIA       | 100.00% | 100.00% |
| KEPCO KPS Philippines Corp.                          | Utility plant maintenance and others | PHILIPPINES | 100.00% | 100.00% |
| KOSPO Chile SpA                                      | Holding company                      | CHILE       | 100.00% | 100.00% |
| PT. KOWEPO Sumsel Operation and Maintenance Services | Utility plant maintenance and others | INDONESIA   | 95.00%  | 95.00%  |

(\*1) Considering treasury stocks, the effective percentage of ownership is 66.62%.

(\*2) These subsidiaries are included in the consolidated financial statements as the Company obtained the majority of the voting power through the shareholders' agreement.

(\*3) As of reporting date, the reporting period of all subsidiaries is December 31, except for Mira Power Limited which is November 30.

(\*4) According to the shareholders' agreement reached in April 2014, Korea South-East Power Co., Ltd. ( KOSEP ) signed a contract with Long Lasting Value( LLV ) to guarantee the principal and certain rate of return on LLV's shares in KOSEP Material Co., Ltd. Moreover, LLV has put options to sell their investment to KOSEP. Therefore, the Company accounted for this agreement as KOSEP acquiring the shares of KOSEP Material from LLV. As such, the effective percentage of ownership is 86.20% as of March 31, 2015.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries, Continued****(2) Subsidiaries excluded from consolidation for the three-month period ended March 31, 2015 are as follows:**

| <b>Subsidiary</b>        | <b>Reason</b> |
|--------------------------|---------------|
| Boulder Solar Power, LLC | Disposed      |

**(3) Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows:***In millions of won*

| <b>Subsidiaries</b>                            | <b>March 31, 2015</b> |                          |              |                                     |
|--|-----------------------|--------------------------|--------------|-------------------------------------|
|  | <b>Total assets</b>   | <b>Total liabilities</b> | <b>Sales</b> | <b>Profit (loss) for the period</b> |
| Korea Hydro & Nuclear Power Co., Ltd.          | ₩ 50,194,502          | 28,191,129               | 2,736,160    | 815,591                             |
| Korea South-East Power Co., Ltd.               | 9,102,376             | 4,978,399                | 1,474,377    | 230,315                             |
| Korea Midland Power Co., Ltd.                  | 7,292,634             | 4,169,873                | 1,200,951    | 141,069                             |
| Korea Western Power Co., Ltd.                  | 8,583,094             | 5,208,712                | 1,372,054    | 158,464                             |
| Korea Southern Power Co., Ltd.                 | 8,755,627             | 5,147,497                | 1,323,593    | 148,411                             |
| Korea East-West Power Co., Ltd.                | 8,623,188             | 4,878,858                | 1,252,841    | 196,097                             |
| KEPCO Engineering & Construction Company, Inc. | 761,320               | 379,200                  | 170,337      | 3,607                               |
| KEPCO Plant Service & Engineering Co., Ltd.    | 966,532               | 321,143                  | 238,770      | 29,182                              |
| KEPCO Nuclear Fuel Co., Ltd.                   | 559,967               | 249,086                  | 45,710       | 7,999                               |
| KEPCO KDN Co., Ltd.                            | 380,586               | 127,541                  | 98,900       | 5,804                               |
| Garorim Tidal Power Plant Co., Ltd.            | 685                   | 350                      |              | (51)                                |
| KEPCO International HongKong Ltd.              | 184,935               |                          |              | 1,262                               |
| KEPCO International Philippines Inc.           | 102,422               | 407                      |              | 13,466                              |
| KEPCO Gansu International Ltd.                 | 16,412                | 509                      |              | (5)                                 |
| KEPCO Philippines Holdings Inc.                | 118,836               | 35                       |              | 32                                  |
| KEPCO Philippines Corporation                  | 13,182                | 115                      |              | (281)                               |
| KEPCO Ilijan Corporation                       | 596,380               | 76,959                   | 30,877       | 11,056                              |
| KEPCO Lebanon SARL                             | 7,016                 | 9,883                    |              | (10)                                |

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|   |         |         |       |          |
|---|---------|---------|-------|----------|
| KEPCO Neimenggu International Ltd.                  | 183,073 |         |       | (6)      |
| KEPCO Shanxi International Ltd.                     | 526,062 | 248,441 |       | (2,025)  |
| KOMIPO Global Pte Ltd.                              | 163,567 | 1,159   |       | 2,588    |
| KEPCO Canada Energy Ltd.                            | 64,006  | 21      |       | 27       |
| KEPCO Netherlands B.V.                              | 170,877 | 33      |       | (115)    |
| KOREA Imouraren Uranium Investment Corp.            | 204,068 | 196     |       | (10)     |
| KEPCO Australia Pty., Ltd.                          | 506,645 | 2,258   | 760   | (552)    |
| KOSEP Australia Pty., Ltd.                          | 18,727  | 1,048   | 1,225 | (38)     |
| KOMIPO Australia Pty., Ltd.                         | 18,218  | 541     | 1,225 | (32)     |
| KOWEPO Australia Pty., Ltd.                         | 18,921  | 1,113   | 1,225 | (49)     |
| KOSPO Australia Pty., Ltd.                          | 18,868  | 1,045   | 1,225 | (76)     |
| KEPCO Middle East Holding Company                   | 118,284 | 134,042 |       | 1,049    |
| Qatrana Electric Power Company                      | 567,024 | 470,569 | 4,518 | 5,202    |
| KHNP Canada Energy Ltd.                             | 44,277  | 26      |       | 9        |
| KEPCO Bylong Australia Pty., Ltd.                   | 161,300 | 204,978 |       | (14,646) |
| Korea Waterbury Uranium Limited Partnership         | 20,323  | 35      |       | (10)     |
| KEPCO Canada Uranium Investment Limited Partnership | 57,484  | 25      |       | (4)      |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

(3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows, continued:**

*In millions of won*

| Subsidiaries                        | March 31, 2015 |                   |        |                              |
|-------------------------------------|----------------|-------------------|--------|------------------------------|
|                                     | Total assets   | Total liabilities | Sales  | Profit (loss) for the period |
| Korea Electric Power Nigeria Ltd.   | ₩ 4,285        | 3,817             | 9,623  | 104                          |
| KEPCO Holdings de Mexico            | 11             | 23                |        | (3)                          |
| KST Electric Power Company          | 520,860        | 507,870           | 20,807 | 1,633                        |
| KEPCO Energy Service Company        | 727            | 343               | 1,342  | 349                          |
| KEPCO Netherlands S3 B.V.           | 62,888         | 32                |        | (28)                         |
| PT. KOMIPO Pembangkitan Jawa Bali   | 17,251         | 6,539             | 4,449  | 2,433                        |
| PT. Cirebon Power Service           | 2,370          | 1,075             | 1,469  | 60                           |
| KOWEPO International Corporation    |                |                   |        |                              |
| KOSPO Jordan, LLC.                  | 11,976         | 1,525             | 3,252  | 1,874                        |
| EWP Philippines Corporation         | 7,120          | 301               |        | 503                          |
| EWP America Inc. (*)                | 105,139        | 77,014            | 13,509 | (209)                        |
| KNF Canada Energy Limited           | 1,989          | 21                |        | (11)                         |
| PT KEPCO Resource Indonesia         | 1,313          | 13                |        | (52)                         |
| EWP Barbados 1 SRL                  | 245,570        | 430               | 688    | 17                           |
| Gyeonggi Green Energy Co., Ltd.     | 326,251        | 258,762           | 24,795 | (2,308)                      |
| PT. Tanggamus Electric Power        | 46,503         | 33,285            | 16,421 | (2,413)                      |
| Gyeongju Wind Power Co., Ltd.       | 48,304         | 30,846            | 2,350  | 957                          |
| KOMIPO America Inc.                 | 12,689         | 2,527             |        | (4)                          |
| KOSEP USA, INC.                     | 36,191         | 2,223             | 1,013  | 309                          |
| PT. EWP Indonesia                   | 819            | 15                |        | (88)                         |
| KOWEPO America, LLC.                | 6,046          | 25                |        | (346)                        |
| KEPCO Netherlands J3 B.V.           | 114,418        | 65                |        | (21)                         |
| Korea Offshore Wind Power Co., Ltd. | 9,646          | 491               |        | (320)                        |
| Global One Pioneer B.V.             | 25             | 26                |        | (18)                         |
| Global Energy Pioneer B.V.          | 27             | 26                |        | (18)                         |

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|  |         |        |       |       |
|--|---------|--------|-------|-------|
| Mira Power Limited                                 | 32,504  | 148    |       | (280) |
| KOSEP Material Co., Ltd.                           | 41,908  | 23,433 |       | (944) |
| Commerce and Industry Energy Co., Ltd.             | 102,756 | 87,082 | 6,101 | (624) |
| KEPCO Singapore Holding Pte., Ltd.                 | 1,183   |        |       |       |
| KOWEPO India Private Limited                       | 953     | 116    |       | (72)  |
| KEPCO KPS Philippines Corp.                        | 5,406   | 1,955  | 3,818 | 441   |
| KOSPO Chile SpA                                    | 383     | 4,377  |       | (143) |
| PT. KOWEPO Sumsel Operation & Maintenance Services | 2,580   | 2,038  | 936   | 316   |

(\*) Financial information of EWP America Inc. includes that of seven other subsidiaries, EWP Renewable Co., Ltd., DG Fairhaven Power, LLC., DG Kings Plaza, LLC., DG Whitefield, LLC., Springfield Power, LLC., California Power Holdings, LLC., and EWPRC Biomass Holdings, LLC.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows, continued:**

*In millions of won*

| <b>Subsidiaries</b>                            | <b>December 31, 2014</b> |                          |              |                                     |
|--|--------------------------|--------------------------|--------------|-------------------------------------|
|  | <b>Total assets</b>      | <b>Total liabilities</b> | <b>Sales</b> | <b>Profit (loss) for the period</b> |
| Korea Hydro & Nuclear Power Co., Ltd.          | ₩ 49,237,136             | 27,588,281               | 9,379,564    | 1,446,060                           |
| Korea South-East Power Co., Ltd.               | 9,026,146                | 5,068,092                | 4,469,415    | 383,233                             |
| Korea Midland Power Co., Ltd.                  | 7,074,578                | 4,073,784                | 5,041,682    | 110,533                             |
| Korea Western Power Co., Ltd.                  | 8,245,105                | 5,008,954                | 4,840,007    | 151,662                             |
| Korea Southern Power Co., Ltd.                 | 8,703,362                | 5,229,934                | 6,209,536    | 68,481                              |
| Korea East-West Power Co., Ltd.                | 8,370,732                | 4,805,302                | 4,507,011    | 168,534                             |
| KEPCO Engineering & Construction Company, Inc. | 777,612                  | 370,482                  | 841,917      | 54,759                              |
| KEPCO Plant Service & Engineering Co., Ltd.    | 922,843                  | 226,774                  | 1,078,526    | 166,847                             |
| KEPCO Nuclear Fuel Co., Ltd.                   | 568,370                  | 257,899                  | 241,310      | 32,588                              |
| KEPCO KDN Co., Ltd.                            | 390,681                  | 135,341                  | 458,960      | 20,228                              |
| Garorim Tidal Power Plant Co., Ltd.            | 772                      | 387                      |              | (39,856)                            |
| KEPCO International HongKong Ltd.              | 182,703                  |                          |              | 6,221                               |
| KEPCO International Philippines Inc.           | 101,864                  | 405                      |              | 98,878                              |
| KEPCO Gansu International Ltd.                 | 16,330                   | 506                      |              | (11)                                |
| KEPCO Philippines Holdings Inc.                | 124,418                  | 40                       |              | 5,987                               |
| KEPCO Philippines Corporation                  | 13,670                   | 139                      |              | (959)                               |
| KEPCO Ilijan Corporation                       | 585,190                  | 53,212                   | 127,871      | 76,627                              |
| KEPCO Lebanon SARL                             | 6,990                    | 9,832                    |              | (164)                               |
| KEPCO Neimenggu International Ltd.             | 182,140                  |                          |              | (172)                               |
| KEPCO Shanxi International Ltd.                | 523,357                  | 245,170                  |              | 1,935                               |
| KOMIPO Global Pte Ltd.                         | 157,441                  | 3,636                    |              | 9,470                               |
| KEPCO Canada Energy Ltd.                       | 69,507                   | 113                      |              | (18)                                |
| KEPCO Netherlands B.V.                         | 189,121                  | 14                       |              | 367                                 |
| KOREA Imouraren Uranium Investment Corp.       | 227,897                  | 207                      |              | (48)                                |

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|   |         |         |         |          |
|---|---------|---------|---------|----------|
| KEPCO Australia Pty., Ltd.                          | 539,961 | 2,572   | 4,532   | 799      |
| KOSEP Australia Pty., Ltd.                          | 19,771  | 935     | 4,786   | 2,413    |
| KOMIPO Australia Pty., Ltd.                         | 18,779  | 542     | 4,786   | 1,786    |
| KOWEPO Australia Pty., Ltd.                         | 19,990  | 1,004   | 4,786   | 2,434    |
| KOSPO Australia Pty., Ltd.                          | 18,983  | 932     | 4,439   | 2,007    |
| KEPCO Middle East Holding Company                   | 116,615 | 133,338 |         | (1,470)  |
| Qatrana Electric Power Company                      | 553,134 | 462,329 | 17,079  | 15,724   |
| KHNP Canada Energy Ltd.                             | 47,982  | 58      |         | (17)     |
| KEPCO Bylong Australia Pty., Ltd.                   | 169,209 | 200,443 |         | (20,958) |
| Korea Waterbury Uranium Limited Partnership         | 22,058  | 35      |         | (59)     |
| KEPCO Canada Uranium Investment Limited Partnership | 70,778  | 25      |         | (30)     |
| Korea Electric Power Nigeria Ltd.                   | 1,112   | 786     | 23,863  | 204      |
| KEPCO Holdings de Mexico                            | 11      | 21      |         | (12)     |
| KST Electric Power Company                          | 512,793 | 496,780 | 16,668  | 13,496   |
| KEPCO Energy Service Company                        | 374     | 535     | 5,032   | 40       |
| KEPCO Netherlands S3 B.V.                           | 62,583  | 30      |         | 812      |
| PT. KOMIPO Pembangkitan Jawa Bali                   | 17,282  | 6,034   | 21,276  | 8,929    |
| PT. Cirebon Power Service                           | 1,630   | 402     | 6,694   | 354      |
| KOWEPO International Corporation                    |         |         |         | (1,861)  |
| KOSPO Jordan, LLC.                                  | 10,270  | 1,742   | 29,682  | 2,512    |
| EWP Philippines Corporation                         | 6,570   | 283     |         | (848)    |
| EWP America Inc. (*)                                | 104,855 | 76,669  | 57,251  | (21)     |
| KNF Canada Energy Limited                           | 2,118   | 48      |         | (65)     |
| PT KEPCO Resource Indonesia                         | 1,366   | 13      |         | (267)    |
| EWP Barbados 1 SRL                                  | 296,278 | 162     | 2,633   | 322      |
| Gyeonggi Green Energy Co., Ltd.                     | 334,074 | 264,278 | 124,181 | (4,989)  |
| PT. Tanggamus Electric Power                        | 24,120  | 8,339   | 20,089  | (3,125)  |
| Gyeongju Wind Power Co., Ltd.                       | 48,570  | 30,225  | 7,871   | 2,590    |
| KOMIPO America Inc.                                 | 10,118  | 7       |         |          |
| Boulder Solar Power, LLC.                           | 8,457   | 7       |         | (712)    |
| KOSEP USA, INC.                                     | 35,062  | 1,581   | 2,315   | (119)    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows, continued:**

*In millions of won*

| Subsidiaries  | December 31, 2014 |                      |        | Profit (loss)<br>for the period |
|---|-------------------|----------------------|--------|---------------------------------|
|   | Total<br>assets   | Total<br>liabilities | Sales  |                                 |
| PT. EWP Indonesia                                     | ₩ 902             | 15                   |        | (278)                           |
| KOWEPO America, LLC.                                  | 5,813             | 137                  |        | (1,006)                         |
| KEPCO Netherlands J3 B.V.                             | 113,818           | 44                   |        | (61)                            |
| Korea Offshore Wind Power Co., Ltd.                   | 11,762            | 2,287                |        | (3,424)                         |
| Global One Pioneer B.V.                               | 40                | 24                   |        | (60)                            |
| Global Energy Pioneer B.V.                            | 42                | 29                   |        | (64)                            |
| Mira Power Limited                                    | 32,977            | 221                  |        | (1,109)                         |
| KOSEP Material Co., Ltd.                              | 42,766            | 23,226               |        | (2,463)                         |
| Commerce and Industry Energy Co., Ltd.                | 103,346           | 87,047               | 23,645 | (881)                           |
| KEPCO Singapore Holding Pte., Ltd.                    | 1,012             |                      |        | (20)                            |
| KOWEPO India Private Limited                          | 997               | 11                   |        | (397)                           |
| KEPCO KPS Philippines Corp.                           | 5,147             | 2,150                | 9,263  | 1,912                           |
| KOSPO Chile SpA                                       | 3,143             | 4,354                |        | (1,640)                         |
| PT. KOWEPO Sumsel Operation &<br>Maintenance Services | 1,628             | 1,386                |        | (408)                           |

- (\*) Financial information of EWP America Inc. includes that of seven other subsidiaries, EWP Renewable Co., Ltd., DG Fairhaven Power, LLC., DG Kings Plaza, LLC., DG Whitefield, LLC., Springfield Power, LLC., California Power Holdings, LLC., and EWPRC Biomass Holdings, LLC.

- (4) **Significant restrictions on abilities to subsidiaries are as follows:**

| Company | Nature and extent of any significant restrictions |
|---------|---|
|---------|---|

Gyeonggi Green Energy Co., Ltd. Acquisition or disposal of assets more than ₩35 billion, change in the capacity of cogeneration units (except for the change due to performance improvement of equipment, maintenance) will require unanimous consent of all directors.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

(5) Details of non-controlling interest prior to intra-group eliminations as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows:

*In millions of won*

| Description   | March 31, 2015           |   |                                  |                         |             | Others      | Total |
|---|--------------------------|---|----------------------------------|-------------------------|-------------|-------------|-------|
|   | KEPCO Ilijan Corporation | KEPCO Plant Service & Engineering Co., Ltd. | KEPCO Construction Company, Inc. | Garorim Tidal Co., Ltd. |             |             |       |
| Percentage of ownership   | 49.00%                   | 46.00%                                      | 33.37%                           | 51.00%                  |             |             |       |
| Current assets  | ₩ 148,744                | 499,282                                     | 306,367                          | 642                     | 593,982     | 1,549,017   |       |
| Non-current assets  | 447,636                  | 467,250                                     | 454,953                          | 43                      | 1,706,615   | 3,076,497   |       |
| Current liabilities   | (43,055)                 | (262,591)                                   | (310,000)                        | (350)                   | (245,376)   | (861,372)   |       |
| Non-current liabilities   | (33,904)                 | (58,552)                                    | (69,200)                         |                         | (1,427,375) | (1,589,031) |       |
| Net assets  | 519,421                  | 645,389                                     | 382,120                          | 335                     | 627,846     | 2,175,111   |       |
| Book value of non-controlling interest  | 254,516                  | 296,879                                     | 127,514                          | 171                     | 600,738     | 1,279,818   |       |
| Sales   | 30,877                   | 238,770                                     | 170,337                          |                         | 131,374     | 571,358     |       |
| Profit (loss) for the period  | 11,056                   | 29,182                                      | 3,607                            | (51)                    | 12,470      | 56,264      |       |
| Profit (loss) for the period attributable to non-controlling interest             | 5,418                    | 13,424                                      | 1,204                            | (26)                    | 1,536       | 21,556      |       |
| Cash flows from operating activities  | 46,459                   | 1,588                                       | (13,036)                         | 89                      | (7,459)     | 27,641      |       |
| Cash flows from investing activities  | (16,229)                 | (58,215)                                    | (28,052)                         | (5)                     | (21,269)    | (123,770)   |       |
| Cash flows from financing activities before dividends to non-controlling interest | (14,020)                 | 34,569                                      | 7,300                            |                         | 42,768      | 70,617      |       |
| Dividends to non-controlling interest   | (12,386)                 | (34,569)                                    | (7,300)                          |                         | (4,896)     | (59,151)    |       |
| Effect of exchange rate fluctuation   | 368                      | (200)                                       | (280)                            | (84)                    | 909         | 713         |       |
|   | 4,192                    | (56,827)                                    | (41,368)                         |                         | 10,053      | (83,950)    |       |

Net increase (decrease) of  
cash and cash equivalents

*In millions of won*

| Description   | December 31, 2014        |                                       |  |                                     |             | Total       |
|---|--------------------------|---------------------------------------|--|-------------------------------------|-------------|-------------|
|   | KEPCO Ilijan Corporation | KEPCO Service & Engineering Co., Ltd. | KEPCO Engineering & Construction Company, Inc. | Garorim Tidal Power Plant Co., Ltd. | Others      |             |
| Percentage of ownership   | 49.00%                   | 46.00%                                | 33.37%   | 51.00%                              |             |             |
| Current assets  | ₩ 143,229                | 461,750                               | 355,292  | 729                                 | 605,778     | 1,566,778   |
| Non-current assets  | 441,961                  | 461,094                               | 422,320  | 43                                  | 2,301,290   | 3,626,708   |
| Current liabilities   | (19,022)                 | (181,871)                             | (315,766)                                      | (387)                               | (391,393)   | (908,439)   |
| Non-current liabilities   | (34,190)                 | (44,903)                              | (54,716)                                       |                                     | (1,765,520) | (1,899,329) |
| Net assets  | 531,978                  | 696,070                               | 407,130  | 385                                 | 750,155     | 2,385,718   |
| Book value of non-controlling interest  | 260,669                  | 320,192                               | 135,859  | 197                                 | 616,443     | 1,333,360   |
| Sales   | 127,871                  | 1,078,526                             | 841,917  |                                     | 531,983     | 2,580,297   |
| Profit (loss) for the period  | 76,627                   | 166,847                               | 54,759   | (39,856)                            | 54,875      | 313,252     |
| Profit (loss) for the period attributable to non-controlling interest             | 37,547                   | 61,734                                | 15,853   | (20,326)                            | 24,014      | 118,822     |
| Cash flows from operating activities  | 111,248                  | 183,865                               | 16,226   | (4,818)                             | 53,990      | 360,511     |
| Cash flows from investing activities  | (3,221)                  | (70,186)                              | (14,066)                                       | (1,454)                             | (64,720)    | (153,647)   |
| Cash flows from financing activities before dividends to non-controlling interest | (116,956)                | (43,092)                              | (19,258)                                       |                                     | 35,825      | (143,481)   |
| Dividends to non-controlling interest   | (96,533)                 | (25,308)                              | (4,905)  |                                     | (4,224)     | (130,970)   |
| Effect of exchange rate fluctuation   | 2,456                    | 70                                    | (147)  | 69                                  | 5,858       | 8,306       |
| Net increase (decrease) of cash and cash equivalents                              | (103,006)                | 45,349                                | (22,150)                                       | (6,203)                             | 26,729      | (59,281)    |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries, Continued****(6) Changes in goodwill**

(i) Details of goodwill as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|---------------------------|-----------------------|--------------------------|
| Acquisition cost          | ₩ 2,582               | 2,582                    |
| Accumulated impairment    |                       |                          |
| Carrying book value       | ₩ 2,582               | 2,582                    |

(ii) There are no changes in goodwill for the three-month period ended March 31, 2015 and for the year ended December 31, 2014.

**(7) Disposals of subsidiaries**

The Company disposed the shares of Boulder Solar Power LLC. for the three-month period ended March 31, 2015. The Company also disposed the shares of Korea Engineering & Power Services Co., Ltd. and liquidated EWP Philippine Holdings Corporation for the year ended December 31, 2014.

(i) The fair value of sales price as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>                         | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|---|-----------------------|--------------------------|
| Consideration received in cash                    | ₩ 553                 | 46,476                   |
| The fair value of remaining shares after disposal | 11,823                |                          |
| Total   | ₩ 12,376              | 46,476                   |

- (ii) The carrying value of assets and liabilities of subsidiaries as at the date the Company lost its control during the three-month period ended March 31, 2015 and during the year ended December 31, 2014 are as follows:

| <i>In millions of won</i>                    | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|--|-----------------------|--------------------------|
| <b>Current assets</b>                        |                       |                          |
| Cash and cash equivalents                    | ₩                     | 2,187                    |
| Current financial assets, net                | 1,077                 | 4,781                    |
| Trade and other receivables, net             |                       | 5,460                    |
| Current non-financial assets                 |                       | 232                      |
| <b>Non-current assets</b>                    |                       |                          |
| Non-current financial assets, net            |                       | 144                      |
| Non-current trade and other receivables, net |                       | 351                      |
| Property, plant and equipment, net           | 2,460                 | 934                      |
| Other  | 2,893                 | 50                       |
| <b>Current liabilities</b>                   |                       |                          |
| Trade and other payables, net                |                       | (1,655)                  |
| Current non-financial liabilities            | (7)                   | (161)                    |
|  | ₩                     |                          |
|  | 6,423                 | 12,323                   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**16. Consolidated Subsidiaries, Continued****(7) Disposals of subsidiaries, continued**

(iii) Gain from disposals of subsidiaries for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

| <i>In millions of won</i>           | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|-------------------------------------|-----------------------|--------------------------|
| The fair value of sale price        | ₩ 12,376              | 46,476                   |
| Net assets disposed                 | (6,423)               | (12,323)                 |
| Non-controlling interests           |                       | 5,765                    |
| Realization of unrealized gain      |                       | 534                      |
| Other comprehensive income          | (87)                  | (20)                     |
| Gain from disposals of subsidiaries | ₩ 5,866               | 40,432                   |

(iv) Net cashflow from sales of subsidiaries for three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

| <i>In millions of won</i>           | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|-------------------------------------|-----------------------|--------------------------|
| Consideration received in cash      | ₩ 553                 | 46,476                   |
| Less: Cash in disposed subsidiaries |                       | (2,187)                  |
| Net cashflow                        | ₩ 553                 | 44,289                   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures**

(1) Investments in associates and joint ventures as of March 31, 2015 and December 31, 2014 are as follows:

*In millions of won*

|   |  | <b>March 31, 2015</b> |                                |                         |                   |  |
|---|--|-----------------------|--------------------------------|-------------------------|-------------------|--|
| <b>Investees</b>                                      | <b>Key operation activities</b>                      | <b>Location</b>       | <b>Percentage of ownership</b> | <b>Acquisition cost</b> | <b>Book value</b> |  |
| <b>&lt;Associates&gt;</b>                             |  |                       |                                |                         |                   |  |
| Daegu Green Power Co., Ltd.                           | Power generation                                     | KOREA                 | 47.80%                         | ₩ 76,193                | 76,750            |  |
| Korea Gas Corporation (*1)                            | Importing and wholesaling LNG                        | KOREA                 | 20.47%                         | 94,500                  | 2,215,569         |  |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering                                 | KOREA                 | 29.00%                         | 4,727                   | 17,753            |  |
| YTN Co., Ltd.   | Broadcasting   | KOREA                 | 21.43%                         | 59,000                  | 40,287            |  |
| Cheongna Energy Co., Ltd.                             | Generating and distributing vapor and hot/cold water | KOREA                 | 43.90%                         | 49,607                  | 26,292            |  |
| Gangwon Wind Power Co., Ltd. (*2)                     | Wind power generation                                | KOREA                 | 15.00%                         | 5,725                   | 12,385            |  |
| Hyundai Green Power Co., Ltd.                         | Power generation                                     | KOREA                 | 29.00%                         | 88,885                  | 107,650           |  |
| Korea Power Exchange (*6)                             | Management of power market                           | KOREA                 | 100.00%                        | 127,839                 | 204,976           |  |
| AMEC Partners Korea (*3)                              | Resources development                                | KOREA                 | 19.00%                         | 707                     | 208               |  |
| Hyundai Energy Co., Ltd. (*9)                         | Power generation                                     | KOREA                 | 29.00%                         | 71,070                  | 34,533            |  |
| Ecollite Co., Ltd.                                    | Artificial light-weight aggregate                    | KOREA                 | 36.10%                         | 1,516                   |                   |  |
| Taebaek Wind Power Co., Ltd.                          | Power generation                                     | KOREA                 | 25.00%                         | 3,810                   | 5,584             |  |
| Muju Wind Power Co., Ltd.                             | Power generation                                     | KOREA                 | 25.00%                         | 2,850                   | 2,705             |  |
|   | Power generation                                     | KOREA                 | 25.00%                         | 3,876                   | 3,555             |  |

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|  |  |             |        |         |         |
|--|--|-------------|--------|---------|---------|
| Pyeongchang Wind Power Co., Ltd.         |  |             |        |         |         |
| Daeryun Power Co., Ltd. (*3, 10)         | Power generation                                   | KOREA       | 13.13% | 25,477  | 42,306  |
| JinanJangsu Wind Power Co., Ltd.         | Power generation                                   | KOREA       | 25.00% | 100     | 77      |
| Changjuk Wind Power Co., Ltd.            | Power generation                                   | KOREA       | 30.00% | 3,801   | 6,623   |
| KNH Solar Co., Ltd.                      | Power generation                                   | KOREA       | 27.00% | 1,296   | 1,525   |
| SPC Power Corporation                    | Power generation                                   | PHILIPPINES | 38.00% | 20,635  | 48,362  |
| Gemeng International Energy Co., Ltd.    | Power generation                                   | CHINA       | 34.00% | 413,153 | 691,602 |
| PT. Cirebon Electric Power               | Power generation                                   | INDONESIA   | 27.50% | 40,365  | 45,611  |
| KNOC Nigerian East Oil Co., Ltd. (*4)    | Resources development                              | NIGERIA     | 14.63% | 12      |         |
| KNOC Nigerian West Oil Co., Ltd. (*4)    | Resources development                              | NIGERIA     | 14.63% | 12      |         |
| Dolphin Property Limited (*4)            | Rental company                                     | NIGERIA     | 15.00% | 12      | 53      |
| PT Wampu Electric Power                  | Power generation                                   | INDONESIA   | 46.00% | 18,935  | 15,109  |
| PT. Bayan Resources TBK                  | Resources development                              | INDONESIA   | 20.00% | 615,860 | 546,170 |
| S-Power Co., Ltd.                        | Power generation                                   | KOREA       | 40.00% | 108,000 | 111,610 |
| Pioneer Gas Power Limited (*8)           | Power generation                                   | INDIA       | 40.00% | 49,831  | 51,198  |
| Eurasia Energy Holdings                  | Power generation and resources development         | RUSSIA      | 40.00% | 461     |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.        | Power generation                                   | LAOS        | 25.00% | 23,756  | 20,353  |
| Busan Solar Co., Ltd. (*3)               | Power generation                                   | KOREA       | 19.80% | 793     | 669     |
| Hadong Mineral Fiber Co., Ltd.           | Recycling fly ashes                                | KOREA       | 25.00% | 50      | 1       |
| Green Biomass Co., Ltd.                  | Power generation                                   | KOREA       | 34.00% | 714     |         |
| PT. Mutiara Jawa                         | Manufacturing and operating floating coal terminal | INDONESIA   | 29.00% | 2,978   | 145     |
| Samcheok Eco Material Co., Ltd. (*3, 11) | Recycling fly ashes                                | KOREA       | 2.67%  | 686     | 194     |
| Noeul Green Energy Co., Ltd.             | Power generation                                   | KOREA       | 20.00% | 200     | 164     |
| Naepo Green Energy Co., Ltd.             | Power generation                                   | KOREA       | 25.00% | 29,200  | 27,763  |
| Goseong Green Energy Co., Ltd.           | Power generation                                   | KOREA       | 6.44%  | 2,900   | 2,615   |
| Gangneung Eco Power Co., Ltd.            | Power generation                                   | KOREA       | 6.04%  | 2,900   | 2,732   |

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|  |                          |       |        |           |           |
|--|--------------------------|-------|--------|-----------|-----------|
| Shin Pyeongtaek Power Co., Ltd.              | Power generation         | KOREA | 40.00% | 40        |           |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | Power generation         | KOREA | 28.00% | 193       | 166       |
| DS POWER Co., Ltd. (*2)                      | Power generation         | KOREA | 10.91% | 17,900    | 15,203    |
| Dongducheon Dream Power Co., Ltd.            | Power generation         | KOREA | 33.61% | 107,958   | 108,983   |
| KS Solar Corp. Ltd.(*3)                      | Power generation         | KOREA | 19.00% | 637       | 244       |
| Yeongwol Energy Station Co., Ltd (*2)        | Power generation         | KOREA | 10.00% | 1,400     | 1,107     |
| Jimbhuvish Power Generation Pvt. Ltd.(*2)    | Power generation         | INDIA | 5.16%  | 9,000     | 8,400     |
| SE Green Energy Co., Ltd.                    | Power generation support | KOREA | 47.76% | 3,821     | 3,612     |
| Daegu Photovoltaic Co., Ltd.                 | Power generation         | KOREA | 29.00% | 1,230     | 1,696     |
| Jeongam Wind Power Co., Ltd.                 | Power generation         | KOREA | 40.00% | 800       | 54        |
| Korea Power Engineering Service Co., Ltd.    | Construction and service | KOREA | 29.00% | 290       | 1,165     |
| Busan Green Energy Co., Ltd.                 | Power generation         | KOREA | 29.00% | 14,564    | 14,564    |
|  |                          |       |        | 2,110,265 | 4,518,323 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, continued****(1) Investments in associates and joint ventures as of March 31, 2015 and December 31, 2014 are as follows, continued:***In millions of won*

| Investees  | Key operation activities                    | March 31, 2015 |                         | Acquisition cost | Book value |
|--|---|----------------|-------------------------|------------------|------------|
|  |   | Location       | Percentage of ownership |                  |            |
| <Joint ventures>                                     |   |                |                         |                  |            |
| KEPCO-Uhde Inc. (*7)                                 | Power generation                            | KOREA          | 66.00%                  | ₩ 11,355         | 8,925      |
| Eco Biomass Energy Sdn. Bhd. (*7)                    | Power generation                            | MALAYSIA       | 61.53%                  | 9,661            |            |
| Datang Chaoyang Renewable Power Co., Ltd.            | Power generation                            | CHINA          | 40.00%                  | 27,660           | 27,205     |
| Shuweihaat Asia Power Investment B.V.                | Holding company                             | NETHERLANDS    | 49.00%                  | 60,083           | 8,622      |
| Shuweihaat Asia Operation & Maintenance Company (*7) | Maintenance of utility plant                | CAYMAN         | 55.00%                  | 30               | 567        |
| Waterbury Lake Uranium L.P.                          | Resources development                       | CANADA         | 40.00%                  | 26,601           | 20,281     |
| ASM-BG Investicii AD                                 | Power generation                            | BULGARIA       | 50.00%                  | 16,101           | 17,549     |
| RES Technology AD                                    | Power generation                            | BULGARIA       | 50.00%                  | 15,595           | 12,966     |
| KV Holdings, Inc.                                    | Power generation                            | PHILIPPINES    | 40.00%                  | 2,103            | 1,911      |
| KEPCO SPC Power Corporation (*7)                     | Construction and operation of utility plant | PHILIPPINES    | 75.20%                  | 94,579           | 199,805    |
| Canada Korea Uranium Limited Partnership (*5)        | Resources development                       | CANADA         | 12.50%                  | 5,404            |            |
| KEPCO Energy Resource Nigeria Limited                | Holding company                             | NIGERIA        | 30.00%                  | 8,463            |            |
| Gansu Datang Yumen Wind Power Co., Ltd.              | Power generation                            | CHINA          | 40.00%                  | 16,621           | 17,522     |
| Datang Chifeng Renewable Power Co., Ltd.             | Power generation                            | CHINA          | 40.00%                  | 121,928          | 173,389    |

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|  |  |              |        |           |           |
|--|--|--------------|--------|-----------|-----------|
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.        | Power generation   | CHINA        | 40.00% | 10,858    | 10,401    |
| Rabigh Electricity Company                             | Power generation   | SAUDI ARABIA | 40.00% | 109,743   | 7,148     |
| Rabigh Operation & Maintenance Company                 | Maintenance of utility plant   | SAUDI ARABIA | 40.00% | 70        | 5,017     |
| Jamaica Public Service Company Limited                 | Power generation   | JAMAICA      | 40.00% | 301,910   | 228,092   |
| KW Nuclear Components Co., Ltd.                        | R&D  | KOREA        | 45.00% | 833       | 2,838     |
| Busan Shinho Solar Power Co., Ltd.                     | Power generation   | KOREA        | 25.00% | 2,100     | 3,361     |
| GS Donghae Electric Power Co., Ltd.                    | Power generation   | KOREA        | 34.00% | 204,000   | 201,145   |
| Global Trade Of Power System Co., Ltd.                 | Exporting products and technology of small or medium business by proxy | KOREA        | 29.00% | 290       | 378       |
| Expressway Solar-light Power Generation Co., Ltd.      | Power generation   | KOREA        | 29.00% | 1,856     | 1,885     |
| KODE NOVUS 1 LLC.                                      | Power generation   | USA          | 50.00% | 19,213    | 11,045    |
| KODE NOVUS 2 LLC.                                      | Power generation   | USA          | 49.00% | 12,498    | 7,815     |
| Daejung Offshore Wind Power Co., Ltd.                  | Power generation   | KOREA        | 49.90% | 4,990     | 3,611     |
| Amman Asia Electric Power Company (*7)                 | Power generation   | JORDAN       | 60.00% | 111,476   | 125,196   |
| KEPCO-ALSTOM Power Electronics Systems, Inc. (*7)      | R&D  | KOREA        | 51.00% | 5,629     | 4,734     |
| Dangjin Echo Power Co., Ltd.                           | Power generation   | KOREA        | 40.00% | 56,000    | 52,966    |
| Honam Wind Power Co., Ltd.                             | Power generation   | KOREA        | 29.00% | 3,600     | 3,960     |
| Nepal Water & Energy Development Company Pty Ltd. (*7) | Construction and operation of utility plant                            | NEPAL        | 59.62% | 18,568    | 17,057    |
| Chun-cheon Energy Co., Ltd.                            | Power generation   | KOREA        | 29.90% | 15        |           |
| Yeonggwangbaeksu Wind Power Co., Ltd. (*3)             | Power generation   | KOREA        | 15.00% | 3,000     | 2,954     |
| Nghi Son 2 Power Ltd.                                  | Power generation   | VIETNAM      | 50.00% | 513       | 134       |
| Kelar S.A (*7)   | Power generation   | CHILE        | 65.00% | 4,180     |           |
| PT. Tanjung Power Indonesia                            | Power generation   | INDONESIA    | 35.00% | 747       | 671       |
| Incheon New Power Co., Ltd.                            | Power generation   | KOREA        | 29.00% | 461       | 526       |
| Seokmun Energy Co., Ltd.                               | Integrated energy business   | KOREA        | 34.00% | 680       |           |
|  |  |              |        | 1,289,414 | 1,179,676 |





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**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

**(1) Investments in associates and joint ventures as of March 31, 2015 and December 31, 2014 are as follows, continued:**

- (\*1) The effective percentage of ownership is 21.57% considering treasury stocks.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*3) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*4) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions, which can affect its influence on the entity.
- (\*5) The Company has joint control over the entity by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*6) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (\*7) According to the shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (\*8) As of reporting date, the reporting period of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (\*9) As of March 31, 2015, 17.3% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 46.3% of ownership.
- (\*10) The Company's percentage of ownership has decreased due to the acquisitions of Daeryun Power Co., Ltd. and the effective percentage of ownership is 19.45% considering stock purchase options.
- (\*11) The Company's effective percentage of ownership excluding the redeemable convertible preferred stock is 25.54%.



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2015 and December 31, 2014 are as follows, continued:***In millions of won*

| Investees   | Key operation activities                             | Location | Percentage of ownership | December 31, 2014 |            |
|---|--|----------|-------------------------|-------------------|------------|
|   |  |          |                         | Acquisition cost  | Book value |
| <Associates>  |  |          |                         |                   |            |
| Daegu Green Power Co., Ltd.                           | Power generation                                     | KOREA    | 47.80%                  | ₩ 76,193          | 71,387     |
| Korea Gas Corporation (*1)                            | Importing and wholesaling LNG                        | KOREA    | 20.47%                  | 94,500            | 2,097,539  |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering                                 | KOREA    | 29.00%                  | 4,727             | 21,622     |
| YTN Co., Ltd.   | Broadcasting   | KOREA    | 21.43%                  | 59,000            | 39,889     |
| Cheongna Energy Co., Ltd.                             | Generating and distributing vapor and hot/cold water | KOREA    | 43.90%                  | 49,607            | 28,771     |
| Gangwon Wind Power Co., Ltd. (*2)                     | Wind power generation                                | KOREA    | 15.00%                  | 5,725             | 12,385     |
| Hyundai Green Power Co., Ltd.                         | Power generation                                     | KOREA    | 29.00%                  | 88,885            | 113,033    |
| Korea Power Exchange (*6)                             | Management of power market                           | KOREA    | 100.00%                 | 127,839           | 198,021    |
| AMEC Partners Korea (*3)                              | Resources development                                | KOREA    | 19.00%                  | 707               | 200        |
| Hyundai Energy Co., Ltd. (*9)                         | Power generation                                     | KOREA    | 29.00%                  | 71,070            | 35,925     |
| Ecollite Co., Ltd.                                    | Artificial light-weight aggregate                    | KOREA    | 36.10%                  | 1,516             |            |
| Taebaek Wind Power Co., Ltd.                          | Power generation                                     | KOREA    | 25.00%                  | 3,810             | 5,525      |
| Muju Wind Power Co., Ltd.                             | Power generation                                     | KOREA    | 25.00%                  | 2,850             | 2,706      |
| Pyeongchang Wind Power Co., Ltd.                      | Power generation                                     | KOREA    | 25.00%                  | 3,876             | 3,693      |

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|  |  |             |        |         |         |
|--|--|-------------|--------|---------|---------|
| Daeryun Power Co., Ltd.<br>(*3, 10)                | Power generation   | KOREA       | 13.13% | 25,477  | 41,951  |
| JinanJangsu Wind Power<br>Co., Ltd.                | Power generation   | KOREA       | 25.00% | 100     | 77      |
| Changjuk Wind Power Co.,<br>Ltd.                   | Power generation   | KOREA       | 30.00% | 3,801   | 6,486   |
| KNH Solar Co., Ltd.                                | Power generation   | KOREA       | 27.00% | 1,296   | 1,744   |
| SPC Power Corporation                              | Power generation   | PHILIPPINES | 38.00% | 20,635  | 47,799  |
| Gemeng International<br>Energy Co., Ltd.           | Power generation   | CHINA       | 34.00% | 413,153 | 667,578 |
| PT. Cirebon Electric Power                         | Power generation   | INDONESIA   | 27.50% | 40,365  | 43,335  |
| KNOC Nigerian East Oil<br>Co., Ltd. (*4)           | Resources development                                    | NIGERIA     | 14.63% | 12      |         |
| KNOC Nigerian West Oil<br>Co., Ltd. (*4)           | Resources development                                    | NIGERIA     | 14.63% | 12      |         |
| Dolphin Property Limited<br>(*4)                   | Rental company   | NIGERIA     | 15.00% | 12      | 61      |
| PT Wampu Electric Power                            | Power generation   | INDONESIA   | 46.00% | 18,935  | 16,071  |
| PT. Bayan Resources TBK                            | Resources development                                    | INDONESIA   | 20.00% | 615,860 | 540,011 |
| S-Power Co., Ltd.                                  | Power generation   | KOREA       | 40.00% | 108,000 | 104,244 |
| Pioneer Gas Power Limited<br>(*8)                  | Power generation   | INDIA       | 40.00% | 49,831  | 50,668  |
| Eurasia Energy Holdings                            | Power generation and<br>resources development            | RUSSIA      | 40.00% | 461     |         |
| Xe-Pian Xe-Namnoy Power<br>Co., Ltd.               | Power generation   | LAOS        | 25.00% | 23,474  | 22,152  |
| Busan Solar Co., Ltd. (*3)                         | Power generation   | KOREA       | 19.80% | 793     | 853     |
| Hadong Mineral Fiber Co.,<br>Ltd.                  | Recycling fly ashes                                      | KOREA       | 25.00% | 50      | 3       |
| Green Biomass Co., Ltd.                            | Power generation   | KOREA       | 34.00% | 714     |         |
| PT. Mutiara Jawa                                   | Manufacturing and<br>operating floating coal<br>terminal | INDONESIA   | 29.00% | 2,978   | 818     |
| Samcheok Eco Material<br>Co., Ltd. (*3, 11)        | Recycling fly ashes                                      | KOREA       | 2.67%  | 686     | 212     |
| Noeul Green Energy Co.,<br>Ltd.                    | Power generation   | KOREA       | 20.00% | 200     | 189     |
| Naepo Green Energy Co.,<br>Ltd.                    | Power generation   | KOREA       | 25.00% | 29,200  | 28,064  |
| Goseong Green Energy Co.,<br>Ltd.                  | Power generation   | KOREA       | 9.67%  | 2,900   | 2,586   |
| Gangneung Eco Power Co.,<br>Ltd.                   | Power generation   | KOREA       | 6.04%  | 2,900   | 2,783   |
| Shin Pyeongtaek Power Co.,<br>Ltd.                 | Power generation   | KOREA       | 40.00% | 40      |         |
| Heang Bok Do Si<br>Photovoltaic Power Co.,<br>Ltd. | Power generation   | KOREA       | 28.00% | 193     | 221     |
| DS POWER Co., Ltd. (*2)                            | Power generation   | KOREA       | 10.91% | 17,900  | 15,642  |
| Dongducheon Dream Power<br>Co., Ltd.               | Power generation   | KOREA       | 33.61% | 107,958 | 100,545 |

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|   |                          |       |        |           |           |
|---|--------------------------|-------|--------|-----------|-----------|
| KS Solar Corp. Ltd.(*3)<br>Yeongwol Energy Station<br>Co., Ltd (*2) | Power generation         | KOREA | 19.00% | 637       | 325       |
| Jinhuvish Power<br>Generation Pvt. Ltd.(*2)                         | Power generation         | INDIA | 5.16%  | 9,000     | 8,344     |
| SE Green Energy Co., Ltd.<br>Daegu Photovoltaic Co.,<br>Ltd.        | Power generation support | KOREA | 47.76% | 3,821     | 3,623     |
| Jeongam Wind Power Co.,<br>Ltd.                                     | Power generation         | KOREA | 29.00% | 1,230     | 1,581     |
| Korea Power Engineering<br>Service Co., Ltd.                        | Construction and service | KOREA | 29.00% | 290       | 1,334     |
|   |                          |       |        | 2,095,419 | 4,341,830 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, continued****(1) Investments in associates and joint ventures as of March 31, 2015 and December 31, 2014 are as follows, continued:***In millions of won*

| Investees   | Key operation activities                    | December 31, 2014 |                         | Acquisition cost | Book value |
|---|---|-------------------|-------------------------|------------------|------------|
|   |   | Location          | Percentage of ownership |                  |            |
| <Joint ventures>                                    |   |                   |                         |                  |            |
| KEPCO-Uhde Inc. (*7)                                | Power generation                            | KOREA             | 66.00%                  | ₩ 11,355         | 9,042      |
| Eco Biomass Energy Sdn. Bhd. (*7)                   | Power generation                            | MALAYSIA          | 61.53%                  | 9,661            |            |
| Datang Chaoyang Renewable Power Co., Ltd.           | Power generation                            | CHINA             | 40.00%                  | 27,660           | 27,514     |
| Shuweihat Asia Power Investment B.V.                | Holding company                             | NETHERLANDS       | 49.00%                  | 60,083           | 16,241     |
| Shuweihat Asia Operation & Maintenance Company (*7) | Maintenance of utility plant                | CAYMAN            | 55.00%                  | 30               | 345        |
| Waterbury Lake Uranium L.P.                         | Resources development                       | CANADA            | 40.00%                  | 26,601           | 22,010     |
| ASM-BG Investicii AD                                | Power generation                            | BULGARIA          | 50.00%                  | 16,101           | 19,608     |
| RES Technology AD                                   | Power generation                            | BULGARIA          | 50.00%                  | 15,595           | 14,725     |
| KV Holdings, Inc.                                   | Power generation                            | PHILIPPINES       | 40.00%                  | 2,103            | 1,902      |
| KEPCO SPC Power Corporation (*7)                    | Construction and operation of utility plant | PHILIPPINES       | 75.20%                  | 94,579           | 190,519    |
| Canada Korea Uranium Limited Partnership (*5)       | Resources development                       | CANADA            | 12.50%                  | 5,404            |            |
| KEPCO Energy Resource Nigeria Limited               | Holding company                             | NIGERIA           | 30.00%                  | 8,463            |            |
| Gansu Datang Yumen Wind Power Co., Ltd.             | Power generation                            | CHINA             | 40.00%                  | 16,621           | 17,467     |
| Datang Chifeng Renewable Power Co., Ltd.            | Power generation                            | CHINA             | 40.00%                  | 121,928          | 169,496    |

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|  |  |              |        |           |           |
|--|--|--------------|--------|-----------|-----------|
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.        | Power generation   | CHINA        | 40.00% | 10,858    | 10,539    |
| Rabigh Electricity Company                             | Power generation   | SAUDI ARABIA | 40.00% | 109,743   | 8,121     |
| Rabigh Operation & Maintenance Company                 | Maintenance of utility plant   | SAUDI ARABIA | 40.00% | 70        | 4,628     |
| Jamaica Public Service Company Limited                 | Power generation   | JAMAICA      | 40.00% | 301,910   | 226,892   |
| KW Nuclear Components Co., Ltd.                        | R&D  | KOREA        | 45.00% | 833       | 2,899     |
| Busan Shinho Solar Power Co., Ltd.                     | Power generation   | KOREA        | 25.00% | 2,100     | 3,284     |
| GS Donghae Electric Power Co., Ltd.                    | Power generation   | KOREA        | 34.00% | 204,000   | 201,409   |
| Global Trade Of Power System Co., Ltd.                 | Exporting products and technology of small or medium business by proxy | KOREA        | 29.00% | 290       | 343       |
| Expressway Solar-light Power Generation Co., Ltd.      | Power generation   | KOREA        | 29.00% | 1,856     | 2,087     |
| KODE NOVUS 1 LLC.                                      | Power generation   | USA          | 50.00% | 19,213    | 12,207    |
| KODE NOVUS 2 LLC.                                      | Power generation   | USA          | 49.00% | 12,498    | 8,248     |
| Daejung Offshore Wind Power Co., Ltd.                  | Power generation   | KOREA        | 49.90% | 4,990     | 3,711     |
| Amman Asia Electric Power Company (*7)                 | Power generation   | JORDAN       | 60.00% | 111,476   | 122,391   |
| KEPCO-ALSTOM Power Electronics Systems, Inc. (*7)      | R&D  | KOREA        | 51.00% | 5,629     | 4,617     |
| Dangjin Echo Power Co., Ltd.                           | Power generation   | KOREA        | 33.10% | 40,000    | 37,837    |
| Honam Wind Power Co., Ltd.                             | Power generation   | KOREA        | 29.00% | 3,600     | 3,555     |
| Nepal Water & Energy Development Company Pty Ltd. (*7) | Construction and operation of utility plant                            | NEPAL        | 59.61% | 18,568    | 17,872    |
| Chun-cheon Energy Co., Ltd.                            | Power generation   | KOREA        | 29.90% | 15        |           |
| Yeonggwangbaeksu Wind Power Co., Ltd. (*3)             | Power generation   | KOREA        | 15.00% | 3,000     | 2,962     |
| Nghi Son 2 Power Ltd.                                  | Power generation   | VIETNAM      | 50.00% | 350       | 102       |
| Kelar S.A (*7)   | Power generation   | CHILE        | 65.00% | 4,180     | 3,156     |
| PT. Tanjung Power Indonesia                            | Power generation   | INDONESIA    | 35.00% | 747       | 700       |
| Incheon New Power Co., Ltd.                            | Power generation   | KOREA        | 29.00% | 461       | 465       |
| Seokmun Energy Co., Ltd.                               | Integrated energy business   | KOREA        | 34.00% | 680       |           |
|  |  |              |        | 1,273,251 | 1,166,894 |





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**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, continued**

**(1) Investments in associates and joint ventures as of March 31, 2015 and December 31, 2014 are as follows, continued:**

- (\*1) The effective percentage of ownership is 21.57% considering treasury stocks.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*3) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*4) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions, which can affect its influence on the entity.
- (\*5) The Company has joint control over the associates by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*6) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (\*7) According to the shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (\*8) As of reporting date, the reporting period of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (\*9) As of December 31, 2014, 17.3% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 46.3% of ownership.
- (\*10) The Company's percentage of ownership has decreased due to the acquisitions of Daeryun Power Co., Ltd. and the effective percentage of ownership is 19.45% considering stock purchase options.
- (\*11) The Company's effective percentage of ownership excluding the redeemable convertible preferred stock is 25.54%.

- (2) **The fair value of associates which are actively traded on the open market and have a readily available market value as of March 31, 2015 and December 31, 2014 are as follows:**

*In millions of won*

| <b>Investees</b>   | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|---------------------------|------------------------------|
| <b>&lt;Associates&gt;</b>                                |                           |                              |
| Korea Electric Power Industrial Development Co.,<br>Ltd. | ₩ 60,127                  | 60,506                       |
| Korea Gas Corporation                                    | 765,450                   | 936,495                      |
| YTN Co., Ltd.  | 25,920                    | 23,940                       |
| SPC Power Corporation                                    | 69,695                    | 65,888                       |
| PT. Bayan Resources TBK                                  | 445,034                   | 391,463                      |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(3) Changes in investments in associates and joint ventures for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

*In millions of won*

| Investees   | March 31, 2015    |             |          |                    |                        |  |                |
|---|-------------------|-------------|----------|--------------------|------------------------|--|----------------|
|   | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) Others | Ending balance |
| <b>&lt;Associates&gt;</b>                             |                   |             |          |                    |                        |  |                |
| Daegu Green Power Co., Ltd.                           | ₩ 71,387          |             |          |                    | 5,363                  |  | 76,750         |
| Korea Gas Corporation                                 | 2,097,539         |             |          | (4,725)            | 125,372                | (1,524) (1,093)                          | 2,215,569      |
| Korea Electric Power Industrial Development Co., Ltd. | 21,622            |             |          | (1,267)            | (3,027)                | 425                                      | 17,753         |
| YTN Co., Ltd.   | 39,889            |             |          | (90)               | 311                    | 177                                      | 40,287         |
| Cheongna Energy Co., Ltd.                             | 28,771            |             |          |                    | (2,479)                |  | 26,292         |
| Gangwon Wind Power Co., Ltd.                          | 12,385            |             |          | (852)              | 852                    |  | 12,385         |
| Hyundai Green Power Co., Ltd.                         | 113,033           |             |          | (8,889)            | 3,506                  |  | 107,650        |
| Korea Power Exchange                                  | 198,021           |             |          |                    | 6,065                  | 890                                      | 204,976        |
| AMEC Partners Korea                                   | 200               |             |          |                    | 8                      |  | 208            |
| Hyundai Energy Co., Ltd.                              | 35,925            |             |          |                    | (1,392)                |  | 34,533         |
| Ecollite Co., Ltd.                                    |                   |             |          |                    |                        |  |                |
| Taebaek Wind Power Co., Ltd.                          | 5,525             |             |          |                    | 59                     |  | 5,584          |
| Muju Wind Power Co., Ltd.                             | 2,706             |             |          |                    | (1)                    |  | 2,705          |
| Pyeongchang Wind Power Co., Ltd.                      | 3,693             |             |          |                    | (138)                  |  | 3,555          |
| Daeryun Power Co., Ltd.                               | 41,951            |             |          |                    | 355                    |  | 42,306         |
| JinanJangsu Wind Power Co., Ltd.                      | 77                |             |          |                    |                        |  | 77             |

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|                                       |         |     |         |            |         |
|---------------------------------------|---------|-----|---------|------------|---------|
| Changjuk Wind Power Co., Ltd.         | 6,486   |     | 137     |            | 6,623   |
| KNH Solar Co., Ltd.                   | 1,744   |     | (221)   | 2          | 1,525   |
| SPC Power Corporation                 | 47,799  |     | 1,874   | 52 (1,363) | 48,362  |
| Gemeng International Energy Co., Ltd. | 667,578 |     | 19,027  | 4,997      | 691,602 |
| PT. Cirebon Electric Power            | 43,335  |     | 2,379   | (123) 20   | 45,611  |
| KNOC Nigerian East Oil Co., Ltd.      |         |     | (272)   | (49) 321   |         |
| KNOC Nigerian West Oil Co., Ltd.      |         |     | (261)   | (46) 307   |         |
| Dolphin Property Limited              | 61      |     | (5)     | (3)        | 53      |
| PT Wampu Electric Power               | 16,071  |     | (1,009) | 47         | 15,109  |
| PT. Bayan Resources TBK               | 540,011 |     | (1,255) | 7,414      | 546,170 |
| S-Power Co., Ltd.                     | 104,244 |     | 7,366   |            | 111,610 |
| Pioneer Gas Power Limited             | 50,668  |     | (9)     | 539        | 51,198  |
| Eurasia Energy Holdings               |         |     |         |            |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.     | 22,152  | 283 | (2,186) | 104        | 20,353  |
| Busan Solar Co., Ltd.                 | 853     |     | (184)   |            | 669     |
| Hadong Mineral Fiber Co., Ltd.        | 3       |     | (2)     |            | 1       |
| Green Biomass Co., Ltd.               |         |     |         |            |         |
| PT. Mutiara Jawa                      | 818     |     | (653)   | (20)       | 145     |
| Samcheok Eco Material Co., Ltd.       | 212     |     | 16      | (34)       | 194     |
| Noeul Green Energy Co., Ltd.          | 189     |     | (25)    |            | 164     |
| Naepo Green Energy Co., Ltd.          | 28,064  |     | (301)   |            | 27,763  |
| Goseong Green Energy Co. Ltd.         | 2,586   |     | 29      |            | 2,615   |
| Gangneung Eco Power Co., Ltd.         | 2,783   |     | (51)    |            | 2,732   |
| Shin Pyeongtaek Power Co., Ltd.       |         |     |         |            |         |
| Heang Bok Do Si                       |         |     |         |            |         |
| Photovoltaic Power Co., Ltd.          | 221     |     | (55)    |            | 166     |
| DS POWER Co., Ltd.                    | 15,642  |     | (429)   | (10)       | 15,203  |
| Dongducheon Dream Power Co., Ltd.     | 100,545 |     | 8,555   | (117)      | 108,983 |
| KS Solar Corp. Ltd.                   | 325     |     | (81)    |            | 244     |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(3) **Changes in investments in associates and joint ventures for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows, continued:**

*In millions of won***March 31, 2015**

| <b>Investees</b>                          | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Dividends received</b> | <b>Share of income (loss)</b> | <b>Other comprehensive income (loss)</b> | <b>Others</b> | <b>Ending balance</b> |
|---|--------------------------|--------------------|-----------------|---------------------------|-------------------------------|--|---------------|-----------------------|
| Yeongwol Energy Station Co., Ltd.         | ₩ 1,741                  |                    |                 |                           | (634)                         |  |               | 1,107                 |
| Jinhuvish Power Generation Pvt. Ltd.      | 8,344                    |                    |                 |                           |                               | 56                                       |               | 8,400                 |
| SE Green Energy Co., Ltd.                 | 3,623                    |                    |                 |                           | (11)                          |  |               | 3,612                 |
| Daegu Photovoltaic Co., Ltd.              | 1,581                    |                    |                 |                           | 115                           |  |               | 1,696                 |
| Jeongam Wind Power Co., Ltd.              | 93                       |                    |                 |                           | (39)                          |  |               | 54                    |
| Korea Power Engineering Service Co., Ltd. | 1,334                    |                    |                 |                           | (169)                         |  |               | 1,165                 |
| Busan Green Energy Co., Ltd.              |                          | 14,564             |                 |                           |                               |  |               | 14,564                |
|   | 4,341,830                | 14,847             |                 | (15,823)                  | 166,500                       | 11,412                                   | (443)         | 4,518,323             |
| <b>&lt;Joint ventures&gt;</b>             |                          |                    |                 |                           |                               |  |               |                       |
| KEPCO-Uhde Inc.                           | 9,042                    |                    |                 |                           | (117)                         |  |               | 8,925                 |
| Eco Biomass Energy Sdn. Bhd.              |                          |                    |                 |                           |                               |  |               |                       |
| Datang Chaoyang Renewable Power Co., Ltd. | 27,514                   |                    |                 |                           | (485)                         | 176                                      |               | 27,205                |
| Shuweihat Asia Power Investment B.V.      | 16,241                   |                    |                 |                           | (856)                         | (5,314)                                  | (1,449)       | 8,622                 |

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|   |         |         |         |         |       |         |
|---|---------|---------|---------|---------|-------|---------|
| Shuweiha Asia Operation<br>& Maintenance Company        | 345     |         | 220     | 2       |       | 567     |
| Waterbury Lake Uranium<br>L.P.                          | 22,010  |         |         | (1,800) | 71    | 20,281  |
| ASM-BG Investicii AD                                    | 19,608  |         | (15)    | (2,044) |       | 17,549  |
| RES Technology AD                                       | 14,725  |         | (233)   | (1,526) |       | 12,966  |
| KV Holdings, Inc.                                       | 1,902   |         |         | 9       |       | 1,911   |
| KEPCO SPC Power<br>Corporation                          | 190,519 |         | 8,431   | 855     |       | 199,805 |
| Canada Korea Uranium<br>Limited Partnership             |         |         |         |         |       |         |
| KEPCO Energy Resource<br>Nigeria Limited                |         |         |         |         |       |         |
| Gansu Datang Yumen<br>Wind Power Co., Ltd.              | 17,467  |         | (67)    | 122     |       | 17,522  |
| Datang Chifeng Renewable<br>Power Co., Ltd.             | 169,496 |         | 2,761   | 1,133   | (1)   | 173,389 |
| Datang KEPCO Chaoyang<br>Renewable Power Co., Ltd.      | 10,539  |         | (206)   | 68      |       | 10,401  |
| Rabigh Electricity<br>Company                           | 8,121   |         | 6,719   | (7,689) | (3)   | 7,148   |
| Rabigh Operation &<br>Maintenance Company               | 4,628   |         | 361     | 28      |       | 5,017   |
| Jamaica Public Service<br>Company Limited (*)           | 226,892 |         |         |         | 1,200 | 228,092 |
| KW Nuclear Components<br>Co., Ltd.                      | 2,899   | (1,016) | 885     |         | 70    | 2,838   |
| Busan Shinho Solar Power<br>Co., Ltd.                   | 3,284   |         | 77      |         |       | 3,361   |
| GS Donghae Electric<br>Power Co., Ltd.                  | 201,409 |         | (264)   |         |       | 201,145 |
| Global Trade Of Power<br>System Co., Ltd                | 343     |         | 35      |         |       | 378     |
| Expressway Solar-light<br>Power Generation Co., Ltd.    | 2,087   |         | (202)   |         |       | 1,885   |
| KODE NOVUS 1 LLC.                                       | 12,207  |         | (1,196) | 34      |       | 11,045  |
| KODE NOVUS 2 LLC.                                       | 8,248   |         | (474)   | 41      |       | 7,815   |
| Daejung Offshore Wind<br>Power Co., Ltd.                | 3,711   |         | (100)   |         |       | 3,611   |
| Amman Asia Electric<br>Power Company                    | 122,391 |         | 6,121   | (2,733) | (583) | 125,196 |
| KEPCO-ALSTOM Power<br>Electronics Systems, Inc.         | 4,617   |         | 117     |         |       | 4,734   |
| Dangjin Echo Power Co.,<br>Ltd.                         | 37,837  | 16,000  | (538)   | (299)   | (34)  | 52,966  |
| Honam Wind Power Co.,<br>Ltd.                           | 3,555   |         | 405     |         |       | 3,960   |
| Nepal Water & Energy<br>Development Company Pty<br>Ltd. | 17,872  |         | (1,058) | 243     |       | 17,057  |

|  |       |     |  |       |    |       |
|--|-------|-----|--|-------|----|-------|
| Chun-cheon Energy Co.,<br>Ltd.           |       |     |  |       |    |       |
| Yeonggwangbaeksu Wind<br>Power Co., Ltd. | 2,962 |     |  | (8)   |    | 2,954 |
| Nghi Son 2 Power Ltd.                    | 102   | 163 |  | (131) | 32 | (32)  |
|  |       |     |  |       |    | 134   |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows, continued:***In millions of won*

| Investees                   | March 31, 2015    |             |          |                    |                        |                                   |         |                |
|-----------------------------|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|---------|----------------|
|                             | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others  | Ending balance |
| Kelar S.A                   | ₩ 3,156           |             |          |                    |                        | (3,080)                           | (76)    |                |
| PT. Tanjung Power Indonesia | 700               |             |          |                    | (32)                   |                                   | 3       | 671            |
| Incheon New Power Co., Ltd. | 465               |             |          |                    | 33                     |                                   | 28      | 526            |
| Seokmun Energy Co., Ltd.    |                   |             |          |                    |                        |                                   |         |                |
|                             | 1,166,894         | 16,163      |          | (1,016)            | 20,183                 | (21,742)                          | (806)   | 1,179,676      |
|                             | ₩ 5,508,724       | 31,010      |          | (16,839)           | 186,683                | (10,330)                          | (1,249) | 5,697,999      |

*In millions of won*

| Investees                   | December 31, 2014 |             |          |                    |                        |                                   |        |                |
|-----------------------------|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|--------|----------------|
|                             | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others | Ending balance |
| <Associates>                |                   |             |          |                    |                        |                                   |        |                |
| Daegu Green Power Co., Ltd. | ₩ 74,878          |             |          |                    | (3,494)                | 3                                 |        | 71,387         |

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|   |           |         |         |         |         |           |
|---|-----------|---------|---------|---------|---------|-----------|
| Korea Gas Corporation                                 | 1,926,800 |         | 96,457  | 69,489  | 4,793   | 2,097,539 |
| Korea Electric Power Industrial Development Co., Ltd. | 22,450    |         | (1,872) | 2,275   | (1,231) | 21,622    |
| YTN Co., Ltd.   | 38,426    |         | (90)    | 2,423   | (26)    | (844)     |
| Cheongna Energy Co., Ltd.                             | 28,114    | 5,707   |         | (5,023) | (27)    | 28,771    |
| Gangwon Wind Power Co., Ltd.                          | 13,185    |         | (1,988) | 1,155   | 33      | 12,385    |
| Hyundai Green Power Co., Ltd.                         | 110,157   |         | (8,889) | 11,764  | 1       | 113,033   |
| Korea Power Exchange                                  | 189,544   |         |         | 13,274  | (4,797) | 198,021   |
| AMEC Partners Korea                                   | 189       |         |         | 11      |         | 200       |
| Hyundai Energy Co., Ltd.                              | 43,386    |         |         | (7,461) |         | 35,925    |
| Ecollite Co., Ltd.                                    |           |         |         |         |         |           |
| Taebaek Wind Power Co., Ltd.                          | 5,553     |         | (991)   | 963     |         | 5,525     |
| Alternergy Philippine Investments Corporation         | 1,500     | (1,497) |         | (7)     | 228     | (224)     |
| Muju Wind Power Co., Ltd.                             | 2,707     |         |         |         | (1)     | 2,706     |
| Pyeongchang Wind Power Co., Ltd.                      | 600       | 3,238   |         | (128)   | (17)    | 3,693     |
| Daeryun Power Co., Ltd.                               | 24,599    |         |         | (1,748) | 19,100  | 41,951    |
| JinanJangsu Wind Power Co., Ltd.                      | 77        |         |         |         |         | 77        |
| Changjuk Wind Power Co., Ltd.                         | 6,344     |         | (1,292) | 1,434   |         | 6,486     |
| KNH Solar Co., Ltd.                                   | 1,372     |         |         | 372     |         | 1,744     |
| SPC Power Corporation                                 | 47,661    |         |         | (1,800) | 335     | 1,603     |
| Gemeng International Energy Co., Ltd.                 | 608,674   |         | (6,905) | 54,368  | 11,441  | 667,578   |
| PT. Cirebon Electric Power                            | 32,826    | 1,148   |         | 6,303   | 3,058   | 43,335    |
| KNOC Nigerian East Oil Co., Ltd.                      |           |         |         |         |         |           |
| KNOC Nigerian West Oil Co., Ltd.                      |           |         |         |         |         |           |
| Dolphin Property Limited                              |           |         |         | 184     | (8)     | (115)     |
| E-Power S.A.  | 5,284     |         | (5,041) | (1,431) | 1,173   | 15        |
| PT Wampu Electric Power                               | 15,121    |         |         | 308     | 642     | 16,071    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(3) Changes in investments in associates and joint for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows, continued:

*In millions of won*

December 31, 2014

| Investees                                      | Beginning<br>balance | Acquisition | Disposal | Dividends<br>received | Share of<br>income<br>(loss) | Other<br>comprehen-<br>sive<br>income |        | Ending<br>balance |
|--|----------------------|-------------|----------|-----------------------|------------------------------|---------------------------------------|--------|-------------------|
|  |                      |             |          |                       |                              | (loss)                                | Others |                   |
| PT. Bayan Resources<br>TBK                     | ₩ 579,534            |             |          |                       | (30,565)                     | (8,958)                               |        | 540,011           |
| S-Power Co., Ltd.                              | 107,264              |             |          |                       | (3,020)                      |                                       |        | 104,244           |
| Pioneer Gas Power<br>Limited                   | 43,666               | 1,122       |          |                       | 298                          | 5,582                                 |        | 50,668            |
| Eurasia Energy<br>Holdings                     |                      |             |          |                       |                              |                                       |        |                   |
| Xe-Pian Xe-Namnoy<br>Power Co., Ltd            | 18,058               | 4,546       |          |                       | (915)                        | 753                                   | (290)  | 22,152            |
| Busan Solar Co., Ltd.                          | 741                  |             |          |                       | 112                          |                                       |        | 853               |
| Hadong Mineral<br>Fiber Co., Ltd.              | 3                    |             |          |                       |                              |                                       |        | 3                 |
| Green Biomass Co.,<br>Ltd.                     | 171                  |             |          |                       | (171)                        |                                       |        |                   |
| Gumi-ochang<br>Photovoltaic Power<br>Co., Ltd. | 389                  |             | (399)    | (14)                  | 24                           |                                       |        |                   |
| Chungbuk<br>Photovoltaic Power<br>Co., Ltd.    | 184                  |             | (192)    |                       | 8                            |                                       |        |                   |
| Cheonan<br>Photovoltaic Power                  | 148                  |             | (138)    |                       | (10)                         |                                       |        |                   |

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|  |         |          |         |       |      |         |
|--|---------|----------|---------|-------|------|---------|
| Co., Ltd.  |         |          |         |       |      |         |
| PT. Mutiara Jawai                                  | 1,666   |          | (885)   | 37    |      | 818     |
| Samcheok Eco<br>Material Co., Ltd.                 |         | 686      | (474)   |       |      | 212     |
| Noeul Green Energy<br>Co., Ltd.                    |         | 200      | (11)    |       |      | 189     |
| Naepo Green Energy<br>Co., Ltd.                    |         | 29,200   | (995)   | (141) |      | 28,064  |
| Goseong Green<br>Energy Co. Ltd.                   |         | 2,900    | (311)   |       | (3)  | 2,586   |
| Gangneung Eco<br>Power Co., Ltd.                   |         | 2,900    | (117)   |       |      | 2,783   |
| Shin Pyeongtaek<br>Power Co., Ltd.                 |         | 40       | (40)    |       |      |         |
| Hyundai Asan Solar<br>Power Co., Ltd.              | 462     | (430)    | (32)    |       |      |         |
| Heang Bok Do Si<br>Photovoltaic Power<br>Co., Ltd. | 91      | 101      | 31      | (2)   |      | 221     |
| Jeonnam Solar Co.,<br>Ltd.                         | 696     | (941)    | 241     | 4     |      |         |
| DS POWER Co.,<br>Ltd.                              | 17,900  |          | (2,258) |       |      | 15,642  |
| D Solar Energy Co.,<br>Ltd.                        | 364     | (418)    | 54      |       |      |         |
| Dongducheon Dream<br>Power Co., Ltd.               | 134,398 | (29,782) | (4,071) |       |      | 100,545 |
| KS Solar Corp. Ltd.                                | 537     |          | (202)   | (10)  |      | 325     |
| KOSCON<br>Photovoltaic Co.,<br>Ltd.                | 315     | (351)    | 36      |       |      |         |
| Yeongwol Energy<br>Station Co., Ltd.               | 908     | (410)    | 1,239   | 3     | 1    | 1,741   |
| Yeonan Photovoltaic<br>Co., Ltd.                   | 123     | (128)    | 5       |       |      |         |
| Q1 Solar Co., Ltd.                                 | 983     | (1,123)  | 140     |       |      |         |
| Jinbhuvish Power<br>Generation Pvt. Ltd.           | 8,495   |          | (197)   | 46    |      | 8,344   |
| Best Solar Energy<br>Co., Ltd.                     | 898     | (1,242)  | 344     |       |      |         |
| Seokcheon Solar<br>Power Co., Ltd.                 | 1,046   | (1,041)  | (49)    | 48    | 1    | (5)     |
| SE Green Energy<br>Co., Ltd.                       | 3,745   |          | (122)   |       |      | 3,623   |
| Daegu Photovoltaic<br>Co., Ltd.                    | 1,334   |          | 247     |       |      | 1,581   |
| Jeongam Wind<br>Power Co., Ltd.                    | 324     |          | (231)   |       |      | 93      |
| Korea Power<br>Engineering Service<br>Co., Ltd.    | 585     |          | 787     |       | (38) | 1,334   |

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|   |           |        |          |          |         |          |         |           |
|---|-----------|--------|----------|----------|---------|----------|---------|-----------|
| Golden Route J Solar Power Co., Ltd.          | 99        |        | (75)     |          | (24)    |          |         |           |
|   | 4,124,574 | 51,788 | (43,208) | (23,521) | 131,766 | 82,481   | 17,950  | 4,341,830 |
| <Joint ventures>                              |           |        |          |          |         |          |         |           |
| KEPCO-Uhde Inc.                               | 9,537     |        |          |          | (493)   |          | (2)     | 9,042     |
| Eco Biomass Energy Sdn. Bhd.                  |           |        |          |          |         |          |         |           |
| Datang Chaoyang Renewable Power Co., Ltd.     | 28,161    |        |          | (740)    | (346)   | 439      |         | 27,514    |
| Shuweiha Asia Power Investment B.V.           | 64        | 59,576 |          |          | 6,077   | (49,428) | (48)    | 16,241    |
| Shuweiha Asia Operation & Maintenance Company | 29        |        |          | (869)    | 1,172   | 14       | (1)     | 345       |
| Waterbury Lake Uranium L.P.                   | 23,042    | 762    |          |          |         | 1,285    | (3,079) | 22,010    |
| ASM-BG Investicii AD                          | 20,088    |        |          |          | 1,131   | (1,611)  |         | 19,608    |
| RES Technology AD                             | 16,045    |        |          |          | (78)    | (1,242)  |         | 14,725    |
| KV Holdings, Inc.                             | 1,842     |        |          |          |         | 60       |         | 1,902     |
| KEPCO SPC Power Corporation                   | 143,294   |        |          | (8,069)  | 48,623  | 6,640    | 31      | 190,519   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(3) Changes in investments in associates and joint ventures for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows, continued:

*In millions of won***December 31, 2014**

| Investees  | Beginning<br>balance | Acquisition | Disposal | Dividends<br>received | Share of<br>income<br>(loss) | Other<br>comprehen-<br>sive<br>income |          | Ending<br>balance |
|--|----------------------|-------------|----------|-----------------------|------------------------------|---------------------------------------|----------|-------------------|
|  |                      |             |          |                       |                              | (loss)                                | Others   |                   |
| Canada Korea<br>Uranium Limited<br>Partnership           | ₩                    |             |          |                       |                              |                                       |          |                   |
| KEPCO Energy<br>Resource Nigeria<br>Limited              | 2,202                |             |          |                       | (2,190)                      | (12)                                  |          |                   |
| Gansu Datang<br>Yumen Wind<br>Power Co., Ltd.            | 19,237               |             |          |                       | (2,012)                      | 242                                   |          | 17,467            |
| Datang Chifeng<br>Renewable Power<br>Co., Ltd.           | 166,330              |             |          | (8,951)               | 9,144                        | 2,973                                 |          | 169,496           |
| Datang KEPCO<br>Chaoyang<br>Renewable Power<br>Co., Ltd. | 10,604               |             |          | (788)                 | 531                          | 192                                   |          | 10,539            |
| Rabigh Electricity<br>Company                            |                      |             |          |                       | 25,040                       | (18,709)                              | 1,790    | 8,121             |
| Rabigh<br>Operation &<br>Maintenance<br>Company          | 4,082                |             |          | (2,546)               | 2,945                        | 147                                   |          | 4,628             |
| Jamaica Public<br>Service Company                        | 268,022              |             |          |                       |                              |                                       | (41,130) | 226,892           |

|   |         |         |          |         |          |       |  |         |
|---|---------|---------|----------|---------|----------|-------|--|---------|
| Limited (*)                                       |         |         |          |         |          |       |  |         |
| KW Nuclear Components Co., Ltd.                   | 2,476   |         | (1,399)  | 1,821   |          | 1     |  | 2,899   |
| Busan Shinho Solar Power Co., Ltd.                | 2,871   |         |          | 423     | (10)     |       |  | 3,284   |
| GS Donghae Electric Power Co., Ltd.               | 173,915 | 117,600 | (88,962) | (580)   | (161)    | (403) |  | 201,409 |
| YEONGAM Wind Power Co., Ltd.                      | 11,424  |         | (12,533) | 1,109   |          |       |  |         |
| Global Trade Of Power System Co., Ltd             | 249     |         |          | 94      |          |       |  | 343     |
| Expressway Solar-light Power Generation Co., Ltd. | 1,863   |         | (1,276)  | (237)   | 1,737    |       |  | 2,087   |
| KODE NOVUS 1 LLC.                                 | 14,237  |         |          | (2,324) | 294      |       |  | 12,207  |
| KODE NOVUS 2 LLC.                                 | 9,510   |         |          | (1,592) | 330      |       |  | 8,248   |
| Daejung Offshore Wind Power Co., Ltd.             | 4,135   |         |          | (424)   |          |       |  | 3,711   |
| Amman Asia Electric Power Company                 | 111,315 | 6,755   |          | 23,324  | (19,003) |       |  | 122,391 |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 4,758   |         |          | (141)   |          |       |  | 4,617   |
| Dangjin Echo Power Co.,Ltd.                       | 39,102  |         |          | (1,235) | (35)     | 5     |  | 37,837  |
| Honam Wind Power Co., Ltd.                        | 1,933   |         |          | 248     | 1,254    | 120   |  | 3,555   |
| Nepal Water & Energy Development Company Pty Ltd. | 10,409  | 8,018   |          | (928)   | 373      |       |  | 17,872  |
| Chun-cheon Energy Co., Ltd.                       |         | 15      |          | (15)    |          |       |  |         |
| Yeonggwangbaeksu Wind Power Co., Ltd.             |         | 3,000   |          | (33)    |          | (5)   |  | 2,962   |
| Nghi Son 2 Power Ltd.                             |         | 350     |          | (268)   | (14)     | 34    |  | 102     |
| Kelar S.A   | 4,180   |         |          | (1,047) | 407      | (384) |  | 3,156   |
| PT. Tanjung Power Indonesia                       | 361     | 359     |          | (60)    | 39       | 1     |  | 700     |
| Incheon New Power Co., Ltd.                       | 449     |         |          | 9       |          | 7     |  | 465     |

|                          |             |         |           |          |         |          |          |           |  |
|--------------------------|-------------|---------|-----------|----------|---------|----------|----------|-----------|--|
| Seokmun Energy Co., Ltd. | 415         |         |           |          | (415)   |          |          |           |  |
|                          | 1,106,181   | 196,435 | (102,771) | (23,599) | 109,247 | (75,536) | (43,063) | 1,166,894 |  |
|                          | ₩ 5,230,755 | 248,223 | (145,979) | (47,120) | 241,013 | 6,945    | (25,113) | 5,508,724 |  |

- (\*) It has been determined that there is objective evidence of impairment as a result of one or more events including that a financial institution granted Jamaica Public Service Company Limited ("JPS") a concession that the financial institution would not otherwise consider. As of December 31, 2014, as a result of the impairment test, the recoverable amount of JPS is less than its carrying amount and an impairment loss of ₩52,279 million is recognized in profit or loss. The recoverable amount of JPS is its value in use which is calculated based on the most recent financial budget of future cash flow for a period of 10 years approved by management and the discount rate used to calculate the value in use is 10.15%.



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

- (4) **Summary of financial information of associates and joint ventures as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows:**

*In millions of won*

|   | <b>March 31, 2015</b> |                          |              |                                     |
|---|-----------------------|--------------------------|--------------|-------------------------------------|
| <b>Investees</b>                                      | <b>Total assets</b>   | <b>Total liabilities</b> | <b>Sales</b> | <b>Profit (loss) for the period</b> |
| <b>&lt;Associates&gt;</b>                             |                       |                          |              |                                     |
| Daegu Green Power Co., Ltd.                           | ₩ 674,945             | 514,682                  | 110,013      | 11,220                              |
| Korea Gas Corporation                                 | 44,930,615            | 34,659,086               | 10,212,107   | 581,192                             |
| Korea Electric Power Industrial Development Co., Ltd. | 141,524               | 80,308                   | 76,085       | 2,779                               |
| YTN Co., Ltd.   | 316,481               | 128,235                  | 21,543       | 1,852                               |
| Cheongna Energy Co., Ltd.                             | 445,769               | 391,763                  | 22,749       | (5,953)                             |
| Gangwon Wind Power Co., Ltd.                          | 122,627               | 40,385                   | 9,003        | 5,682                               |
| Hyundai Green Power Co., Ltd.                         | 1,190,733             | 819,527                  | 118,935      | 10,272                              |
| Korea Power Exchange                                  | 227,195               | 22,219                   | 22,840       | 5,424                               |
| AMEC Partners Korea                                   | 1,170                 | 73                       | 145          | 43                                  |
| Hyundai Energy Co., Ltd.                              | 540,828               | 461,543                  | 23,756       | (3,030)                             |
| Ecollite Co., Ltd.                                    | 2,352                 | 347                      |              | (18)                                |
| Taebaek Wind Power Co., Ltd.                          | 51,528                | 28,204                   | 2,720        | 1,224                               |
| Muju Wind Power Co., Ltd.                             | 10,824                | 6                        |              | (7)                                 |
| Pyeongchang Wind Power Co., Ltd.                      | 23,578                | 9,356                    |              | (548)                               |
| Daeryun Power Co., Ltd.                               | 831,926               | 619,665                  | 101,022      | 1,822                               |
| JinanJangsu Wind Power Co., Ltd.                      | 307                   |                          |              | (1)                                 |
| Changjuk Wind Power Co., Ltd.                         | 43,516                | 20,427                   | 2,741        | 1,470                               |
| KNH Solar Co., Ltd.                                   | 27,816                | 21,623                   | 824          | (95)                                |
| SPC Power Corporation                                 | 180,936               | 53,652                   | 14,054       | 8,778                               |
| Gemeng International Energy Co., Ltd.                 | 5,749,695             | 3,715,572                | 301,014      | 15,721                              |
| PT. Cirebon Electric Power                            | 959,944               | 794,082                  | 66,413       | 8,400                               |
| KNOC Nigerian East Oil Co., Ltd.                      | 249,111               | 314,238                  |              | (1,910)                             |
| KNOC Nigerian West Oil Co., Ltd.                      | 151,390               | 211,169                  |              | (1,708)                             |
| Dolphin Property Limited                              | 246                   | 2                        |              | (33)                                |
| PT Wampu Electric Power                               | 166,916               | 134,071                  | 3,958        | (1,578)                             |

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|  |           |           |         |         |
|--|-----------|-----------|---------|---------|
| PT. Bayan Resources TBK                      | 1,185,395 | 965,374   | 94,126  | (6,276) |
| S-Power Co., Ltd.                            | 1,017,390 | 733,030   | 237,662 | 18,349  |
| Pioneer Gas Power Limited                    | 248,102   | 178,147   |         | (22)    |
| Eurasia Energy Holdings                      | 565       | 1,008     |         |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 303,416   | 228,656   |         | (3,467) |
| Busan Solar Co., Ltd.                        | 26,876    | 22,826    | 913     | (258)   |
| Hadong Mineral Fiber Co., Ltd.               | 12        | 8         |         | (6)     |
| Green Biomass Co., Ltd.                      | 9,351     | 10,073    | 866     | (365)   |
| PT. Mutiara Jawa                             | 26,853    | 26,593    | 440     | (2,145) |
| Samcheok Eco Material Co., Ltd.              | 23,837    | 76        |         | (794)   |
| Noeul Green Energy Co., Ltd.                 | 847       | 26        |         | (114)   |
| Naepo Green Energy Co., Ltd.                 | 111,904   | 851       | 1,167   | (1,205) |
| Goseong Green Energy Co., Ltd.               | 41,297    | 724       |         | (1,124) |
| Gangneung Eco Power Co., Ltd.                | 45,880    | 664       |         | (840)   |
| Shin Pyeongtaek Power Co., Ltd.              | 13,450    | 14,441    |         | (271)   |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 3,167     | 2,575     | 93      | (4)     |
| DS POWER Co., Ltd.                           | 509,288   | 389,642   | 16,269  | (1,846) |
| Dongducheon Dream Power Co., Ltd.            | 1,771,673 | 1,431,354 | 192,695 | 25,297  |
| KS Solar Corp. Ltd.                          | 31,685    | 28,739    | 1,168   | (53)    |
| Yeongwol Energy Station Co., Ltd             | 164,947   | 153,879   |         |         |
| Jinbhuvish Power Generation Pvt. Ltd         | 79,030    | 21,834    |         |         |
| SE Green Energy Co., Ltd.                    | 7,564     | 1         |         | (24)    |
| Daegu Photovoltaic Co., Ltd.                 | 22,582    | 16,733    | 1,014   | 396     |
| Jeongam Wind Power Co., Ltd.                 | 166       | 32        |         | (41)    |
| Korea Power Engineering Service Co., Ltd.    | 6,614     | 2,596     | 3,821   | (4)     |
| Busan Green Energy Co., Ltd.                 | 50,220    |           |         |         |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows, continued:***In millions of won*

|   | <b>March 31, 2015</b> |                          |              |                                     |
|---|-----------------------|--------------------------|--------------|-------------------------------------|
| <b>Investees</b>                                | <b>Total assets</b>   | <b>Total liabilities</b> | <b>Sales</b> | <b>Profit (loss) for the period</b> |
| <b>&lt;Joint ventures&gt;</b>                   |                       |                          |              |                                     |
| KEPCO-Uhde Inc.                                 | ₩ 16,533              | 3,039                    |              | (183)                               |
| Eco Biomass Energy Sdn. Bhd.                    |                       |                          |              |                                     |
| Datang Chaoyang Renewable Power Co., Ltd.       | 157,432               | 89,417                   | 2,742        | (1,245)                             |
| Shuweiha Asia Power Investment B.V.             | 17,764                |                          |              | (1,747)                             |
| Shuweiha Asia Operation & Maintenance Company   | 1,033                 |                          | 554          | 398                                 |
| Waterbury Lake Uranium L.P.                     | 52,381                | 80                       |              |                                     |
| ASM-BG Investicii AD                            | 82,617                | 47,519                   | 2,358        | 37                                  |
| RES Technology AD                               | 74,476                | 48,544                   | 1,475        | (395)                               |
| KV Holdings, Inc.                               | 4,778                 |                          |              |                                     |
| KEPCO SPC Power Corporation                     | 473,132               | 207,434                  | 37,576       | 12,574                              |
| Canada Korea Uranium Limited Partnership        | 278                   | 82                       |              | (18)                                |
| KEPCO Energy Resource Nigeria Limited           | 349,982               | 350,816                  |              | (7,124)                             |
| Gansu Datang Yumen Wind Power Co., Ltd.         | 105,698               | 61,894                   | 1,997        | (808)                               |
| Datang Chifeng Renewable Power Co., Ltd.        | 903,117               | 469,543                  | 28,844       | 7,522                               |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 70,442                | 44,440                   | 1,106        | (505)                               |
| Rabigh Electricity Company                      | 2,562,863             | 2,348,578                | 71,529       | 13,140                              |
| Rabigh Operation & Maintenance Company          | 17,521                | 4,977                    | 5,781        | 866                                 |
| Jamaica Public Service Company Limited          | 1,041,367             | 665,323                  | 69,409       | 674                                 |
| KW Nuclear Components Co., Ltd.                 | 29,792                | 23,454                   | 4,933        | 2,736                               |

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|   |           |         |        |         |
|---|-----------|---------|--------|---------|
| Busan Shinho Solar Power Co., Ltd.                | 53,064    | 39,619  | 2,133  | 203     |
| GS Donghae Electric Power Co., Ltd.               | 1,230,631 | 639,028 |        | (776)   |
| Global Trade Of Power System Co., Ltd.            | 2,210     | 905     | 1,898  | 124     |
| Expressway Solar-light Power Generation Co., Ltd. | 21,031    | 14,531  | 201    | (298)   |
| KODE NOVUS 1 LLC.                                 | 113,676   | 101,051 | 754    | (2,391) |
| KODE NOVUS 2 LLC.                                 | 57,081    | 41,132  | 597    | (969)   |
| Daejung Offshore Wind Power Co., Ltd.             | 7,275     | 39      |        | (86)    |
| Amman Asia Electric Power Company                 | 850,941   | 642,142 | 19,718 | 10,199  |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 33,843    | 24,560  | 1,194  | (189)   |
| Dangjin Echo Power Co., Ltd.                      | 127,324   | 481     |        | (286)   |
| Honam Wind Power Co., Ltd.                        | 42,573    | 29,028  | 2,432  | 1,384   |
| Nepal Water & Energy Development Company Pty Ltd. | 37,384    | 10,590  |        | (196)   |
| Chun-cheon Energy Co., Ltd.                       | 78,081    | 78,789  |        | (679)   |
| Yeonggwangbaeksu Wind Power CO., Ltd.             | 100,516   | 80,823  |        | (52)    |
| Nghi Son 2 Power Ltd.                             | 428       | 158     |        | (247)   |
| Kelar S.A.  | 245,239   | 277,825 |        | (4,168) |
| PT. Tanjung Power Indonesia                       | 35,353    | 33,438  |        | (24)    |
| Incheon New Power Co., Ltd.                       | 9,343     | 7,529   | 1,227  | 343     |
| Seokmun Energy Co., Ltd.                          | 25,381    | 25,639  |        | (103)   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

- (4) Summary of financial information of associates and joint ventures as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows, continued:

*In millions of won*

| Investees   | December 31, 2014 |                   |            |                              |
|---|-------------------|-------------------|------------|------------------------------|
|   | Total assets      | Total liabilities | Sales      | Profit (loss) for the period |
| <Associates>  |                   |                   |            |                              |
| Daegu Green Power Co., Ltd.                           | ₩ 666,935         | 517,892           | 43,908     | (7,310)                      |
| Korea Gas Corporation                                 | 46,772,022        | 37,047,686        | 37,273,360 | 447,183                      |
| Korea Electric Power Industrial Development Co., Ltd. | 151,511           | 76,953            | 329,215    | 13,118                       |
| YTN Co., Ltd.   | 335,740           | 149,337           | 114,743    | 11,289                       |
| Cheongna Energy Co., Ltd.                             | 443,672           | 384,020           | 47,075     | (11,585)                     |
| Gangwon Wind Power Co., Ltd.                          | 123,242           | 41,002            | 28,829     | 11,708                       |
| Hyundai Green Power Co., Ltd.                         | 1,215,849         | 826,080           | 503,197    | 40,797                       |
| Korea Power Exchange                                  | 223,080           | 25,059            | 86,735     | 13,289                       |
| AMEC Partners Korea                                   | 1,234             | 180               | 671        | 60                           |
| Hyundai Energy Co., Ltd.                              | 549,560           | 467,245           | 88,001     | (16,214)                     |
| Ecollite Co., Ltd.                                    | 2,467             | 443               |            | 39                           |
| Taebaek Wind Power Co., Ltd.                          | 50,776            | 28,677            | 10,362     | 3,856                        |
| Muju Wind Power Co., Ltd.                             | 10,826            |                   |            | (4)                          |
| Pyeongchang Wind Power Co., Ltd.                      | 14,772            | 2                 |            | (513)                        |
| Daeryun Power Co., Ltd.                               | 832,682           | 622,244           | 338,191    | (9,213)                      |
| JinanJangsu Wind Power Co., Ltd.                      | 308               |                   |            | (1)                          |
| Changjuk Wind Power Co., Ltd.                         | 42,349            | 20,730            | 10,487     | 4,741                        |
| KNH Solar Co., Ltd.                                   | 28,451            | 21,992            | 4,913      | 1,315                        |
| SPC Power Corporation                                 | 174,917           | 49,131            | 63,969     | 30,959                       |
| Gemeng International Energy Co., Ltd.                 | 5,690,748         | 3,727,276         | 1,497,330  | 183,604                      |
| PT. Cirebon Electric Power                            | 985,975           | 828,393           | 266,963    | 23,363                       |
| KNOC Nigerian East Oil Co., Ltd.                      | 247,785           | 310,719           |            | (7,157)                      |
| KNOC Nigerian West Oil Co., Ltd.                      | 150,644           | 208,323           |            | (6,395)                      |

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|  |           |           |         |           |
|--|-----------|-----------|---------|-----------|
| Dolphin Property Limited                     | 301       | 4         | 28      | 330       |
| PT Wampu Electric Power                      | 172,950   | 138,012   | 43,205  | (5,121)   |
| PT. Bayan Resources TBK                      | 1,221,538 | 1,032,312 | 872,876 | (119,250) |
| S-Power Co., Ltd.                            | 944,442   | 678,431   | 56,822  | (2,215)   |
| Pioneer Gas Power Limited                    | 237,922   | 169,289   |         | 96        |
| Eurasia Energy Holdings                      | 562       | 1,003     |         |           |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 248,773   | 181,560   |         | (2,326)   |
| Busan Solar Co., Ltd.                        | 27,512    | 23,202    | 4,489   | 579       |
| Hadong Mineral Fiber Co., Ltd.               | 12        | 2         |         | (1)       |
| Green Biomass Co., Ltd.                      | 9,378     | 9,745     | 2,062   | (871)     |
| PT. Mutiara Jawa                             | 28,407    | 25,827    | 15      | (3,114)   |
| Samcheok Eco Material Co., Ltd.              | 23,831    |           |         | (1,855)   |
| Noeul Green Energy Co., Ltd.                 | 1,045     | 101       |         | (56)      |
| Naepo Green Energy Co., Ltd.                 | 118,202   | 5,944     | 1,283   | (3,978)   |
| Goseong Green Energy Co., Ltd.               | 27,540    | 789       |         | (3,115)   |
| Gangneung Eco Power Co., Ltd.                | 47,009    | 953       |         | (1,756)   |
| Shin Pyeongtaek Power Co., Ltd.              | 5,075     | 5,794     |         | (819)     |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 3,422     | 2,632     | 289     | 111       |
| DS POWER Co., Ltd.                           | 417,861   | 296,862   | 44,819  | (2,662)   |
| Dongducheon Dream Power Co., Ltd.            | 1,516,412 | 1,201,566 |         | 615       |
| KS Solar Corp. Ltd.                          | 30,937    | 29,225    | 3,465   | (1,149)   |
| Yeongwol Energy Station Co., Ltd.            | 146,917   | 129,511   | 14,393  | 4,981     |
| Jinhuvish Power Generation Pvt. Ltd.         | 77,510    | 21,414    |         | (3,817)   |
| SE Green Energy Co., Ltd.                    | 7,587     |           |         | (255)     |
| Daegu Photovoltaic Co., Ltd.                 | 22,340    | 16,887    | 3,633   | 739       |
| Jeongam Wind Power Co., Ltd.                 | 241       | 9         |         | (472)     |
| Korea Power Engineering Service Co., Ltd.    | 7,410     | 2,809     | 18,859  | 3,171     |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(4) Summary of financial information of associates and joint ventures as of and for the three-month period ended March 31, 2015 and as of and for the year ended December 31, 2014 are as follows, continued:

*In millions of won*

| Investees                                       | December 31, 2014 |                   |         |                              |
|---|-------------------|-------------------|---------|------------------------------|
|   | Total assets      | Total liabilities | Sales   | Profit (loss) for the period |
| <Joint ventures>                                |                   |                   |         |                              |
| KEPCO-Uhde Inc.                                 | ₩ 16,424          | 2,747             |         | (819)                        |
| Eco Biomass Energy Sdn. Bhd.                    |                   |                   |         |                              |
| Datang Chaoyang Renewable Power Co., Ltd.       | 158,646           | 89,862            | 16,946  | (540)                        |
| Shuweiha Asia Power Investment B.V.             | 33,315            | 2                 |         | 12,379                       |
| Shuweiha Asia Operation & Maintenance Company   | 639               | 11                | 2,713   | 2,129                        |
| Waterbury Lake Uranium L.P.                     | 56,797            | 2                 |         |                              |
| ASM-BG Investicii AD                            | 91,205            | 51,990            | 13,137  | 2,012                        |
| RES Technology AD                               | 82,721            | 53,272            | 8,757   | (307)                        |
| KV Holdings, Inc.                               | 4,755             |                   |         |                              |
| KEPCO SPC Power Corporation                     | 464,305           | 210,956           | 169,615 | 63,005                       |
| Canada Korea Uranium Limited Partnership        | 35,990            | 132               |         | (18)                         |
| KEPCO Energy Resource Nigeria Limited           | 378,677           | 399,871           |         | (29,048)                     |
| Gansu Datang Yumen Wind Power Co., Ltd.         | 106,283           | 62,616            | 7,814   | (4,399)                      |
| Datang Chifeng Renewable Power Co., Ltd.        | 902,645           | 478,805           | 100,712 | 22,849                       |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 70,354            | 44,005            | 8,464   | 1,444                        |
| Rabigh Electricity Company                      | 2,544,622         | 2,325,205         | 284,837 | 57,444                       |
| Rabigh Operation & Maintenance Company          | 16,667            | 5,097             | 22,911  | 7,417                        |
| Jamaica Public Service Company Limited          | 1,100,431         | 725,307           | 841,390 | 13,183                       |
| KW Nuclear Components Co., Ltd.                 | 25,591            | 19,115            | 9,722   | 4,200                        |

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|   |         |         |        |         |
|---|---------|---------|--------|---------|
| Busan Shinho Solar Power Co., Ltd.                | 53,399  | 40,261  | 8,115  | 1,320   |
| GS Donghae Electric Power Co., Ltd.               | 975,489 | 383,111 |        | (1,389) |
| Global Trade Of Power System Co., Ltd.            | 1,690   | 509     | 5,037  | 322     |
| Expressway Solar-light Power Generation Co., Ltd. | 22,046  | 14,849  | 3,181  | 22      |
| KODE NOVUS 1 LLC.                                 | 115,584 | 100,636 | 6,490  | (4,648) |
| KODE NOVUS 2 LLC.                                 | 57,355  | 40,521  | 3,454  | (3,034) |
| Daejung Offshore Wind Power Co., Ltd.             | 7,443   | 6       |        | (849)   |
| Amman Asia Electric Power Company                 | 840,505 | 636,383 | 74,489 | 38,844  |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 24,203  | 15,150  | 18,536 | (277)   |
| Dangjin Echo Power Co., Ltd.                      | 125,481 | 16,112  |        | (3,710) |
| Honam Wind Power Co., Ltd.                        | 41,041  | 28,892  | 4,873  | 1,311   |
| Nepal Water & Energy Development Company Pty Ltd. | 37,541  | 9,193   |        | (1,228) |
| Chun-cheon Energy Co., Ltd.                       | 63,481  | 63,509  |        | (78)    |
| Yeonggwangbaeksu Wind Power CO., Ltd.             | 97,043  | 77,298  |        | (218)   |
| Nghi Son 2 Power Ltd.                             | 318     | 111     |        | (536)   |
| Kelar S.A.  | 222,068 | 221,210 |        | (1,610) |
| PT. Tanjung Power Indonesia                       | 19,190  | 17,193  | 5,313  | (175)   |
| Incheon New Power Co., Ltd.                       | 9,950   | 8,346   | 1,299  | 57      |
| Seokmun Energy Co., Ltd.                          | 16,920  | 17,078  |        | (1,379) |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

- (5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of March 31, 2015 and December 31, 2014 are as follows:

*In millions of won*

| Investees   | Net assets | March 31, 2015          |                     | Investment differential | Intercompany transaction | Others  | Book value |
|---|------------|-------------------------|---------------------|-------------------------|--------------------------|---------|------------|
|   |            | Percentage of ownership | Share in net assets |                         |                          |         |            |
| <b>&lt;Associates&gt;</b>                             |            |                         |                     |                         |                          |         |            |
| Daegu Green Power Co., Ltd.                           | ₩ 160,263  | 47.80%                  | 76,606              | 144                     |                          |         | 76,750     |
| Korea Gas Corporation                                 | 10,271,530 | 21.57%                  | 2,215,569           |                         |                          |         | 2,215,569  |
| Korea Electric Power Industrial Development Co., Ltd. | 61,216     | 29.00%                  | 17,753              |                         |                          |         | 17,753     |
| YTN Co., Ltd.   | 188,246    | 21.43%                  | 40,341              |                         | (54)                     |         | 40,287     |
| Cheongna Energy Co., Ltd.                             | 54,006     | 43.90%                  | 23,709              | 2,583                   |                          |         | 26,292     |
| Gangwon Wind Power Co., Ltd.                          | 82,242     | 15.00%                  | 12,336              |                         |                          | 49      | 12,385     |
| Hyundai Green Power Co., Ltd.                         | 371,206    | 29.00%                  | 107,650             |                         |                          |         | 107,650    |
| Korea Power Exchange                                  | 204,976    | 100.00%                 | 204,976             |                         |                          |         | 204,976    |
| AMEC Partners Korea                                   | 1,097      | 19.00%                  | 208                 |                         |                          |         | 208        |
| Hyundai Energy Co., Ltd.                              | 79,285     | 46.30%                  | 36,709              |                         | (1,151)                  | (1,025) | 34,533     |
| Ecollite Co., Ltd.                                    | 2,006      | 36.10%                  | 724                 |                         |                          | (724)   |            |
| Taebaek Wind Power Co., Ltd.                          | 23,323     | 25.00%                  | 5,831               |                         | (247)                    |         | 5,584      |
| Muju Wind Power Co., Ltd.                             | 10,818     | 25.00%                  | 2,705               |                         |                          |         | 2,705      |
| Pyeongchang Wind Power Co., Ltd.                      | 14,222     | 25.00%                  | 3,555               |                         |                          |         | 3,555      |
|   | 212,260    | 19.45%                  | 41,285              | 1,014                   |                          | 7       | 42,306     |

|  |           |        |         |         |         |       |         |
|--|-----------|--------|---------|---------|---------|-------|---------|
| Daeryun Power Co., Ltd.                      |           |        |         |         |         |       |         |
| JinanJangsu Wind Power Co., Ltd.             | 307       | 25.00% | 77      |         |         |       | 77      |
| Changjuk Wind Power Co., Ltd.                | 23,089    | 30.00% | 6,927   |         | (304)   |       | 6,623   |
| KNH Solar Co., Ltd.                          | 6,193     | 27.00% | 1,672   |         | (147)   |       | 1,525   |
| SPC Power Corporation                        | 127,284   | 38.00% | 48,368  |         |         | (6)   | 48,362  |
| Gemeng International Energy Co., Ltd.        | 2,034,123 | 34.00% | 691,602 |         |         |       | 691,602 |
| PT. Cirebon Electric Power                   | 165,862   | 27.50% | 45,611  |         |         |       | 45,611  |
| KNOC Nigerian East Oil Co., Ltd.             | (65,128)  | 14.63% | (9,528) |         |         | 9,528 |         |
| KNOC Nigerian West Oil Co., Ltd.             | (59,780)  | 14.63% | (8,746) |         |         | 8,746 |         |
| Dolphin Property Limited                     | 244       | 15.00% | 37      |         |         | 16    | 53      |
| PT Wampu Electric Power                      | 32,845    | 46.00% | 15,109  |         |         |       | 15,109  |
| PT. Bayan Resources TBK                      | 220,022   | 20.00% | 44,004  | 502,166 |         |       | 546,170 |
| S-Power Co., Ltd.                            | 284,361   | 40.00% | 113,744 |         | (2,134) |       | 111,610 |
| Pioneer Gas Power Limited                    | 69,956    | 40.00% | 27,982  | 23,148  |         | 68    | 51,198  |
| Eurasia Energy Holdings                      | (443)     | 40.00% | (177)   |         |         | 177   |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 74,760    | 25.00% | 18,690  | 2,311   | (359)   | (289) | 20,353  |
| Busan Solar Co., Ltd.                        | 4,050     | 19.80% | 802     |         | (133)   |       | 669     |
| Hadong Mineral Fiber Co., Ltd.               | 4         | 25.00% | 1       |         |         |       | 1       |
| Green Biomass Co., Ltd.                      | (721)     | 34.00% | (245)   |         |         | 245   |         |
| PT. Mutiara Jawa                             | 260       | 29.00% | 75      | 70      |         |       | 145     |
| Samcheok Eco Material Co., Ltd.              | 23,761    | 2.67%  | 634     |         |         | (440) | 194     |
| Noeul Green Energy Co., Ltd.                 | 821       | 20.00% | 164     |         |         |       | 164     |
| Naepo Green Energy Co., Ltd.                 | 111,053   | 25.00% | 27,763  |         |         |       | 27,763  |
| Goseong Green Energy Co., Ltd.               | 40,573    | 6.44%  | 2,615   |         |         |       | 2,615   |
| Gangneung Eco Power Co., Ltd.                | 45,215    | 6.04%  | 2,731   |         |         | 1     | 2,732   |
| Shin Pyeongtaek Power Co., Ltd.              | (991)     | 40.00% | (396)   |         |         | 396   |         |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 591       | 28.00% | 166     |         |         |       | 166     |

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|   |         |        |         |       |         |         |
|---|---------|--------|---------|-------|---------|---------|
| DS POWER Co., Ltd.                        | 119,646 | 10.91% | 13,053  | 2,150 |         | 15,203  |
| Dongducheon Dream Power Co., Ltd.         | 340,319 | 33.61% | 114,381 | (123) | (5,275) | 108,983 |
| KS Solar Corp. Ltd.                       | 2,946   | 19.00% | 560     | (316) |         | 244     |
| Yeongwol Energy Station Co., Ltd.         | 11,068  | 10.00% | 1,107   |       |         | 1,107   |
| Jimbhuvish Power Generation Pvt. Ltd.     | 57,196  | 5.16%  | 2,951   | 5,449 |         | 8,400   |
| SE Green Energy Co., Ltd.                 | 7,563   | 47.76% | 3,612   |       |         | 3,612   |
| Daegu Photovoltaic Co., Ltd.              | 5,849   | 29.00% | 1,696   |       |         | 1,696   |
| Jeongam Wind Power Co., Ltd.              | 134     | 40.00% | 54      |       |         | 54      |
| Korea Power Engineering Service Co., Ltd. | 4,018   | 29.00% | 1,165   |       |         | 1,165   |
| Busan Green Energy Co., Ltd.              | 50,220  | 29.00% | 14,564  |       |         | 14,564  |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of March 31, 2015 and December 31, 2014 are as follows, continued:

*In millions of won*

| Investees                                     | Net assets | March 31, 2015          |                     | Investment differential | Intercompany transaction | Others | Book value |
|---|------------|-------------------------|---------------------|-------------------------|--------------------------|--------|------------|
|   |            | Percentage of ownership | Share in net assets |                         |                          |        |            |
| <Joint ventures>                              |            |                         |                     |                         |                          |        |            |
| KEPCO-Uhde Inc.                               | ₩ 13,494   | 64.02%                  | 8,639               |                         |                          | 286    | 8,925      |
| Eco Biomass Energy Sdn. Bhd.                  |            | 61.53%                  |                     |                         |                          |        |            |
| Datang Chaoyang Renewable Power Co., Ltd.     | 68,015     | 40.00%                  | 27,205              |                         |                          |        | 27,205     |
| Shuweiha Asia Power Investment B.V.           | 17,764     | 49.00%                  | 8,704               |                         |                          | (82)   | 8,622      |
| Shuweiha Asia Operation & Maintenance Company | 1,033      | 55.00%                  | 568                 |                         |                          | (1)    | 567        |
| Waterbury Lake Uranium L.P.                   | 52,301     | 40.00%                  | 20,920              |                         |                          | (639)  | 20,281     |
| ASM-BG Investicii AD                          | 35,098     | 50.00%                  | 17,549              |                         |                          |        | 17,549     |
| RES Technology AD                             | 25,932     | 50.00%                  | 12,966              |                         |                          |        | 12,966     |
| KV Holdings, Inc.                             | 4,778      | 40.00%                  | 1,911               |                         |                          |        | 1,911      |
| KEPCO SPC Power Corporation                   | 265,698    | 75.20%                  | 199,805             |                         |                          |        | 199,805    |
| Canada Korea Uranium Limited Partnership      | 196        | 12.50%                  | 25                  |                         |                          | (25)   |            |
| KEPCO Energy Resource Nigeria Limited         | (834)      | 30.00%                  | (250)               |                         |                          | 250    |            |
| Gansu Datang Yumen Wind Power Co., Ltd.       | 43,805     | 40.00%                  | 17,522              |                         |                          |        | 17,522     |
| Datang Chifeng Renewable Power Co., Ltd.      | 433,574    | 40.00%                  | 173,429             |                         |                          | (40)   | 173,389    |
|   | 26,002     | 40.00%                  | 10,401              |                         |                          |        | 10,401     |

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|   |          |        |          |         |          |         |
|---|----------|--------|----------|---------|----------|---------|
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.   |          |        |          |         |          |         |
| Rabigh Electricity Company                        | 214,284  | 40.00% | 85,714   |         | (78,566) | 7,148   |
| Rabigh Operation & Maintenance Company            | 12,543   | 40.00% | 5,017    |         |          | 5,017   |
| Jamaica Public Service Company Limited            | 376,045  | 40.00% | 150,418  | 130,726 | (53,052) | 228,092 |
| KW Nuclear Components Co., Ltd.                   | 6,338    | 43.36% | 2,748    | 90      |          | 2,838   |
| Busan Shinho Solar Power Co., Ltd.                | 13,445   | 25.00% | 3,361    |         |          | 3,361   |
| GS Donghae Electric Power Co., Ltd.               | 591,602  | 34.00% | 201,145  |         |          | 201,145 |
| Global Trade Of Power System Co., Ltd.            | 1,305    | 29.00% | 378      |         |          | 378     |
| Expressway Solar-light Power Generation Co., Ltd. | 6,500    | 29.00% | 1,885    |         |          | 1,885   |
| KODE NOVUS 1 LLC.                                 | 12,625   | 50.00% | 6,313    | 4,732   |          | 11,045  |
| KODE NOVUS 2 LLC.                                 | 15,949   | 49.00% | 7,815    |         |          | 7,815   |
| Daejung Offshore Wind Power Co., Ltd.             | 7,236    | 49.90% | 3,611    |         |          | 3,611   |
| Amman Asia Electric Power Company                 | 208,799  | 60.00% | 125,279  |         | (83)     | 125,196 |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 9,283    | 51.00% | 4,734    |         |          | 4,734   |
| Dangjin Echo Power Co., Ltd.                      | 126,843  | 40.00% | 50,737   | 2,229   |          | 52,966  |
| Honam Wind Power Co., Ltd.                        | 13,545   | 29.00% | 3,928    | 34      | (2)      | 3,960   |
| Nepal Water & Energy Development Company Pty Ltd. | 26,795   | 59.62% | 15,974   | 1,083   |          | 17,057  |
| Chun-cheon Energy Co., Ltd.                       | (707)    | 29.90% | (211)    |         | 211      |         |
| Yeonggwangbaeksu Wind Power Co., Ltd.             | 19,693   | 15.00% | 2,954    |         |          | 2,954   |
| Nghi Son 2 Power Ltd.                             | 271      | 50.00% | 134      |         |          | 134     |
| Kelar S.A   | (32,586) | 65.00% | (21,181) | 2,424   | 18,757   |         |
| PT. Tanjung Power Indonesia                       | 1,915    | 35.00% | 671      |         |          | 671     |
| Incheon New Power Co., Ltd.                       | 1,814    | 29.00% | 526      |         |          | 526     |
| Seokmun Energy Co., Ltd.                          | (258)    | 34.00% | (88)     |         | 88       |         |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of March 31, 2015 and December 31, 2014 are as follows, continued:

*In millions of won*

| Investees   | Net assets | December 31, 2014       |                     | Investment differential | Intercompany transaction | Others  | Book value |
|---|------------|-------------------------|---------------------|-------------------------|--------------------------|---------|------------|
|   |            | Percentage of ownership | Share in net assets |                         |                          |         |            |
| <b>&lt;Associates&gt;</b>                             |            |                         |                     |                         |                          |         |            |
| Daegu Green Power Co., Ltd.                           | ₩ 149,043  | 47.80%                  | 71,242              | 145                     |                          |         | 71,387     |
| Korea Gas Corporation                                 | 9,724,336  | 21.57%                  | 2,097,539           |                         |                          |         | 2,097,539  |
| Korea Electric Power Industrial Development Co., Ltd. | 74,557     | 29.00%                  | 21,622              |                         |                          |         | 21,622     |
| YTN Co., Ltd.   | 186,403    | 21.43%                  | 39,946              |                         | (57)                     |         | 39,889     |
| Cheongna Energy Co., Ltd.                             | 59,652     | 43.90%                  | 26,187              | 2,584                   |                          |         | 28,771     |
| Gangwon Wind Power Co., Ltd.                          | 82,239     | 15.00%                  | 12,336              |                         |                          | 49      | 12,385     |
| Hyundai Green Power Co., Ltd.                         | 389,768    | 29.00%                  | 113,033             |                         |                          |         | 113,033    |
| Korea Power Exchange                                  | 198,021    | 100.00%                 | 198,021             |                         |                          |         | 198,021    |
| AMEC Partners Korea                                   | 1,054      | 19.00%                  | 200                 |                         |                          |         | 200        |
| Hyundai Energy Co., Ltd.                              | 82,315     | 46.30%                  | 38,112              |                         | (1,162)                  | (1,025) | 35,925     |
| Ecollite Co., Ltd.                                    | 2,024      | 36.10%                  | 731                 |                         |                          | (731)   |            |
| Taebaek Wind Power Co., Ltd.                          | 22,099     | 25.00%                  | 5,525               |                         |                          |         | 5,525      |
| Muju Wind Power Co., Ltd.                             | 10,825     | 25.00%                  | 2,706               |                         |                          |         | 2,706      |
| Pyeongchang Wind Power Co., Ltd.                      | 14,770     | 25.00%                  | 3,693               |                         |                          |         | 3,693      |
| Daeryun Power Co., Ltd.                               | 210,438    | 19.45%                  | 40,930              | 1,014                   |                          | 7       | 41,951     |

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|  |           |        |         |         |         |         |        |
|--|-----------|--------|---------|---------|---------|---------|--------|
| JinanJangsu Wind Power Co., Ltd.             | 308       | 25.00% | 77      |         |         | 77      |        |
| Changjuk Wind Power Co., Ltd.                | 21,619    | 30.00% | 6,486   |         |         | 6,486   |        |
| KNH Solar Co., Ltd.                          | 6,459     | 27.00% | 1,744   |         |         | 1,744   |        |
| SPC Power Corporation                        | 125,787   | 38.00% | 47,799  |         |         | 47,799  |        |
| Gemeng International Energy Co., Ltd.        | 1,963,472 | 34.00% | 667,579 |         | (1)     | 667,578 |        |
| PT. Cirebon Electric Power                   | 157,582   | 27.50% | 43,335  |         |         | 43,335  |        |
| KNOC Nigerian East Oil Co., Ltd.             | (62,934)  | 14.63% | (9,207) |         | 9,207   |         |        |
| KNOC Nigerian West Oil Co., Ltd.             | (57,679)  | 14.63% | (8,438) |         | 8,438   |         |        |
| Dolphin Property Limited                     | 297       | 15.00% | 45      |         | 16      | 61      |        |
| PT Wampu Electric Power                      | 34,938    | 46.00% | 16,071  |         |         | 16,071  |        |
| PT. Bayan Resources TBK                      | 189,227   | 20.00% | 37,845  | 502,166 |         | 540,011 |        |
| S-Power Co., Ltd.                            | 266,011   | 40.00% | 106,405 |         | (2,161) | 104,244 |        |
| Pioneer Gas Power Limited                    | 68,632    | 40.00% | 27,453  | 23,147  | 68      | 50,668  |        |
| Eurasia Energy Holdings                      | (441)     | 40.00% | (176)   |         | 176     |         |        |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 67,214    | 25.00% | 16,803  | 5,971   | (333)   | (289)   | 22,152 |
| Busan Solar Co., Ltd.                        | 4,311     | 19.80% | 853     |         |         | 853     |        |
| Hadong Mineral Fiber Co., Ltd.               | 10        | 25.00% | 3       |         |         | 3       |        |
| Green Biomass Co., Ltd.                      | (367)     | 34.00% | (125)   |         | 125     |         |        |
| PT. Mutiara Jawa                             | 2,581     | 29.00% | 748     | 70      |         | 818     |        |
| Samcheok Eco Material Co., Ltd.              | 23,831    | 2.67%  | 636     |         | (424)   | 212     |        |
| Noeul Green Energy Co., Ltd.                 | 944       | 20.00% | 189     |         |         | 189     |        |
| Naepo Green Energy Co., Ltd.                 | 112,258   | 25.00% | 28,064  |         |         | 28,064  |        |
| Goseong Green Energy Co., Ltd.               | 26,751    | 9.67%  | 2,587   |         | (1)     | 2,586   |        |
| Gangneung Eco Power Co., Ltd.                | 46,055    | 6.04%  | 2,782   |         | 1       | 2,783   |        |
| Shin Pyeongtaek Power Co., Ltd.              | (719)     | 40.00% | (288)   |         | 288     |         |        |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 790       | 28.00% | 221     |         |         | 221     |        |
| DS POWER Co., Ltd.                           | 121,000   | 10.91% | 13,201  | 2,441   |         | 15,642  |        |
| Dongducheon Dream Power Co., Ltd.            | 314,845   | 33.61% | 105,820 |         | (5,275) | 100,545 |        |
| KS Solar Corp. Ltd.                          | 1,712     | 19.00% | 325     |         |         | 325     |        |
|  | 17,406    | 10.00% | 1,741   |         |         | 1,741   |        |

|   |        |        |       |       |       |
|---|--------|--------|-------|-------|-------|
| Yeongwol Energy Station Co., Ltd.         |        |        |       |       |       |
| Jinhuvish Power Generation Pvt. Ltd.      | 56,096 | 5.16%  | 2,895 | 5,449 | 8,344 |
| SE Green Energy Co., Ltd.                 | 7,587  | 47.76% | 3,623 |       | 3,623 |
| Daegu Photovoltaic Co., Ltd.              | 5,453  | 29.00% | 1,581 |       | 1,581 |
| Jeongam Wind Power Co., Ltd.              | 233    | 40.00% | 93    |       | 93    |
| Korea Power Engineering Service Co., Ltd. | 4,601  | 29.00% | 1,334 |       | 1,334 |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

(5) **Financial information of associates and joint ventures converted to the Company's shares in net assets as of March 31, 2015 and December 31, 2014 are as follows, continued:**

*In millions of won*

| Investees                                     | Net assets | December 31, 2014       |                     | Investment differential | Intercompany transaction | Others  | Book value |
|---|------------|-------------------------|---------------------|-------------------------|--------------------------|---------|------------|
|   |            | Percentage of ownership | Share in net assets |                         |                          |         |            |
| <b>&lt;Joint ventures&gt;</b>                 |            |                         |                     |                         |                          |         |            |
| KEPCO-Uhde Inc.                               | ₩ 13,677   | 64.02%                  | 8,756               |                         |                          | 286     | 9,042      |
| Eco Biomass Energy Sdn. Bhd.                  |            | 61.53%                  |                     |                         |                          |         |            |
| Datang Chaoyang Renewable Power Co., Ltd.     | 68,785     | 40.00%                  | 27,514              |                         |                          |         | 27,514     |
| Shuweiha Asia Power Investment B.V.           | 33,312     | 49.00%                  | 16,323              |                         |                          | (82)    | 16,241     |
| Shuweiha Asia Operation & Maintenance Company | 628        | 55.00%                  | 346                 |                         |                          | (1)     | 345        |
| Waterbury Lake Uranium L.P.                   | 56,796     | 40.00%                  | 22,718              |                         |                          | (708)   | 22,010     |
| ASM-BG Investicii AD                          | 39,215     | 50.00%                  | 19,608              |                         |                          |         | 19,608     |
| RES Technology AD                             | 29,449     | 50.00%                  | 14,725              |                         |                          |         | 14,725     |
| KV Holdings, Inc.                             | 4,755      | 40.00%                  | 1,902               |                         |                          |         | 1,902      |
| KEPCO SPC Power Corporation                   | 253,349    | 75.20%                  | 190,519             |                         |                          |         | 190,519    |
| Canada Korea Uranium Limited Partnership      | 35,858     | 12.50%                  | 4,482               |                         |                          | (4,482) |            |
| KEPCO Energy Resource Nigeria Limited         | (21,195)   | 30.00%                  | (6,358)             |                         |                          | 6,358   |            |
|   | 43,667     | 40.00%                  | 17,467              |                         |                          |         | 17,467     |

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|   |         |        |         |         |          |         |
|---|---------|--------|---------|---------|----------|---------|
| Gansu Datang Yumen Wind Power Co., Ltd.           |         |        |         |         |          |         |
| Datang Chifeng Renewable Power Co., Ltd.          | 423,839 | 40.00% | 169,536 |         | (40)     | 169,496 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.   | 26,349  | 40.00% | 10,539  |         |          | 10,539  |
| Rabigh Electricity Company                        | 219,417 | 40.00% | 87,767  |         | (79,646) | 8,121   |
| Rabigh Operation & Maintenance Company            | 11,570  | 40.00% | 4,628   |         |          | 4,628   |
| Jamaica Public Service Company Limited            | 375,124 | 40.00% | 150,050 | 130,726 | (53,884) | 226,892 |
| KW Nuclear Components Co., Ltd.                   | 6,477   | 43.36% | 2,808   | 91      |          | 2,899   |
| Busan Shinho Solar Power Co., Ltd.                | 13,138  | 25.00% | 3,284   |         |          | 3,284   |
| GS Donghae Electric Power Co., Ltd.               | 592,379 | 34.00% | 201,409 |         |          | 201,409 |
| Global Trade Of Power System Co., Ltd.            | 1,181   | 29.00% | 343     |         |          | 343     |
| Expressway Solar-light Power Generation Co., Ltd. | 7,197   | 29.00% | 2,087   |         |          | 2,087   |
| KODE NOVUS 1 LLC.                                 | 14,949  | 50.00% | 7,474   | 4,733   |          | 12,207  |
| KODE NOVUS 2 LLC.                                 | 16,833  | 49.00% | 8,248   |         |          | 8,248   |
| Daejung Offshore Wind Power Co., Ltd.             | 7,437   | 49.90% | 3,711   |         |          | 3,711   |
| Amman Asia Electric Power Company                 | 204,122 | 60.00% | 122,473 |         | (82)     | 122,391 |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 9,052   | 51.00% | 4,617   |         |          | 4,617   |
| Dangjin Echo Power Co., Ltd                       | 109,369 | 33.10% | 36,201  | 1,636   |          | 37,837  |
| Honam Wind Power Co., Ltd.                        | 12,149  | 29.00% | 3,523   | 32      |          | 3,555   |
| Nepal Water & Energy Development Company Pty Ltd. | 28,348  | 59.62% | 16,900  | 972     |          | 17,872  |
| Chun-cheon Energy Co., Ltd.                       | (28)    | 29.90% | (8)     |         | 8        |         |
| Yeonggwangbaeksu Wind Power Co., Ltd.             | 19,745  | 15.00% | 2,962   |         |          | 2,962   |
| Nghi Son 2 Power Ltd.                             | 206     | 50.00% | 103     |         | (1)      | 102     |
| Kelar S.A   | 858     | 65.00% | 558     | 2,424   | 174      | 3,156   |
| PT. Tanjung Power Indonesia                       | 1,996   | 35.00% | 699     |         | 1        | 700     |
| Incheon New Power Co., Ltd.                       | 1,604   | 29.00% | 465     |         |          | 465     |
| Seokmun Energy Co., Ltd.                          | (158)   | 34.00% | (54)    |         | 54       |         |

(\* ) The percentage of ownership shown above is after considering the treasury stocks and others.



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

- (6) As of March 31, 2015 and as of December 31, 2014, unrecognized equity interest in investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses are as follows:

| <i>In millions of won</i>             | March 31, 2015               |  | December 31, 2014            |  |
|---------------------------------------|------------------------------|--|------------------------------|--|
|                                       | Unrecognized equity interest | Accumulated unrecognized equity interest | Unrecognized equity interest | Accumulated unrecognized equity interest |
| Green Biomass Co., Ltd.               | ₩ 120                        | 245                                      | 125                          | 125                                      |
| Shin Pyeongtaek Power Co., Ltd.       | 108                          | 396                                      | 288                          | 288                                      |
| KEPCO Energy Resource Nigeria Limited | (6,108)                      | 250                                      | 6,358                        | 6,358                                    |
| Chun-cheon Energy Co., Ltd.           | 203                          | 211                                      | 8                            | 8  |
| Seokmun Energy Co., Ltd.              | 34                           | 88                                       | 54                           | 54                                       |
| Kelar S.A                             | 21,181                       | 21,181                                   |                              |  |

- (7) As of March 31, 2015, shareholders' agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows:

## (i) Gemeng International Energy Co., Ltd.

Gemeng International Energy Co., Ltd., issued put options on 8% of its shares to its financial investors, KEPCO Woori Sprot PEF (NPS Co-Pa PEF). If the investment fund is not collected until the maturity date (December 25, 2023, two years extension is possible), PEF can exercise the option at strike price which is the same as a principal investment price (including operating fees ratio of below 1% per annum), and also, the Company provided a performance guarantee on this agreement.

## (ii) Hyundai Energy Co., Ltd.

As of March 31, 2015, Hyundai Energy Co., Ltd., an associate of the Company, which engages in the integrated energy business, carries long-term borrowings for project financing amounting to ₩450 billion from Korea Development Bank and others.

Related to the above project financing, NH Power II Co., Ltd. and Daewoo Securities Co., Ltd., has entered into an agreement with Yecheon TPL Co., Ltd. to acquire shares in Hyundai Energy Co., Ltd. held by Yecheon TPL Co., Ltd. The Company had placed guarantees for a fixed return on investment to the financial institutions and had obtained the rights to acquire the investment securities in return preferentially.

In addition, NH Power II Co., Ltd. and Daewoo Securities Co., Ltd. have a right, which can be exercised for 30 days starting from 2 months to 1 month prior to 17 years after the termination date of contract to sell their shares to the Company. Also, if dividends to shareholders exceed annual revenue, the exceeding amount shall be evenly distributed to Yecheon TPL Co., Ltd. and the Company.

(iii) Taebaek Wind Power Co., Ltd.

In case non-controlling shareholders decide to dispose of their shares in Taebaek Wind Power Co., Ltd. after the warrant period of defect repair for wind power generator has expired, the Company is obligated to acquire those shares at fair value. The acquisition is to be made after the conditions of the acquisition are discussed among the parties involved, with consideration of various factors such as financial status and business situation.

(iv) Pyeongchang Wind Power Co., Ltd.

In case non-controlling shareholders decide to dispose of their shares in Pyeongchang Wind Power Co., Ltd. after commercial operation of the power plant has started, the Company is obligated to acquire those shares at fair value. The acquisition is to be made after the conditions of the acquisition are discussed among the parties involved, with the careful consideration of various factors such as financial status and business situation.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

**(7) As of March 31, 2015, shareholders' agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows, continued:**

(v) Daeryun Power Co., Ltd.

All shareholders of Daeryun Power Co., Ltd. except for POSCO Engineering & Construction Co., Ltd., have agreed to acquire the shares held by POSCO Engineering & Construction Co., Ltd. This acquisition shall be made at issuance price of the share in proportion to each shareholder's percentage of ownership within two months after the completion of EPC construction. In connection with this agreement, the Company, one of the shareholders of Daeryun Power Co., Ltd., is obligated to acquire 1,210,772 shares of POSCO Engineering & Construction Co., Ltd.'s investment, which amounts to ₩6,054 million. In case of a merger of Daeryun Power Co., Ltd., remaining shareholders are obligated to pay the dissident shareholders' share for their purchase price.

(vi) Jeongam Wind Power Co., Ltd.

In case non-controlling shareholders, except for financial investors, decide to dispose of their shares in Jeongam Wind Power Co., Ltd. after the construction of the power plant has been completed, the Company is obligated to acquire those shares at fair value.

(vii) Daejung Offshore Wind Power Co., Ltd.

In case Samsung Heavy Industries Co., Ltd., a co-participant of the joint venture agreement, decides to dispose of its shares in Daejung Offshore Wind Power Co., Ltd., the Company is obligated to acquire those shares after evaluating the economic feasibility of the facilities installed by Samsung Heavy Industries Co., Ltd.

(viii) Dongducheon Dream Power Co., Ltd.

In case financial investors decide to dispose of their shares in Dongducheon Dream Power Co., Ltd. 5 years after the commencement of commercial operation of the power plant, the Company is obligated to acquire those shares at fair value.

(ix) DS Power Co., Ltd.

The Company has a right to sell all shares and bonds of DS POWER Co., Ltd. to Daesung Industrial Co., Ltd. and Daesung Industrial Co., Ltd. or an authoritative person appointed by Daesung Industrial Co., Ltd.

(x) Samcheok Eco Material Co., Ltd.

The Company has the rights to purchase the stocks should preferred stockholders elect to sell their stocks on the expected sell date (3 years from preferred stock payment date) and is required guarantee the promised yield when preferred stockholders sell their stocks.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued**

**(8) Significant restrictions on its abilities to associates or joint ventures are as follows:**

| <b>Company</b>   | <b>Nature and extent of any significant restrictions</b>  |
|--|---|
| KNOC Nigerian East Oil Co., Ltd.,<br><br>KNOC Nigerian West Oil Co.,Ltd.<br><br>and Dolphin Property Limited | The Company has stopped its operation in Nigeria due to an ongoing litigation and payment or retrieval of investments, loans and advances are restricted until the legal dispute is resolved.   |
| Daeryun Power Co., Ltd.  | Principals on subordinated loans or dividends can only be paid to shareholders when all conditions of the loan agreement are satisfied or prior written consent of a financial institution is obtained.   |
| Changjuk Wind Power Co., Ltd.  | Principals on subordinated loans or dividends can only be paid to shareholders when all conditions of the loan agreement are satisfied or prior written consent of a financial institution is obtained.   |
| Busan Solar Co., Ltd.  | Dividends cannot be declared or paid without the prior written consent of an agency, Consus Asset Management Co., Ltd. based on the loan agreement until the principal of a loan is paid off in full.   |
| Taebaek Wind Power Co., Ltd.   | Financial institutions can reject or defer an approval with regard to the request for fund executions on subordinated loans of shareholders in order to pay senior loans based on the loan agreement.   |
| Daegu Green Power Co., Ltd.  | Only if the condition is met with the loan agreement signed by financial institutions, the investors of subordinated credit facility loans can receive payments of principal and interest and dividend. Korea Exchange Bank, the deputy, permits the amount of the payments and dividend. |
| KS Solar Corp. Ltd.  | Dividends can only be paid to shareholders when all conditions of a loan agreement are satisfied.   |



|                               |   |
|-------------------------------|---|
| KNH Solar Co., Ltd.           | Principal and interest, dividends to shareholders cannot be paid without written consent of financial institutions.   |
| DS Power Co., Ltd.            | Shares cannot be transferred whole or in partial, except as permitted by the agreement.   |
| Hyundai Green Power Co., Ltd. | <p>- After 15 years from the completion date of facility which is financed by financial investor's equity investment, the financial investor and the consolidated entity have appraisal right against Hyundai Steel Company (the Operating investor) and the Operating investor can also claim against the financial investor to sell their shares.</p> <p>- After 5 years from the completion date of additional facility, the Operating investor has appraisal right against the consolidated entity and the financial investor when self-generating electricity is more profitable to Hyundai Steel Company's cash flow rather than this business</p> <p>- After 5 years from the completion date of the additional facility, if there exists an agreement among those relevant parties, the Operating investor may claim to dispose the entire shares of the consolidated entity and the shares owned by financial investor to the Operating investor or to the third parties which designated by the Operating investor.</p> <p>- After 25 years from the completion date or when operation of electricity generation business by Hyundai Green Power Co., Ltd. is no longer feasible, the Operating investor may claim to dispose the entire the shares of the consolidated entity and shares owned by financial investor to the Operating investor or to third parties which are designated by the Operating investor.</p> <p>- After 5 years from the completion date of additional facility, if there reaches no agreement within 60 days, even if price of fuel supply fluctuates due to statutory or other irresistible reasons so that Hyundai Green Power Co., Ltd. would face excessive gain or loss, the Operating investor (consolidated entity and financial investor) may claim the consolidated entity and the financial investor (Operating investor) to dispose (acquire) the entire shares.</p> |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**18. Property, Plant and Equipment****(1) Property, plant and equipment as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2015</b>       |                              |                                     |  |                       |
|---------------------------|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|                           | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>depreciation</b> | <b>Accumulated<br/>impairment<br/>losses (*)</b> | <b>Book<br/>value</b> |
| Land                      | ₩ 12,325,176                | (3,103)                      |                                     |  | 12,322,073            |
| Buildings                 | 13,670,375                  | (66,438)                     | (4,798,013)                         | (853)  | 8,805,071             |
| Structures                | 55,374,920                  | (194,846)                    | (16,579,077)                        | (1,183)  | 38,599,814            |
| Machinery                 | 52,622,747                  | (105,971)                    | (17,634,639)                        | (46,230)   | 34,835,907            |
| Ships                     | 4,941                       |                              | (3,932)                             |  | 1,009                 |
| Vehicles                  | 204,700                     | (62)                         | (158,395)                           |  | 46,243                |
| Equipment                 | 998,308                     | (922)                        | (774,776)                           |  | 222,610               |
| Tools                     | 778,745                     | (793)                        | (636,923)                           |  | 141,029               |
| Construction-in- progress | 34,939,822                  | (123,237)                    |                                     | (38,107)   | 34,778,478            |
| Finance lease assets      | 2,385,254                   |                              | (1,799,252)                         |  | 586,002               |
| Asset retirement costs    | 7,874,227                   |                              | (2,581,120)                         |  | 5,293,107             |
| Others                    | 8,717,863                   |                              | (6,567,105)                         |  | 2,150,758             |
|                           | <b>₩ 189,897,078</b>        | <b>(495,372)</b>             | <b>(51,533,232)</b>                 | <b>(86,373)</b>                                  | <b>137,782,101</b>    |

| <i>In millions of won</i> | <b>December 31, 2014</b>    |                              |                                     |  |                       |
|---------------------------|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|                           | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>depreciation</b> | <b>Accumulated<br/>impairment<br/>losses (*)</b> | <b>Book<br/>value</b> |
| Land                      | ₩ 12,238,488                | (3,103)                      |                                     |  | 12,235,385            |
| Buildings                 | 13,631,985                  | (67,700)                     | (4,652,109)                         | (853)  | 8,911,323             |
| Structures                | 54,734,376                  | (196,871)                    | (16,078,416)                        | (1,183)  | 38,457,906            |
| Machinery                 | 52,242,176                  | (108,750)                    | (16,735,238)                        | (46,230)   | 35,351,958            |
| Ships                     | 5,015                       |                              | (3,930)                             |  | 1,085                 |
| Vehicles                  | 208,337                     | (76)                         | (157,761)                           |  | 50,500                |
| Equipment                 | 965,806                     | (1,002)                      | (754,159)                           |  | 210,645               |
| Tools                     | 776,321                     | (862)                        | (623,544)                           |  | 151,915               |

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|                           |                      |                  |                     |                 |                    |
|---------------------------|----------------------|------------------|---------------------|-----------------|--------------------|
| Construction-in- progress | 32,417,619           | (123,938)        |                     | (38,107)        | 32,255,574         |
| Finance lease assets      | 2,385,251            |                  | (1,772,856)         |                 | 612,395            |
| Asset retirement costs    | 7,849,712            |                  | (2,495,285)         |                 | 5,354,427          |
| Others                    | 8,599,484            |                  | (6,380,098)         |                 | 2,219,386          |
|                           | <b>₩ 186,054,570</b> | <b>(502,302)</b> | <b>(49,653,396)</b> | <b>(86,373)</b> | <b>135,812,499</b> |

(\*) The Company separately recognizes impairment loss on each asset, reflecting various factors such as physical impairment and others during the replacement.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**18. Property, Plant and Equipment, Continued**

(2) Changes in property, plant and equipment for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

| <i>In millions of won</i> | Beginning<br>balance | March 31, 2015 |             |              |            | Others<br>(*2) | Ending<br>balance |
|---------------------------|----------------------|----------------|-------------|--------------|------------|----------------|-------------------|
|                           |                      | Acquisition    | Disposal    | Depreciation | Impairment |                |                   |
| Land                      | ₩ 12,238,488         | 3,342          | (39,658)    |              |            | 123,004        | 12,325,176        |
| (Government grants)       | (3,103)              |                |             |              |            |                | (3,103)           |
| Buildings                 | 8,979,023            | (476)          | (448)       | (151,707)    |            | 45,117         | 8,871,509         |
| (Government grants)       | (67,700)             |                |             | 1,259        |            | 3              | (66,438)          |
| Structures                | 38,654,777           | 54             | (3,059,824) | (534,259)    |            | 3,733,912      | 38,794,660        |
| (Government grants)       | (196,871)            |                | 392         | 2,279        |            | (646)          | (194,846)         |
| Machinery                 | 35,460,708           | 36,749         | (43,060)    | (922,084)    |            | 409,565        | 34,941,878        |
| (Government grants)       | (108,750)            |                | 125         | 2,654        |            |                | (105,971)         |
| Ships                     | 1,085                |                |             | (76)         |            |                | 1,009             |
| Vehicles                  | 50,576               | 203            | (5)         | (5,242)      |            | 773            | 46,305            |
| (Government grants)       | (76)                 |                |             | 14           |            |                | (62)              |
| Equipment                 | 211,647              | 6,657          | (25)        | (24,745)     |            | 29,998         | 223,532           |
| (Government grants)       | (1,002)              |                |             | 114          |            | (34)           | (922)             |
| Tools                     | 152,777              | 2,714          | (5)         | (16,042)     |            | 2,378          | 141,822           |
| (Government grants)       | (862)                |                |             | 69           |            |                | (793)             |
| Construction-in-progress  | 32,379,512           | 3,827,296      | (739)       |              |            | (1,304,354)    | 34,901,715        |
| (Government grants)       | (123,938)            | (4,379)        | 646         |              |            | 4,434          | (123,237)         |
| Finance lease assets      | 612,395              |                |             | (26,395)     |            | 2              | 586,002           |
| Asset retirement cost     | 5,354,427            |                |             | (142,249)    |            | 80,929         | 5,293,107         |
| Others                    | 2,219,386            | 22,274         |             | (184,503)    |            | 93,601         | 2,150,758         |
|                           | ₩ 135,812,499        | 3,894,434      | (3,142,601) | (2,000,913)  |            | 3,218,682      | 137,782,101       |

| <i>In millions of won</i> | Beginning<br>balance | December 31, 2014 |          |              |                 | Others (*2) | Ending<br>balance |
|---------------------------|----------------------|-------------------|----------|--------------|-----------------|-------------|-------------------|
|                           |                      | Acquisition       | Disposal | Depreciation | Impairment (*1) |             |                   |
| Land                      | ₩ 13,784,026         | 69,926            | (32,912) |              |                 | (1,582,552) | 12,238,488        |

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|                          |               |            |           |             |           |             |
|--------------------------|---------------|------------|-----------|-------------|-----------|-------------|
| (Government grants)      | (3,137)       |            | 63        |             | (29)      | (3,103)     |
| Buildings                | 8,549,697     | 32,000     | (10,706)  | (590,298)   | 998,330   | 8,979,023   |
| (Government grants)      | (45,396)      |            | 200       | 5,040       | (27,544)  | (67,700)    |
| Structures               | 37,819,108    | 3,184      | (414,659) | (2,030,010) | 3,277,154 | 38,654,777  |
| (Government grants)      | (193,190)     |            | 2,018     | 8,921       | (14,620)  | (196,871)   |
| Machinery                | 33,729,539    | 271,073    | (207,070) | (3,633,815) | 5,300,981 | 35,460,708  |
| (Government grants)      | (101,808)     |            | 423       | 10,102      | (17,467)  | (108,750)   |
| Ships                    | 1,422         |            |           | (342)       | 5         | 1,085       |
| Vehicles                 | 45,719        | 2,295      | (25)      | (21,096)    | 23,683    | 50,576      |
| (Government grants)      | (83)          |            |           | 47          | (40)      | (76)        |
| Equipment                | 187,158       | 56,214     | (171)     | (85,612)    | 54,058    | 211,647     |
| (Government grants)      | (708)         |            |           | 376         | (670)     | (1,002)     |
| Tools                    | 139,665       | 30,806     | (1,642)   | (61,113)    | 45,061    | 152,777     |
| (Government grants)      | (313)         |            | 55        | 144         | (748)     | (862)       |
| Construction-in-progress | 27,452,029    | 14,112,746 | (1,078)   |             | (38,107)  | (9,146,078) |
| (Government grants)      | (117,725)     | (42,150)   |           |             | 35,937    | (123,938)   |
| Finance lease assets     | 735,185       |            | (348)     | (122,088)   | (354)     | 612,395     |
| Asset retirement cost    | 5,654,596     |            |           | (573,497)   | 273,328   | 5,354,427   |
| Others                   | 2,001,812     | 11,405     | (53)      | (702,985)   | 909,207   | 2,219,386   |
|                          | ₩ 129,637,596 | 14,547,499 | (665,905) | (7,796,226) | (38,107)  | 127,642     |
|                          |               |            |           |             |           | 135,812,499 |

(\*1) Garorim Tidal Power Plant Co., Ltd. ( GTPP ), a 49% owned subsidiary, has not yet started its operation and it is not expected to operate based on the results of the business feasibility study. The Company has considered this to be an impairment indicator and performed an impairment test over the individual assets of GTPP. As a result, the Company recognized the amount of the carrying amount in excess of its recoverable amount as impairment loss in the statement of comprehensive income.

(\*2) Others includes ₩2,090,810 million of assets held for sale (note 41) comprising land, buildings, and structures and the amount is ₩2,021,445 million, ₩69,363 million, and ₩2 million, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**19. Investment Properties****(1) Investment properties as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | March 31, 2015   |                   |                          |                               | Book value |
|---------------------------|------------------|-------------------|--------------------------|-------------------------------|------------|
|                           | Acquisition cost | Government grants | Accumulated depreciation | Accumulated impairment losses |            |
| Land                      | ₩ 182,476        |                   |                          |                               | 182,476    |
| Buildings                 | 25,784           | (13)              | (10,306)                 |                               | 15,465     |
|                           | ₩ 208,260        | (13)              | (10,306)                 |                               | 197,941    |

| <i>In millions of won</i> | December 31, 2014 |                   |                          |                               | Book value |
|---------------------------|-------------------|-------------------|--------------------------|-------------------------------|------------|
|                           | Acquisition cost  | Government grants | Accumulated depreciation | Accumulated impairment losses |            |
| Land                      | ₩ 301,483         |                   |                          |                               | 301,483    |
| Buildings                 | 26,168            | (10)              | (10,377)                 |                               | 15,781     |
|                           | ₩ 327,651         | (10)              | (10,377)                 |                               | 317,264    |

**(2) Changes in investment properties for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i> | Beginning balance | March 31, 2015 |          |              |            |           | Ending balance |
|---------------------------|-------------------|----------------|----------|--------------|------------|-----------|----------------|
|                           |                   | Acquisition    | Disposal | Depreciation | Impairment | Others    |                |
| Land                      | ₩ 301,483         |                |          |              |            | (119,007) | 182,476        |
| Buildings                 | 15,791            |                |          | (162)        |            | (151)     | 15,478         |
| (Government grants)       | (10)              |                |          |              |            | (3)       | (13)           |

|   |         |       |           |         |
|---|---------|-------|-----------|---------|
| ₩ | 317,264 | (162) | (119,161) | 197,941 |
|---|---------|-------|-----------|---------|

## December 31, 2014

| <i>In millions of won</i> | <b>Beginning<br/>balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Depreciation</b> | <b>Impairment</b> | <b>Others</b> | <b>Ending<br/>balance</b> |
|---------------------------|------------------------------|--------------------|-----------------|---------------------|-------------------|---------------|---------------------------|
| Land                      | ₩ 516,440                    |                    |                 |                     |                   | (214,957)     | 301,483                   |
| Buildings                 | 21,899                       |                    |                 | (824)               |                   | (5,284)       | 15,791                    |
| (Government grants)       | (12)                         |                    |                 | 4                   |                   | (2)           | (10)                      |
|                           | ₩ 538,327                    |                    |                 | (820)               |                   | (220,243)     | 317,264                   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**19. Investment Properties, Continued**

- (3) **Income and expenses related to investment properties for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>                                   | <b>March 31, 2015</b> |       | <b>March 31, 2014</b> |       |
|---|-----------------------|-------|-----------------------|-------|
| Rental income   | ₩                     | 2,192 |                       | 2,735 |
| Operating and maintenance expenses related to rental income |                       | (162) |                       | (183) |
|   | ₩                     | 2,030 |                       | 2,552 |

- (4) **Fair value of investment properties as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2015</b> |                   | <b>December 31, 2014</b> |                   |
|---------------------------|-----------------------|-------------------|--------------------------|-------------------|
|                           | <b>Book value</b>     | <b>Fair value</b> | <b>Book value</b>        | <b>Fair value</b> |
| Land                      | ₩ 182,476             | 210,495           | 301,483                  | 342,809           |
| Buildings                 | 15,465                | 16,587            | 15,781                   | 16,523            |
|                           | ₩ 197,941             | 227,082           | 317,264                  | 359,332           |

The fair values of the investment properties as of the reporting date were determined in consideration of the fluctuation on the publicly announced individual land price after the K-IFRS transition date.

- (5) **All of the Company's investment property is held under freehold interests.**

**20. Construction Contracts**



- (1) **Changes in balance of construction service contracts for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>               | <b>Beginning<br/>balance</b> | <b>March 31, 2015</b>               |                               | <b>Ending<br/>balance</b> |
|---|------------------------------|-------------------------------------|-------------------------------|---------------------------|
|   |                              | <b>Increase and<br/>decrease(*)</b> | <b>Recognized<br/>revenue</b> |                           |
| Nuclear power plant construction in UAE | ₩ 16,628,720                 | 67,765                              | (616,592)                     | 16,079,893                |
| Kazakhstan EPC and others               | 452,354                      | 259,123                             | (87,917)                      | 623,560                   |
|   | ₩ 17,081,074                 | 326,888                             | (704,509)                     | 16,703,453                |

- (\*) For the three-month period ended March 31, 2015, the increased balance of contracts from new orders and other is ₩384,726 million and the decreased balance of contracts from changes in size of construction is ₩57,838 million.

| <i>In millions of won</i>               | <b>Beginning<br/>balance</b> | <b>December 31, 2014</b>            |                               | <b>Ending<br/>balance</b> |
|---|------------------------------|-------------------------------------|-------------------------------|---------------------------|
|   |                              | <b>Increase and<br/>decrease(*)</b> | <b>Recognized<br/>revenue</b> |                           |
| Nuclear power plant construction in UAE | ₩ 18,522,411                 | 548,656                             | (2,442,347)                   | 16,628,720                |
| Kazakhstan EPC and others               | 811,005                      | 164,187                             | (522,838)                     | 452,354                   |
|   | ₩ 19,333,416                 | 712,843                             | (2,965,185)                   | 17,081,074                |

- (\*) For the year ended December 31, 2014, the increased balance of contracts from new orders and other is ₩831,159 million and the decreased balance of contracts from changes in size of construction is ₩118,316 million.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**20. Construction Contracts, Continued**

- (2) **Accumulated earned revenue, expense and others related to the Company's construction as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                  | March 31, 2015                   |                        |                       | Unearned<br>advance<br>receipts |
|--|----------------------------------|------------------------|-----------------------|---------------------------------|
|  | Accumulated<br>earned<br>revenue | Accumulated<br>expense | Accumulated<br>profit |                                 |
| Nuclear power plant construction in<br>UAE | ₩ 8,019,759                      | 7,550,800              | 468,959               |                                 |
| Kazakhstan EPC and others                  | 1,196,545                        | 1,173,645              | 22,900                |                                 |
|  | ₩ 9,216,304                      | 8,724,445              | 491,859               |                                 |

  

| <i>In millions of won</i>                  | December 31, 2014             |                        |                       | Unearned<br>advance receipts |
|--|-------------------------------|------------------------|-----------------------|------------------------------|
|  | Accumulated<br>earned revenue | Accumulated<br>expense | Accumulated<br>profit |                              |
| Nuclear power plant construction in<br>UAE | ₩ 7,403,167                   | 6,969,719              | 433,448               |                              |
| Kazakhstan EPC and others                  | 1,347,719                     | 1,291,365              | 56,354                |                              |
|  | ₩ 8,750,886                   | 8,261,084              | 489,802               |                              |

- (3) **Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | March 31, 2015 |                  | December 31, 2014 |                  |
|---------------------------|----------------|------------------|-------------------|------------------|
|                           | Assets<br>(*1) | Liabilities (*2) | Assets (*1)       | Liabilities (*2) |

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|   |   |         |         |         |
|---|---|---------|---------|---------|
| Nuclear power plant construction in UAE | ₩ | 925,364 |         | 934,799 |
| Kazakhstan EPC and others               |   | 125,425 | 358     | 149,876 |
|   | ₩ | 125,425 | 925,722 | 149,876 |
|   |   |         |         | 935,832 |

(\*1) Included in trade and other receivables, net, in the accompanying consolidated statements of financial position.

(\*2) Included in non-financial liabilities in the accompanying consolidated statements of financial position.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**21. Intangible Assets other than Goodwill****(1) Intangible assets as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                              | <b>March 31, 2015</b>   |                          |                                 |                                      | <b>Book value</b> |
|--|-------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------|
|  | <b>Acquisition cost</b> | <b>Government grants</b> | <b>Accumulated amortization</b> | <b>Accumulated impairment losses</b> |                   |
| Software   | ₩ 361,307               | (480)                    | (311,097)                       |                                      | 49,730            |
| Licenses and franchises                                | 3,398                   |                          | (3,362)                         |                                      | 36                |
| Copyrights, patents rights and other industrial rights | 32,216                  |                          | (10,016)                        |                                      | 22,200            |
| Mining rights  | 482,840                 |                          | (7,194)                         |                                      | 475,646           |
| Development expenditures                               | 733,460                 | (7,250)                  | (681,223)                       |                                      | 44,987            |
| Intangible assets under development                    | 73,434                  | (10,921)                 |                                 |                                      | 62,513            |
| Usage rights of donated assets and other               | 375,275                 | (40)                     | (319,862)                       |                                      | 55,373            |
| Leasehold rights                                       | 19,112                  |                          | (18,341)                        |                                      | 771               |
| Others   | 156,623                 | (1)                      | (74,185)                        | (12,589)                             | 69,848            |
|  | ₩ 2,237,665             | (18,692)                 | (1,425,280)                     | (12,589)                             | 781,104           |

| <i>In millions of won</i>                              | <b>December 31, 2014</b> |                          |                                 |                                      | <b>Book value</b> |
|--|--------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------|
|  | <b>Acquisition cost</b>  | <b>Government grants</b> | <b>Accumulated amortization</b> | <b>Accumulated impairment losses</b> |                   |
| Software   | ₩ 354,443                | (488)                    | (301,887)                       |                                      | 52,068            |
| Licenses and franchises                                | 3,398                    |                          | (3,344)                         |                                      | 54                |
| Copyrights, patents rights and other industrial rights | 31,929                   |                          | (9,252)                         |                                      | 22,677            |
| Mining rights  | 510,869                  |                          | (6,655)                         |                                      | 504,214           |
| Development expenditures                               | 730,401                  | (8,183)                  | (674,544)                       |                                      | 47,674            |
| Intangible assets under development                    | 74,909                   | (10,692)                 |                                 |                                      | 64,217            |
| Usage rights of donated assets and other               | 375,275                  | (43)                     | (317,588)                       |                                      | 57,644            |
| Leasehold rights                                       | 19,112                   |                          | (18,333)                        |                                      | 779               |
| Others   | 156,503                  | (1)                      | (72,180)                        | (12,589)                             | 71,733            |

₩ 2,256,839 (19,407) (1,403,783) (12,589) 821,060

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued**

(2) Changes in intangible assets for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

| <i>In millions of won</i>                              | <b>March 31, 2015</b>    |                    |                 |                     |                   |               |                       |
|--|--------------------------|--------------------|-----------------|---------------------|-------------------|---------------|-----------------------|
|  | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Amortization</b> | <b>Impairment</b> | <b>Others</b> | <b>Ending balance</b> |
| Software   | ₩ 52,556                 | 139                |                 | (8,887)             |                   | 6,402         | 50,210                |
| (Government grants)                                    | (488)                    |                    |                 | 42                  |                   | (34)          | (480)                 |
| Licenses and franchises                                | 54                       |                    |                 | (18)                |                   |               | 36                    |
| Copyrights, patents rights and other industrial rights | 22,677                   | 46                 |                 | (753)               |                   | 230           | 22,200                |
| Mining rights  | 504,214                  | 2,120              |                 | (699)               |                   | (29,989)      | 475,646               |
| Development expenditures                               | 55,857                   | 15                 | (5)             | (6,684)             |                   | 3,054         | 52,237                |
| (Government grants)                                    | (8,183)                  |                    |                 | 933                 |                   |               | (7,250)               |
| Intangible assets under development                    | 74,909                   | 2,575              | (63)            |                     |                   | (3,987)       | 73,434                |
| (Government grants)                                    | (10,692)                 |                    | 63              |                     |                   | (292)         | (10,921)              |
| Usage rights of donated assets and other               | 57,687                   |                    |                 | (2,263)             |                   | (11)          | 55,413                |
| (Government grants)                                    | (43)                     |                    |                 | 3                   |                   |               | (40)                  |
| Leasehold rights                                       | 779                      |                    |                 | (8)                 |                   |               | 771                   |
| Others   | 71,734                   | 162                |                 | (1,530)             |                   | (517)         | 69,849                |
| (Government grants)                                    | (1)                      |                    |                 |                     |                   |               | (1)                   |
|  | ₩ 821,060                | 5,057              | (5)             | (19,864)            |                   | (25,144)      | 781,104               |

| <i>In millions of won</i> | <b>December 31, 2014</b> |                    |                 |                     |                   |               |                       |
|---------------------------|--------------------------|--------------------|-----------------|---------------------|-------------------|---------------|-----------------------|
|                           | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Amortization</b> | <b>Impairment</b> | <b>Others</b> | <b>Ending balance</b> |
| Software                  | ₩ 65,751                 | 7,135              |                 | (32,423)            |                   | 12,093        | 52,556                |
| (Government grants)       | (430)                    |                    |                 | 154                 |                   | (212)         | (488)                 |
| Licenses and franchises   | 208                      |                    |                 | (154)               |                   |               | 54                    |

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|  |                  |               |                |                 |             |               |                |
|--|------------------|---------------|----------------|-----------------|-------------|---------------|----------------|
| Copyrights, patents rights and other industrial rights | 24,953           | 451           |                | (2,965)         |             | 238           | 22,677         |
| Mining rights  | 470,558          | 28,472        |                | (1,945)         |             | 7,129         | 504,214        |
| Development expenditures                               | 76,154           | 47            | (1,810)        | (28,555)        |             | 10,021        | 55,857         |
| (Government grants)                                    | (11,705)         |               |                | 4,125           |             | (603)         | (8,183)        |
| Intangible assets under development                    | 52,050           | 33,202        | (170)          |                 | (11)        | (10,162)      | 74,909         |
| (Government grants)                                    | (7,792)          | (3,597)       | 170            |                 |             | 527           | (10,692)       |
| Usage rights of donated assets and other               | 64,710           |               |                | (8,875)         |             | 1,852         | 57,687         |
| (Government grants)                                    | (53)             |               |                | 10              |             |               | (43)           |
| Leasehold rights                                       | 812              |               |                | (33)            |             |               | 779            |
| Others   | 75,449           | 2,914         | (5)            | (5,752)         | (31)        | (841)         | 71,734         |
| (Government grants)                                    | (1)              |               |                |                 |             |               | (1)            |
|  | <b>₩ 810,664</b> | <b>68,624</b> | <b>(1,815)</b> | <b>(76,413)</b> | <b>(42)</b> | <b>20,042</b> | <b>821,060</b> |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(3) Significant intangible assets as of March 31, 2015 and December 31, 2014 are as follows:***In millions of won and thousands of Australian dollars***March 31, 2015**

| Type   | Description  | Currency | Amount  | Remaining useful years             |
|--|--|----------|---------|------------------------------------|
| Software   | ERP system and others  | KRW      | 4,507   | 3 months ~<br>3 years and 8 months |
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right                                   | KRW      | 7,500   | 7 years and 6 months               |
| Mining rights  | Mining right of Bylong mine  | AUD      | 401,225 | (*)                                |
| Development expenditures                               | KOSPO Evolutionary Efficient & Powerful System(KEEPS)  | KRW      | 4,484   | 2 years and 3 months               |
| Development expenditures                               | Development of maintenance system for utility plant  | KRW      | 1,508   | 2 years and 8 months               |
| Intangible assets under development                    | Contributions to APR NRC DC  | KRW      | 18,252  |                                    |
| Intangible assets under development                    | CHF testing for best representative of HIPER/X2-Gen Fuel and development of best explanatory CHF correlation | KRW      | 8,414   |                                    |
| Usage rights of donated assets                         | Songdo international business district(sector 1, 3) sharing charge   | KRW      | 3,936   | 2 years and 7 months               |
| Usage rights of donated assets                         | Dangjin power plant load facility usage right  | KRW      | 37,778  | 6 years                            |
| Others   | Shingwangju electricity supply facility usage right  | KRW      | 2,977   | 4 years and 2 months               |
| Others   | Sillim electricity supply facility usage right   | KRW      | 2,801   | 6 years and 8 months               |

*In millions of won and thousands of Australian dollars***December 31, 2014**



| Type   | Description  | Currency | Amount  | Remaining useful years             |
|--|--|----------|---------|------------------------------------|
| Software   | ERP system and others  | KRW      | 6,583   | 6 months ~<br>1 years and 2 months |
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right                                   | KRW      | 7,750   | 7 years and 9 months               |
| Mining rights  | Mining right of Bylong mine  | AUD      | 401,225 | (*)                                |
| Development expenditures                               | KOSPO Evolutionary Efficient & Powerful System(KEEPS)  | KRW      | 5,381   | 2 years and 6 months               |
| Development expenditures                               | Development of maintenance system for utility plant  | KRW      | 1,649   | 2 years and 11 months              |
| Intangible assets under development                    | Contributions to APR NRC DC  | KRW      | 18,252  |                                    |
| Intangible assets under development                    | CHF testing for best representative of HIPER/X2-Gen Fuel and development of best explanatory CHF correlation | KRW      | 8,396   |                                    |
| Usage rights of donated assets                         | Songdo international business district(sector 1, 3) sharing charge   | KRW      | 4,316   | 2 years and 10 months              |
| Usage rights of donated assets                         | Dangjin power plant load facility usage right  | KRW      | 39,352  | 6 years and 3 months               |
| Others   | Shingwangju electricity supply facility usage right  | KRW      | 3,089   | 4 years and 5 months               |
| Others   | Sillim electricity supply facility usage right   | KRW      | 2,969   | 6 years and 11 months              |

(\*) Mining rights are amortized using the units-of-production method and the amortization has not commenced yet.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

- (4) For the three-month periods ended March 31, 2015 and 2014, the Company recognized research and development expenses of ₩110,520 million and ₩112,005 million, respectively.

**22. Trade and Other Payables**

Trade and other payables as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>   | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|-----------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                             | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Trade payables              | ₩ 2,339,446           |                    | 3,123,341                |                    |
| Other trade payables        | 1,244,264             | 3,049,684          | 1,600,102                | 3,017,428          |
| Accrued expenses            | 1,146,940             | 2,549              | 1,126,357                | 2,411              |
| Leasehold deposits received | 1,912                 |                    | 2,020                    |                    |
| Other deposits received     | 164,715               | 99,763             | 166,143                  | 96,531             |
| Finance lease liabilities   | 110,919               | 630,673            | 109,374                  | 660,061            |
| Dividends payable           | 363,694               |                    | 1,267                    |                    |
| Others                      |                       | 23,757             |                          | 30,304             |
|                             | <b>₩ 5,371,890</b>    | <b>3,806,426</b>   | <b>6,128,604</b>         | <b>3,806,735</b>   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**23. Borrowings and Debt Securities****(1) Borrowings and debt securities as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                                  | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|--|---------------------------|--------------------------|
| <b>Current liabilities</b>                                 |                           |                          |
| Short-term borrowings                                      | ₩ 368,970                 | 658,778                  |
| Current portion of long-term borrowings                    | 456,358                   | 455,484                  |
| Current portion of debt securities                         | 6,133,617                 | 5,994,205                |
| Less : Current portion of discount on long-term borrowings | (880)                     | (908)                    |
| Less : Current portion of discount on debt securities      | (2,707)                   | (2,807)                  |
|  | 6,955,358                 | 7,104,752                |
| <b>Non-current liabilities</b>                             |                           |                          |
| Long-term borrowings                                       | 3,124,097                 | 3,490,700                |
| Debt securities  | 51,073,095                | 52,359,905               |
| Less : Discount on long-term borrowings                    | (15,392)                  | (15,494)                 |
| Less : Discount on debt securities                         | (110,590)                 | (115,807)                |
| Add : Premium on debt securities                           | 263                       | 271                      |
|  | 54,071,473                | 55,719,575               |
|  | ₩ 61,026,831              | 62,824,327               |

**(2) Short-term borrowings as of March 31, 2015 and December 31, 2014 are as follows:***In millions of won and thousands of U.S. dollars*

| Type | Creditor | March 31, 2015    |  |
|------|----------|-------------------|--|
|      |          | Interest rate (%) |  |

|                               |  |                                | <b>Foreign<br/>currency</b> | <b>Local<br/>currency</b> |
|-------------------------------|--|--------------------------------|-----------------------------|---------------------------|
| Local short-term borrowings   | Woori Investment Bank Co., Ltd. and others | 1.81 ~ 1.87                    |                             | ₩ 300,000                 |
| Foreign short-term borrowings | SCNT and others                            | 6.50                           | USD 3,995                   | 4,414                     |
| Foreign short-term borrowings | DBS  | 3M Libor + 0.38                | USD 35,830                  | 39,592                    |
| Local bank overdraft          | Woori Bank                                 | Standard overdraft rate + 1.27 |                             | 24,964                    |
|                               |  |                                |                             | ₩ 368,970                 |

*In millions of won and thousands of U.S. dollars*

**December 31, 2014**

| <b>Type</b>                   | <b>Creditor</b>         | <b>Interest rate (%)</b>       | <b>Foreign<br/>currency</b> | <b>Local<br/>currency</b> |
|-------------------------------|-------------------------|--------------------------------|-----------------------------|---------------------------|
| Local short-term borrowings   | KTB investment Bank     | 2.12                           |                             | ₩ 310,000                 |
| Local commercial paper        | Shinhan Bank and others | 2.12 ~ 2.20                    |                             | 310,000                   |
| Foreign short-term borrowings | Mizuho Bank and others  | 0.47 ~ 6.50                    | USD 16,366                  | 17,990                    |
| Local bank overdraft          | Woori Bank              | Standard overdraft rate + 1.27 |                             | 20,788                    |
|                               |                         |                                |                             | ₩ 658,778                 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2015 and December 31, 2014 are as follows:***In millions of won and thousands of foreign currencies*

|                                   |                      | <b>March 31, 2015</b>    |      | <b>Foreign</b>  | <b>Local</b>    |
|-----------------------------------|----------------------|--------------------------|------|-----------------|-----------------|
| <b>Type</b>                       |                      | <b>Interest rate (%)</b> |      | <b>currency</b> | <b>currency</b> |
| <b>Local long-term borrowings</b> |                      |                          |      |                 |                 |
| Korea                             |                      |                          |      |                 |                 |
| Development                       |                      |                          |      |                 |                 |
| Bank                              | Others               | 0.50                     |      |                 | ₩ 6,987         |
| Facility                          |                      | 4.60                     |      | 2015~2044       | 43,014          |
| Facility                          |                      | 3yr KTB rate             | 1.25 | 2028            | 9,000           |
| Facility                          |                      | 1yr KoFC bond rate +     |      | 2027            |                 |
|                                   |                      | 0.20 ~ 0.31              |      | 2018~2019       | 1,200,000       |
| Korea Exchange                    |                      |                          |      |                 |                 |
| Bank                              | Commercial Paper     | 3M CD + 0.03~0.54        |      | 2015~2017       | 800,000         |
| Facility                          |                      | 3yr KTB rate             | 1.25 | 2021~2028       | 10,894          |
| Facility                          |                      | 4.60                     |      | 2028            | 19,731          |
| Energy                            |                      |                          |      |                 |                 |
| rationalization                   |                      | 3yr KTB rate             | 1.25 | 2019            | 800             |
| Energy                            |                      | 3.20 ~ 3.70              |      | 2016            | 3,835           |
| Korea Industrial                  |                      |                          |      |                 |                 |
| Bank                              | Others               | 3yr KTB rate             | 1.25 | 2016            | 8,000           |
| Hana Bank                         | PF Refinancing       | CD+1.70                  |      | 2026            | 21,613          |
| PF Refinancing                    |                      | 4.80                     |      | 2026            | 11,992          |
| Export-Import                     |                      |                          |      |                 |                 |
| Bank of                           |                      |                          |      |                 |                 |
| Korea                             | Project loans        | 2.00                     |      | 2026            | 33,881          |
| Korea Resources                   | Development of power |                          |      |                 |                 |
| Corporation                       | resources            | 3yr KTB rate             | 2.25 | 2022~2027       | 47,438          |
| Facility                          |                      | 3yr KTB rate             | 2.25 | 2023~2024       | 4,819           |
| Project loans                     |                      |                          |      | 2022~2027       | 8,677           |

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|   |                        |                        |      |           |                |             |
|---|------------------------|------------------------|------|-----------|----------------|-------------|
| Others  |                        | 3yr KTB rate           | 2.25 | 2024~2025 |                | 13,616      |
| Shinhan Bank and others                                   | Facility               | 3yr AA- CB rate + 1.10 |      | 2028      |                | 29,596      |
| Operating fund  |                        |                        | 3.35 | 2017      |                | 10,000      |
| Woori Bank  | PF Refinancing         | CD+1.70                |      | 2023~2026 |                | 21,613      |
| PF Refinancing  |                        |                        | 4.80 | 2026      |                | 11,991      |
| Kookmin Bank  | Facility               | MOR+0.62               |      | 2017      |                | 10,000      |
| Others  | Facility               | 4.60~5.80              |      | 2025~2028 |                | 154,462     |
| Facility  |                        |                        |      | 2028      |                | 19,731      |
| PF Refinancing  |                        |                        | 4.80 | 2026      |                | 17,267      |
| PF Refinancing  |                        | CD+1.70                |      | 2026      |                | 523         |
| Others  |                        |                        |      |           |                | 38,981      |
| Others  |                        |                        |      | 2028      |                | 7,250       |
|   |                        |                        |      |           |                | 2,565,711   |
| <b>Foreign long-term borrowings</b>                       |                        |                        |      |           |                |             |
| Korea National Oil Corporation                            | Project loans          |                        |      | 2021~2023 | USD 8,784      | 9,706       |
| Export-Import Bank of Korea and others                    | Direct loan and others | 3M LIBOR + 2.60~3.70   |      | 2027      | JOD 197,907    | 308,749     |
| Commercial loan   |                        | 3M LIBOR + 1.50~2.50   |      | 2015~2033 | USD 311,152    | 343,823     |
| PF Loan   |                        | 6M Libor + 2.50        |      | 2032      | USD 21,688     | 23,965      |
| SCNT and others   | Shareholder s loan     | 6.50~8.00              |      | 2033~2034 | USD 35,893     | 39,661      |
| Shareholder s loan  |                        | 8.00                   |      | 2031      | JOD 8,498      | 13,258      |
| PT PJB and others   | Shareholder s loan     | 12.75                  |      | 2017      | IDR 22,307,699 | 1,885       |
| HSBC and others   | Syndicated loan        | 3M LIBOR+0.27~0.30     |      | 2017~2019 | USD 52,949     | 58,508      |
| Others  |                        | 3M LIBOR + 0.95        |      | 2016      | USD 185,198    | 204,646     |
| Others  | Others                 |                        |      | 2019      | USD 9,542      | 10,543      |
|   |                        |                        |      |           |                | 1,014,744   |
|   |                        |                        |      |           |                | 3,580,455   |
| Less : Discount of long-term borrowings                   |                        |                        |      |           |                | (16,272)    |
| Less : Current portion of long-term borrowings            |                        |                        |      |           |                | (456,358)   |
| Add : Current portion of discount of long-term borrowings |                        |                        |      |           |                | 880         |
|   |                        |                        |      |           |                | ₩ 3,108,705 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2015 and December 31, 2014 are as follows, continued:***In millions of won and thousands of foreign currencies*

| Type                              | December 31, 2014                 |                                     | Maturity  | Foreign<br>currency | Local<br>currency |
|-----------------------------------|-----------------------------------|-------------------------------------|-----------|---------------------|-------------------|
|                                   | Interest rate (%)                 |                                     |           |                     |                   |
| <b>Local long-term borrowings</b> |                                   |                                     |           |                     |                   |
| Korea                             |                                   |                                     |           |                     |                   |
| Development                       |                                   |                                     |           |                     |                   |
| Bank                              | Others                            | 0.50                                | 2015~2044 |                     | ₩ 7,178           |
| Facility                          |                                   | 4.60                                | 2028      |                     | 43,600            |
| Facility                          |                                   | 3yr KTB rate 1.25                   | 2027      |                     | 9,000             |
| Facility                          |                                   | 1yr KoFC bond rate +<br>0.20 ~ 0.31 | 2018~2019 |                     | 1,500,000         |
| Korea Exchange                    |                                   |                                     |           |                     |                   |
| Bank                              | Commercial Paper                  | 3M CD + 0.03~0.54                   | 2015~2017 |                     | 900,000           |
| Facility                          |                                   | 3yr KTB rate 1.25                   | 2021~2028 |                     | 11,071            |
| Facility                          |                                   | 4.60                                | 2028      |                     | 20,000            |
| Energy<br>rationalization         |                                   | 3yr KTB rate 1.25                   | 2019      |                     | 850               |
| Energy<br>rationalization         |                                   | 3.20 ~ 3.70                         | 2016      |                     | 3,835             |
| Korea Industrial                  |                                   |                                     |           |                     |                   |
| Bank                              | Others                            | 3yr KTB rate 1.25                   | 2016      |                     | 8,000             |
| Hana Bank                         | PF Refinancing                    | CD+1.70                             | 2026      |                     | 21,613            |
| PF Refinancing                    |                                   | 4.80                                | 2026      |                     | 11,992            |
| Export-Import                     |                                   |                                     |           |                     |                   |
| Bank of Korea                     | Project loans                     | 2.00                                | 2026      |                     | 33,881            |
| Korea Resources                   |                                   |                                     |           |                     |                   |
| Corporation                       | Development of power<br>resources | 3yr KTB rate 2.25                   | 2022~2027 |                     | 48,167            |
| Facility                          |                                   | 3yr KTB rate 2.25                   | 2023~2024 |                     | 4,958             |
| Project loans                     |                                   |                                     | 2022~2027 |                     | 8,677             |
| Others                            |                                   | 3yr KTB rate 2.25                   | 2024~2025 |                     | 13,661            |

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|   |                        |                        |           |                |             |
|---|------------------------|------------------------|-----------|----------------|-------------|
| Shinhan Bank and others                                   | Facility               | 3yr AA- CB rate + 1.10 | 2028      |                | 30,000      |
| Operating fund  |                        | 3.35                   | 2017      |                | 10,000      |
| Woori Bank  | PF Refinancing         | CD+1.70                | 2023~2026 |                | 21,613      |
| PF Refinancing  |                        | 4.80                   | 2026      |                | 11,991      |
| Kookmin Bank  | Facility               | MOR+0.62               | 2017      |                | 6,600       |
| Others  | Facility               | 4.60~5.80              | 2025~2028 |                | 157,320     |
| Facility  |                        |                        | 2017~2028 |                | 20,000      |
| PF Refinancing  |                        | 4.80                   | 2026      |                | 17,267      |
| PF Refinancing  |                        | CD+1.70                | 2026      |                | 523         |
| Others  |                        |                        |           |                | 38,981      |
| Others  |                        | others                 | 2028      |                | 7,250       |
|   |                        |                        |           |                | 2,968,028   |
| <b>Foreign long-term borrowings</b>                       |                        |                        |           |                |             |
| Korea National Oil Corporation                            | Project loans          |                        | 2021~2023 | USD 8,784      | 9,656       |
| Export-Import Bank of Korea and others                    | Direct loan and others | 3M LIBOR + 2.60~3.70   | 2027      | JOD 197,907    | 307,324     |
| Commercial loan   |                        | 3M LIBOR + 1.50~2.50   | 2015~2033 | USD 308,697    | 339,320     |
| SCNT and others   | Shareholder s loan     | 6.50~8.00              | 2033~2034 | USD 35,165     | 38,654      |
| Shareholder s loan  |                        | 8.00                   | 2031      | JOD 8,498      | 13,197      |
| PT PJB and others   | Shareholder s loan     | 12.75                  | 2017      | IDR 22,307,699 | 1,970       |
| HSBC and others   | Syndicated loan        | 3M LIBOR+0.27~1.50     | 2017~2019 | USD 52,949     | 58,201      |
| Others  |                        | 3M LIBOR + 0.95        | 2016      | USD 180,893    | 198,838     |
| Others  | Others                 |                        | 2019      | USD 10,004     | 10,996      |
|   |                        |                        |           |                | 978,156     |
|   |                        |                        |           |                | 3,946,184   |
| Less : Discount of long-term borrowings                   |                        |                        |           |                | (16,402)    |
| Less : Current portion of long-term borrowings            |                        |                        |           |                | (455,484)   |
| Add : Current portion of discount of long-term borrowings |                        |                        |           |                | 908         |
|   |                        |                        |           |                | ₩ 3,475,206 |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(4) Local debt securities as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                                  | <b>Issue date</b> | <b>Maturity</b> | <b>Interest rate (%)</b> | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|--|-------------------|-----------------|--------------------------|---------------------------|--------------------------|
| Electricity Bonds (*)                                      | 2008.06.05~       | 2015.04.06~     |                          |                           |                          |
|  | 2014.08.27        | 2033.08.06      | 2.73 ~ 7.19              | ₩ 24,770,000              | 25,820,000               |
| Electricity Bonds  | 2010.05.28        | 2015.05.28      | 3M CD +                  |                           |                          |
|  | ~                 | ~               |                          |                           |                          |
|  | 2013.06.25        | 2018.06.25      | 0.25 ~ 1.05              | 1,160,000                 | 1,160,000                |
| Corporate Bonds  | 2009.05.04~       | 2015.04.08~     |                          |                           |                          |
|  | 2015.03.23        | 2040.12.10      | 1.93 ~ 5.84              | 19,420,010                | 19,570,010               |
|  |                   |                 |                          | 45,350,010                | 46,550,010               |
| Less : Discount on local debt securities                   |                   |                 |                          | (42,440)                  | (43,517)                 |
| Less : Current portion of local debt securities            |                   |                 |                          | (4,310,000)               | (4,400,000)              |
| Add : Current portion of discount on local debt securities |                   |                 |                          | 689                       | 611                      |
|  |                   |                 |                          | ₩ 40,998,259              | 42,107,104               |

(\*) Electricity Bonds 885 (₩40,000 million) can be redeemed every April 28 after three years from its issue date, April 28, 2014.

**(5) Foreign debt securities as of March 31, 2015 and December 31, 2014 are as follows:***In millions of won and thousands of foreign currencies*

| <b>Type</b> | <b>Issue date</b> | <b>Maturity</b> | <b>Interest rate (%)</b> |
|-------------|-------------------|-----------------|--------------------------|
|-------------|-------------------|-----------------|--------------------------|

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|  |                       |                       |                    | <b>Foreign<br/>currency</b> | <b>Local<br/>currency</b> |
|--|-----------------------|-----------------------|--------------------|-----------------------------|---------------------------|
| FY-96  | 1996.04.01~1996.12.06 | 2026.12.06~2096.04.01 | 6.00~8.37          | USD 249,470                 | ₩ 275,663                 |
| FY-97  | 1997.01.31~1997.08.04 | 2027.01.31~2027.08.04 | 6.75~7.00          | USD 314,717                 | 347,762                   |
| FY-04  | 2004.04.21            | 2034.04.21            | 5.13               | USD 286,920                 | 317,047                   |
| FY-06  | 2006.03.14~2006.09.29 | 2016.03.14~2016.09.29 | 5.50~6.00          | USD 650,000                 | 718,250                   |
| FY-08  | 2008.11.27            | 2018.11.27            | 4.19               | JPY 20,000,000              | 184,052                   |
| FY-10  | 2010.09.16~2010.10.05 | 2015.09.16~2015.10.05 | 3.00~3.13          | USD 1,200,000               | 1,326,000                 |
| FY-10  | 2010.07.29~2010.11.18 | 2015.07.29~2015.11.18 | 3M Libor+1.00~1.64 | USD 250,000                 | 276,250                   |
| FY-11  | 2011.07.13~2011.07.29 | 2017.01.30~2021.07.13 | 3.63~4.75          | USD 800,000                 | 884,000                   |
| FY-12  | 2012.05.10~2012.09.19 | 2017.05.10~2022.09.19 | 2.50~3.13          | USD 1,750,000               | 1,933,750                 |
| FY-13  | 2013.02.05~2013.11.27 | 2018.02.05~2018.11.27 | 1.88~2.88          | USD 1,900,000               | 2,099,500                 |
| FY-13  | 2013.09.26~2013.10.23 | 2018.04.23~2019.03.26 | 1.50~1.63          | CHF 400,000                 | 457,108                   |
| FY-13  | 2013.09.25            | 2020.09.25            | 5.75               | AUD 325,000                 | 274,820                   |
| FY-13  | 2013.02.20~2013.07.25 | 2018.02.20~2018.07.25 | 3M Libor+0.84~1.50 | USD 500,000                 | 552,500                   |
| FY-14  | 2014.02.11~2014.12.02 | 2019.02.11~2029.07.30 | 2.38~3.57          | USD 1,500,000               | 1,657,500                 |
| FY-14  | 2014.01.28~2014.07.31 | 2017.01.28~2017.07.31 | 3M Libor+0.55~1.50 | USD 500,000                 | 552,500                   |
|  |                       |                       |                    |                             | 11,856,702                |
| Less : Discount on foreign debt securities                   |                       |                       |                    |                             | (70,857)                  |
| Add : Premium on debt securities                             |                       |                       |                    |                             | 263                       |
| Less : Current portion of foreign debt securities            |                       |                       |                    |                             | (1,823,617)               |
| Add : Current portion of discount on foreign debt securities |                       |                       |                    |                             | 2,018                     |
|  |                       |                       |                    |                             | ₩ 9,964,509               |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(5) Foreign debt securities as of March 31, 2015 and December 31, 2014 are as follows, continued:***In millions of won and thousands of foreign currencies***December 31, 2014**

| Type   | Issue date            | Maturity              | Interest rate (%)  | Foreign currency | Local currency |
|--|-----------------------|-----------------------|--------------------|------------------|----------------|
| FY-96  | 1996.04.01~1996.12.06 | 2026.12.06~2096.04.01 | 6.00~8.37          | USD 249,470      | ₩ 274,217      |
| FY-97  | 1997.01.31~1997.08.04 | 2027.01.31~2027.08.04 | 6.75~7.00          | USD 314,717      | 345,937        |
| FY-04  |                       |                       |                    |                  |                |
| (*)  | 2004.04.21            | 2034.04.21            | 5.13               | USD 286,920      | 315,382        |
| FY-06  | 2006.03.14~2006.09.29 | 2016.03.14~2016.09.29 | 5.50~6.00          | USD 650,000      | 714,480        |
| FY-08  | 2008.11.27            | 2018.11.27            | 4.19               | JPY 20,000,000   | 184,028        |
| FY-10  | 2010.09.16~2010.10.05 | 2015.09.16~2015.10.05 | 3.00~3.13          | USD 1,200,000    | 1,319,040      |
| FY-10  | 2010.07.29~2010.11.18 | 2015.07.29~2015.11.18 | 3M Libor+1.00~1.64 | USD 250,000      | 274,800        |
| FY-11  | 2011.07.13~2011.07.29 | 2017.01.30~2021.07.13 | 3.63~4.75          | USD 800,000      | 879,360        |
| FY-12  | 2012.05.10~2012.09.19 | 2017.05.10~2022.09.19 | 2.50~3.13          | USD 1,750,000    | 1,923,600      |
| FY-13  | 2013.02.05~2013.11.27 | 2018.02.05~2018.11.27 | 1.88~2.88          | USD 1,900,000    | 2,088,480      |
| FY-13  | 2013.09.26~2013.10.23 | 2018.04.23~2019.03.26 | 1.50~1.63          | CHF 400,000      | 444,572        |
| FY-13  | 2013.09.25            | 2020.09.25            | 5.75               | AUD 325,000      | 292,204        |
| FY-13  | 2013.02.20~2013.07.25 | 2018.02.20~2018.07.25 | 3M Libor+0.84~1.50 | USD 500,000      | 549,600        |
| FY-14  | 2014.02.11~2014.12.02 | 2019.02.11~2029.07.30 | 2.38~2.75          | USD 1,500,000    | 1,648,800      |
| FY-14  | 2014.01.28~2014.07.31 | 2017.01.28~2017.07.31 | 3M Libor+0.55~1.50 | USD 500,000      | 549,600        |
|  |                       |                       |                    |                  | 11,804,100     |
| Less : Discount on foreign debt securities                   |                       |                       |                    |                  | (75,097)       |
| Add : Premium on debt securities                             |                       |                       |                    |                  | 272            |
| Less : Current portion of foreign debt securities            |                       |                       |                    |                  | (1,594,205)    |
| Add : Current portion of discount on foreign debt securities |                       |                       |                    |                  | 2,196          |
|  |                       |                       |                    |                  | ₩ 10,137,265   |

(\*) For Global 4 in FY-04, early redemption of USD 13,080,000 was requested during the year ended December 31, 2014 and the remaining amount is USD 286,920,000 as of March 31, 2015.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**24. Finance Lease Liabilities****(1) Lease contracts**

The Company enters into a power purchase agreements ( PPA ) under which the Company is committed to purchase an aggregate capacity of 3,770 megawatts for approximately twenty years from independent power producers, such as, GS EPS and three other providers. The Company recognizes these PPAs as finance leases; under the PPAs, there is no transfer of ownership or bargain purchase option of the plants at the end of the agreement, however, the present value of the future minimum power purchase payments equals substantially all of the plants' respective fair values over a twenty-year period which makes up the major part of the respective plants' economic life.

**(2) Finance lease liabilities as of March 31, 2015 and December 31, 2014 are as follows and are included in current and non-current trade and other payables, net, in the accompanying consolidated statements of financial position:**

| <i>In millions of won</i> | March 31, 2015         |   | December 31, 2014      |   |
|---------------------------|------------------------|---|------------------------|---|
|                           | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| Less than 1 year          | ₩ 184,125              | 110,919                                 | 184,809                | 109,374                                 |
| 1 ~ 5 years               | 596,237                | 442,966                                 | 619,828                | 459,302                                 |
| More than 5 years         | 272,105                | 187,707                                 | 294,032                | 200,759                                 |
|                           | ₩ 1,052,467            | 741,592                                 | 1,098,669              | 769,435                                 |

**(3) Current and non-current portion of financial lease liabilities as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>             | March 31, 2015 | December 31, 2014 |
|---------------------------------------|----------------|-------------------|
| Current finance lease liabilities     | ₩ 110,919      | 109,374           |
| Non-current finance lease liabilities | 630,673        | 660,061           |

|   |         |         |
|---|---------|---------|
| ₩ | 741,592 | 769,435 |
|---|---------|---------|

- (4) Lease payments recognized as an expense as a lessee for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won</i> | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|---------------------------|-----------------------|-----------------------|
| Minimum lease payment     | ₩ 50,158              | 63,080                |
| Contingent rent payment   | (4,488)               | (4,607)               |

- (5) The Company does not have any irrevocable operating lease contracts as of March 31, 2015 and December 31, 2014.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**25. Employment Benefits****(1) Employment benefit obligations as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                    | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|--|-----------------------|--------------------------|
| Defined benefit obligations                  | ₩ 1,472,138           | 1,268,197                |
| Other long-term employee benefit obligations | 9,398                 | 9,218                    |
|  | ₩ 1,481,536           | 1,277,415                |

**(2) Principal assumptions on actuarial valuation as of March 31, 2015 and December 31, 2014 are as follows:**

|                                  | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|----------------------------------|---------------------------|--------------------------|
| Discount rate                    | 2.39%~2.67%               | 2.86%~4.07%              |
| Future salary and benefit levels | 5.43%                     | 5.42%                    |
| Weighted average duration        | 13.36 years               | 13.24 years              |

**(3) Details of expense relating to defined benefit plans for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>      | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|--------------------------------|-----------------------|-----------------------|
| Current service cost           | ₩ 76,849              | 76,307                |
| Interest cost                  | 15,125                | 25,807                |
| Expected return on plan assets | (5,424)               | (5,603)               |
|                                | ₩ 86,550              | 96,511                |

Expenses as described above are recognized in those items below in the financial statements.

| <i>In millions of won</i>                    | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|--|-----------------------|-----------------------|
| Cost of sales                                | ₩ 64,263              | 69,316                |
| Selling and administrative expenses          | 12,597                | 17,729                |
| Others (Construction-in-progress and others) | 9,690                 | 9,466                 |
|  | ₩ 86,550              | 96,511                |

In addition, for the three-month periods ended March 31, 2015 and 2014, employee benefit obligations expenses of ₩14,751 million and ₩11,441 million, respectively, is recognized as cost of sales, and ₩2,471 million and ₩967 million, respectively, is recognized as selling and administrative expenses, and ₩3,161 million and ₩3,384 million, respectively relates to the Company's defined contribution plans.



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**25. Employment Benefits, Continued****(4) Details of defined benefit obligations as of December 31, 2013 and 2014 are as follows:**

| <i>In millions of won</i>                                       | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|---|-----------------------|--------------------------|
| Present value of defined benefit obligation from funded plans   | ₩ 2,196,427           | 1,992,447                |
| Fair value of plan assets                                       | (724,289)             | (724,250)                |
|   | 1,472,138             | 1,268,197                |
| Present value of defined benefit obligation from unfunded plans |                       |                          |
| Net liabilities incurred from defined benefit plans             | ₩ 1,472,138           | 1,268,197                |

**(5) Changes in the present value of defined benefit obligations for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|---------------------------|-----------------------|--------------------------|
| Beginning balance         | ₩ 1,992,447           | 2,629,057                |
| Current service cost      | 76,849                | 291,115                  |
| Interest cost (*)         | 15,125                | 97,603                   |
| Remeasurement component   | 120,102               | 145,648                  |
| Past service cost         |                       | (167,998)                |
| Loss from settlement      |                       | (62,292)                 |
| Actual payments           | (8,356)               | (941,208)                |
| Others                    | 260                   | 522                      |
| Ending balance            | ₩ 2,196,427           | 1,992,447                |

(\* ) Corporate bond (AAA rated) yield at year-end is applied to the interest cost on employee benefit obligations.

**(6) Changes in the fair value of plan assets for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>           | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|-------------------------------------|-----------------------|--------------------------|
| Beginning balance                   | ₩ 724,250             | 564,552                  |
| Expected return                     | 5,424                 | 22,291                   |
| Remeasurement component             | (535)                 | (6,602)                  |
| Contributions by the employers      |                       | 231,342                  |
| Actual payments                     | (4,340)               | (81,029)                 |
| Assets decreased through settlement |                       | (6,572)                  |
| Others                              | (510)                 | 268                      |
| Ending balance                      | ₩ 724,289             | 724,250                  |

In addition, loss on accumulated remeasurement component amounted to ₩176,996 million and ₩116,707 million and has been recognized as other comprehensive loss for the three-month period ended March 31, 2015 and for the year ended December 31, 2014, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**25. Employment Benefits, Continued****(7) Details of the fair value of plan assets as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|---------------------------|-----------------------|--------------------------|
| Equity instruments        | ₩ 27,717              | 41,298                   |
| Debt instruments          | 175,288               | 163,528                  |
| Bank deposit              | 139,344               | 108,234                  |
| Others                    | 381,940               | 411,190                  |
|                           | ₩ 724,289             | 724,250                  |

For the three-month period ended March 31, 2015 and for the year ended December 31, 2014, actual returns on plan assets amounted to ₩4,889 million and ₩15,669 million, respectively.

**(8) Remeasurement component recognized in other comprehensive loss for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>                            | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|--|-----------------------|--------------------------|
| Actuarial gain from changes in financial assumptions | ₩ 112,421             | 218,859                  |
| Experience adjustments                               | 7,681                 | (73,211)                 |
| Expected return                                      | 535                   | 6,602                    |
|  | ₩ 120,637             | 152,250                  |

Remeasurement component recognized as other comprehensive loss is recorded in retained earnings.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**26. Provisions****(1) Provisions as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>             | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|---------------------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                                       | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Employment benefits                   | ₩ 794,853             |                    | 707,310                  |                    |
| Provision for employment benefits     | 794,853               |                    | 707,310                  |                    |
| Litigation                            | 129,073               | 84,963             | 116,395                  | 83,894             |
| Litigation provisions                 | 129,073               | 84,963             | 116,395                  | 83,894             |
| Decommissioning cost                  |                       | 13,552,872         |                          | 13,434,606         |
| Nuclear plants                        |                       | 10,446,918         |                          | 10,331,270         |
| Spent fuel                            |                       | 1,298,429          |                          | 1,298,749          |
| Waste                                 |                       | 1,610,532          |                          | 1,604,241          |
| PCBs                                  |                       | 196,157            |                          | 199,518            |
| Other recovery provisions             |                       | 836                |                          | 828                |
| Others                                | 530,079               | 11,810             | 450,481                  | 10,510             |
| Power plant regional support program  | 126,098               |                    | 120,093                  |                    |
| Transmission regional support program | 48,456                |                    |                          |                    |
| Provisions for tax                    |                       | 649                |                          | 649                |
| Provisions for financial guarantee    | 179                   | 4,768              | 74                       | 3,621              |
| Provisions for RPS                    | 354,601               |                    | 329,562                  |                    |
| Others                                | 745                   | 6,393              | 752                      | 6,240              |
|                                       | ₩ 1,454,005           | 13,649,645         | 1,274,186                | 13,529,010         |

**(2) Changes in provisions for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i> | <b>Beginning balance</b> | <b>Accretion expenses</b> | <b>March 31, 2015</b> |                 |              | <b>Ending balance</b> |
|---------------------------|--------------------------|---------------------------|-----------------------|-----------------|--------------|-----------------------|
|                           |                          |                           | <b>Payment</b>        | <b>Reversal</b> | <b>Other</b> |                       |
| Employment benefits       | ₩ 707,310                | 209,365                   | (121,648)             | (174)           |              | 794,853               |

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|                                       |                     |                |                  |                 |              |                   |
|---------------------------------------|---------------------|----------------|------------------|-----------------|--------------|-------------------|
| Provision for employment benefits     | 707,310             | 209,365        | (121,648)        | (174)           |              | 794,853           |
| Litigation                            | 200,289             | 18,699         | (3,294)          | (1,658)         |              | 214,036           |
| Litigation provisions                 | 200,289             | 18,699         | (3,294)          | (1,658)         |              | 214,036           |
| Decommissioning cost                  | 13,434,606          | 256,920        | (138,687)        |                 | 33           | 13,552,872        |
| Nuclear plants                        | 10,331,270          | 115,981        | (333)            |                 |              | 10,446,918        |
| Spent fuel                            | 1,298,749           | 132,785        | (133,105)        |                 |              | 1,298,429         |
| Waste                                 | 1,604,241           | 6,258          |                  |                 | 33           | 1,610,532         |
| PCBs                                  | 199,518             | 1,888          | (5,249)          |                 |              | 196,157           |
| Other recovery provisions             | 828                 | 8              |                  |                 |              | 836               |
| Others                                | 460,991             | 148,863        | (54,091)         | (16,348)        | 2,474        | 541,889           |
| Power plant regional support program  | 120,093             | 9,393          | (5,798)          |                 | 2,410        | 126,098           |
| Transmission regional support program |                     | 67,069         | (18,614)         |                 |              | 48,455            |
| Provisions for tax                    | 649                 |                |                  |                 |              | 649               |
| Provisions for financial guarantee    | 3,695               | 1,493          |                  | (241)           |              | 4,947             |
| Provisions for RPS                    | 329,562             | 70,708         | (29,657)         | (16,012)        |              | 354,601           |
| Others                                | 6,992               | 200            | (22)             | (95)            | 64           | 7,139             |
|                                       | <b>₩ 14,803,196</b> | <b>633,847</b> | <b>(317,720)</b> | <b>(18,180)</b> | <b>2,507</b> | <b>15,103,650</b> |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**26. Provisions, Continued**

(2) **Changes in provisions for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows, continued:**

| <i>In millions of won</i>               | <b>Beginning<br/>balance</b> | <b>Accretion<br/>expenses</b> | <b>December 31, 2014</b> |                 |              | <b>Ending<br/>balance</b> |
|---|------------------------------|-------------------------------|--------------------------|-----------------|--------------|---------------------------|
|   |                              |                               | <b>Payment</b>           | <b>Reversal</b> | <b>Other</b> |                           |
| Employment benefits                     | ₩ 777,419                    | 650,788                       | (615,230)                | (105,667)       |              | 707,310                   |
| Provision for employment<br>benefits    | 777,419                      | 650,788                       | (615,230)                | (105,667)       |              | 707,310                   |
| Litigation                              | 23,720                       | 200,593                       | (18,371)                 | (5,653)         |              | 200,289                   |
| Litigation provisions                   | 23,720                       | 200,593                       | (18,371)                 | (5,653)         |              | 200,289                   |
| Decommissioning cost                    | 12,568,622                   | 1,270,397                     | (398,600)                | (9,067)         | 3,254        | 13,434,606                |
| Nuclear plants                          | 9,887,621                    | 443,987                       | (338)                    |                 |              | 10,331,270                |
| Spent fuel                              | 1,211,440                    | 465,006                       | (377,697)                |                 |              | 1,298,749                 |
| Waste                                   | 1,249,062                    | 351,935                       | (10)                     |                 | 3,254        | 1,604,241                 |
| PCBs                                    | 219,704                      | 9,436                         | (20,555)                 | (9,067)         |              | 199,518                   |
| Other recovery provisions               | 795                          | 33                            |                          |                 |              | 828                       |
| Others                                  | 346,371                      | 350,049                       | (186,388)                | (65,264)        | 16,223       | 460,991                   |
| Power plant regional support<br>program | 112,498                      | 39,943                        | (44,242)                 |                 | 11,894       | 120,093                   |
| Provisions for tax                      | 649                          |                               |                          |                 |              | 649                       |
| Provisions for financial guarantee      | 8,789                        | 476                           | (32)                     | (5,538)         |              | 3,695                     |
| Provisions for RPS                      | 223,260                      | 308,088                       | (142,096)                | (59,690)        |              | 329,562                   |
| Others                                  | 1,175                        | 1,542                         | (18)                     | (36)            | 4,329        | 6,992                     |
|   | ₩ 13,716,132                 | 2,471,827                     | (1,218,589)              | (185,651)       | 19,477       | 14,803,196                |

**27. Government Grants**

**(1) Government grants as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|--|-----------------------|--------------------------|
| Land                                     | ₩ (3,103)             | (3,103)                  |
| Buildings                                | (66,438)              | (67,700)                 |
| Structures                               | (194,846)             | (196,871)                |
| Machinery                                | (105,971)             | (108,750)                |
| Vehicles                                 | (62)                  | (76)                     |
| Equipment                                | (922)                 | (1,002)                  |
| Tools                                    | (793)                 | (862)                    |
| Construction-in-progress                 | (123,237)             | (123,938)                |
| Investment properties                    | (13)                  | (10)                     |
| Software                                 | (480)                 | (488)                    |
| Development expenditures                 | (7,250)               | (8,183)                  |
| Intangible assets under development      | (10,921)              | (10,692)                 |
| Usage rights of donated assets and other | (40)                  | (43)                     |
| Others                                   | (1)                   | (1)                      |
|  | ₩ (514,077)           | (521,719)                |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**27. Government Grants, Continued**

(2) **Changes in government grants for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>                   | <b>Beginning<br/>balance</b> | <b>Receipt</b> | <b>Acquisition</b> | <b>March 31, 2015<br/>Offset<br/>the<br/>items of<br/>depreciation<br/>expense<br/>and</b> |                 |               | <b>Ending<br/>balance</b> |
|---|------------------------------|----------------|--------------------|--|-----------------|---------------|---------------------------|
|   |                              |                |                    | <b>others</b>  | <b>Disposal</b> | <b>Others</b> |                           |
| Cash  | ₩                            | (4,739)        |                    |  |                 | 4,739         |                           |
| Land  | (3,103)                      |                |                    |  |                 |               | (3,103)                   |
| Buildings                                   | (67,700)                     |                |                    | 1,259  |                 | 3             | (66,438)                  |
| Structures                                  | (196,871)                    |                |                    | 2,279  | 392             | (646)         | (194,846)                 |
| Machinery                                   | (108,750)                    |                |                    | 2,654  | 125             |               | (105,971)                 |
| Vehicles                                    | (76)                         |                |                    | 14   |                 |               | (62)                      |
| Equipment                                   | (1,002)                      |                |                    | 114  |                 | (34)          | (922)                     |
| Tools                                       | (862)                        |                |                    | 69   |                 |               | (793)                     |
| Construction-in-progress                    | (123,938)                    |                | 4,434              |  | 646             | (4,379)       | (123,237)                 |
| Investment properties                       | (10)                         |                |                    |  |                 | (3)           | (13)                      |
| Software                                    | (488)                        |                |                    | 42   |                 | (34)          | (480)                     |
| Development expenditures                    | (8,183)                      |                |                    | 933  |                 |               | (7,250)                   |
| Intangible assets under<br>development      | (10,692)                     |                |                    |  | 63              | (292)         | (10,921)                  |
| Usage rights of donated assets and<br>other | (43)                         |                |                    | 3  |                 |               | (40)                      |
| Others                                      | (1)                          |                |                    |  |                 |               | (1)                       |
|   | ₩ (521,719)                  | (4,739)        | 4,434              | 7,367  | 1,226           | (646)         | (514,077)                 |



December 31, 2014

**Offset  
the  
items of  
depreciation  
expense  
and**

| <i>In millions of won</i>                   | <b>Beginning<br/>balance</b> | <b>Receipt</b> | <b>Acquisition</b> | <b>others</b> | <b>Disposal</b> | <b>Others</b> | <b>Ending<br/>balance</b> |
|---|------------------------------|----------------|--------------------|---------------|-----------------|---------------|---------------------------|
| Cash  | ₩                            | (108,681)      |                    |               |                 | 108,681       |                           |
| Land  | (3,137)                      |                |                    |               | 63              | (29)          | (3,103)                   |
| Buildings                                   | (45,396)                     |                |                    | 5,040         | 200             | (27,544)      | (67,700)                  |
| Structures                                  | (193,189)                    |                |                    | 8,921         | 2,018           | (14,621)      | (196,871)                 |
| Machinery                                   | (101,808)                    |                |                    | 10,102        | 423             | (17,467)      | (108,750)                 |
| Vehicles                                    | (83)                         |                |                    | 47            |                 | (40)          | (76)                      |
| Equipment                                   | (707)                        |                |                    | 376           |                 | (671)         | (1,002)                   |
| Tools                                       | (312)                        |                |                    | 144           | 55              | (749)         | (862)                     |
| Construction-in-progress                    | (117,728)                    |                | 35,937             |               |                 | (42,147)      | (123,938)                 |
| Investment properties                       | (13)                         |                |                    | 4             |                 | (1)           | (10)                      |
| Software                                    | (428)                        |                |                    | 154           |                 | (214)         | (488)                     |
| Development expenditures                    | (11,705)                     |                |                    | 4,125         |                 | (603)         | (8,183)                   |
| Intangible assets under<br>development      | (7,792)                      |                | 527                |               | 170             | (3,597)       | (10,692)                  |
| Usage rights of donated assets<br>and other | (53)                         |                |                    | 10            |                 |               | (43)                      |
| Others                                      | (1)                          |                |                    |               |                 |               | (1)                       |
|   | ₩ (482,352)                  | (108,681)      | 36,464             | 28,923        | 2,929           | 998           | (521,719)                 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**28. Deferred Revenues**

Deferred revenue related to the Company's construction contracts as of March 31, 2015 and December 31, 2014 are as follows and included in current and non-current non-financial liabilities in the accompanying consolidated statements of financial position:

| <i>In millions of won</i>                              | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|--|-----------------------|--------------------------|
| Beginning balance                                      | ₩ 6,850,016           | 6,506,639                |
| Increase during the current year / period              | 136,683               | 695,235                  |
| Recognized as revenue during the current year / period | (91,578)              | (351,858)                |
| Ending balance   | ₩ 6,895,121           | 6,850,016                |

**29. Non-financial Liabilities**

Non-financial liabilities as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|---------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance received          | ₩ 8,995,419           | 249,462            | 5,320,722                | 294,151            |
| Unearned revenue          | 40,598                | 80,508             | 41,822                   | 86,061             |
| Deferred revenue          | 352,350               | 6,542,771          | 347,362                  | 6,502,654          |
| Withholdings              | 254,413               | 45,411             | 258,258                  | 45,221             |
| Others                    | 673,571               | 18,370             | 496,192                  | 18,323             |
|                           | ₩ 10,316,351          | 6,936,522          | 6,464,356                | 6,946,410          |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**30. Contributed Capital****(1) Details of shares issued as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won except<br/>share information</i> | <b>Shares<br/>authorized</b> | <b>Shares<br/>issued</b> | <b>March 31, 2015</b>              |                                    | <b>Owned by<br/>others</b> | <b>Total</b> |
|--|------------------------------|--------------------------|------------------------------------|------------------------------------|----------------------------|--------------|
|  |                              |                          | <b>Par value<br/>per<br/>share</b> | <b>Owned by<br/>government (*)</b> |                            |              |
| Common shares  | 1,200,000,000                | 641,964,077              | ₩ 5,000                            | 1,640,385                          | 1,569,435                  | 3,209,820    |

(\*) Korea Development Bank's ownership of ₩1,056,176 million are included.

| <i>In millions of won except<br/>share information</i> | <b>Shares<br/>authorized</b> | <b>Shares<br/>issued</b> | <b>December 31, 2014</b>           |                                    | <b>Owned by<br/>others</b> | <b>Total</b> |
|--|------------------------------|--------------------------|------------------------------------|------------------------------------|----------------------------|--------------|
|  |                              |                          | <b>Par value<br/>per<br/>share</b> | <b>Owned by<br/>government (*)</b> |                            |              |
| Common shares  | 1,200,000,000                | 641,964,077              | ₩ 5,000                            | 1,640,385                          | 1,569,435                  | 3,209,820    |

(\*) Korea Development Bank's ownership of ₩960,800 million are included.

**(2) Details in number of outstanding capital stock for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows.**

| <i>Number of shares</i>     | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|-----------------------------|-----------------------|--------------------------|
| Beginning balance           | 641,964,077           | 623,034,082              |
| Disposal of treasury stocks |                       | 18,929,995               |
| Ending balance              | 641,964,077           | 641,964,077              |

(3) Details of share premium as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|---------------------------|-----------------------|--------------------------|
| Share premium             | ₩ 843,758             | 843,758                  |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**31. Retained Earnings and Dividends Paid****(1) Details of retained earnings as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>               | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|---|---------------------------|--------------------------|
| Legal reserve (*)                       | ₩ 1,604,910               | 1,604,910                |
| Voluntary reserves                      | 23,720,167                | 22,999,359               |
| Retained earnings before appropriations | 10,783,069                | 10,699,378               |
| Retained earnings                       | ₩ 36,108,146              | 35,303,647               |

(\*) The KEPCO Act requires KEPCO to appropriate a legal reserve equal to at least 20 percent of net income for each accounting period until the reserve equals 50 percent of KEPCO's common stock. The legal reserve is not available for cash dividends; however, this reserve may be credited to paid-in capital or offset against accumulated deficit by the resolution of the shareholders.

**(2) Details of voluntary reserves as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>                         | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|---|---------------------------|--------------------------|
| Reserve for investment on social overhead capital | ₩ 5,277,449               | 5,277,449                |
| Reserve for research and human development (*)    | 330,000                   | 330,000                  |
| Reserve for business expansion                    | 17,902,718                | 17,181,910               |
| Reserve for equalizing dividends                  | 210,000                   | 210,000                  |
|   | ₩ 23,720,167              | 22,999,359               |

(\*) The reserve for research and human development is appropriated by the Company to use as qualified tax credits to reduce corporate tax liabilities. The reserve is available for cash dividends for a certain period as defined by the Tax Incentive Control Law of Korea.

**(3) Changes in retained earnings for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>                                      | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|--|---------------------------|--------------------------|
| Beginning balance  | ₩ 35,303,647              | 32,766,086               |
| Net profit for the period attributed to owner of the Company   | 1,200,083                 | 2,686,873                |
| Changes in equity method retained earnings                     | (242)                     | (1,899)                  |
| Remeasurement of defined benefit liability (asset), net of tax | (74,360)                  | (91,340)                 |
| Dividend paid  | (320,982)                 | (56,073)                 |
| Ending balance   | ₩ 36,108,146              | 35,303,647               |

**(4) Dividends paid for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

|               | <b>March 31, 2015</b>                  |                                      | <b>Dividends paid<br/>per share</b> | <b>Dividends<br/>paid</b> |
|---------------|--|--------------------------------------|-------------------------------------|---------------------------|
|               | <b>Number of<br/>shares<br/>issued</b> | <b>Number of<br/>treasury stocks</b> |                                     |                           |
| Common shares | 641,964,077                            |                                      | ₩ 500                               | 320,982                   |

  

|               | <b>December 31, 2014</b>               |                                      | <b>Dividends paid<br/>per share</b> | <b>Dividends<br/>paid</b> |
|---------------|--|--------------------------------------|-------------------------------------|---------------------------|
|               | <b>Number of<br/>shares<br/>issued</b> | <b>Number of<br/>treasury stocks</b> |                                     |                           |
| Common shares | 641,964,077                            | 18,929,995                           | ₩ 90                                | 56,073                    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**31. Retained Earnings and Dividends Paid, Continued**

- (5) **Changes in retained earnings of investments in associates and joint ventures for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows :**

| <i>In millions of won</i> | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|---------------------------|-----------------------|--------------------------|
| Beginning balance         | ₩ (2,131)             | (232)                    |
| Changes                   | (242)                 | (1,899)                  |
| Income tax effect         |                       |                          |
| Ending balance            | ₩ (2,373)             | (2,131)                  |

- (6) **Changes in remeasurement components for the three-month period March 31, 2015 and for the year ended December 31, 2014 are as follows :**

| <i>In millions of won</i>                  | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|--|-----------------------|--------------------------|
| Beginning balance                          | ₩ (116,705)           | 39,591                   |
| Changes                                    | (114,995)             | (151,610)                |
| Income tax effect                          | 40,635                | 60,270                   |
| Transfer to reserve for business expansion | (1,901)               | (64,956)                 |
| Ending balance                             | ₩ (192,966)           | (116,705)                |

**32. Hybrid Bonds**

Korea Western Power Co., Ltd. and Korea South-East Power Co., Ltd., which are wholly owned subsidiaries of the Company, issued bond-type hybrid securities for the year ended December 31, 2012. Bond-type hybrid securities classified as equity (non-controlling interest) as of March 31, 2015 are as follows:

*In millions of won*

| <b>Issuer</b>                    | <b>Hybrid Bond</b> | <b>Issued date</b> | <b>Maturity</b> | <b>Yield (%)</b> | <b>Amount</b> |
|----------------------------------|--------------------|--------------------|-----------------|------------------|---------------|
| Korea Western Power Co., Ltd.    | 1st bond-type      |                    |                 | 5yr government   |               |
|                                  | hybrid bond        | 2012.10.18         | 2042.10.18      | bond rate+1.20   | ₩ 100,000     |
| Korea South-East Power Co., Ltd. | 1st bond-type      |                    |                 |                  |               |
|                                  | hybrid bond        | 2012.12.07         | 2042.12.06      | 4.38             | 170,000       |
| Korea South-East Power Co., Ltd. | 2nd bond-type      |                    |                 |                  |               |
|                                  | hybrid bond        | 2012.12.07         | 2042.12.06      | 4.44             | 230,000       |
| Expense of Issuance              |                    |                    |                 |                  | (1,340)       |
|                                  |                    |                    |                 |                  | ₩ 498,660     |

Although these instruments have contractual maturity dates, the contractual agreements allow these subsidiaries to indefinitely extend the maturity dates and defer the payment of interest without modification to the other terms of the instruments. When the Company decides to not pay dividends on ordinary shares, they are not required to pay interest on the hybrid bonds.

Substantially, as these instruments have no contractual obligation to pay principal and interest, these instruments have been classified as equity (non-controlling interest) in the Company's consolidated financial statements.



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**33. Other Components of Equity****(1) Other components of equity of the parent as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>            | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|--------------------------------------|---------------------------|--------------------------|
| Other capital surpluses              | ₩ 1,150,686               | 1,151,402                |
| Accumulated other comprehensive loss | (258,970)                 | (202,269)                |
| Other equity                         | 13,294,973                | 13,294,973               |
|                                      | ₩ 14,186,689              | 14,244,106               |

**(2) Changes in other capital surpluses for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>               | <b>March 31, 2015</b>                                   |               |                 | <b>December 31, 2014</b>                                    |               |                 |
|---|---|---------------|-----------------|---|---------------|-----------------|
|   | <b>Gains on<br/>disposal of<br/>treasury<br/>stocks</b> | <b>Others</b> | <b>Subtotal</b> | <b>Gains<br/>on<br/>disposal of<br/>treasury<br/>stocks</b> | <b>Others</b> | <b>Subtotal</b> |
| Beginning balance                       | ₩ 387,524   | 763,878       | 1,151,402       | 303,028   | 527,954       | 830,982         |
| Disposal of subsidiary                  |   |               |                 |   | 313,117       | 313,117         |
| Disposal of treasury stocks             |   |               |                 | 111,473   |               | 111,473         |
| Issuance of share capital of subsidiary |   | (716)         | (716)           |   | (1,235)       | (1,235)         |
| Income tax effect                       |   |               |                 | (26,977)  | (75,958)      | (102,935)       |
| Ending balance                          | ₩ 387,524   | 763,162       | 1,150,686       | 387,524   | 763,878       | 1,151,402       |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**33. Other Components of Equity, Continued**

(3) Changes in accumulated other comprehensive loss for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

|   | March 31, 2015   |  |   |   | Total     |
|---|--|--|---|---|-----------|
|   | Available-for-sale<br>financial<br>asset<br>valuation<br>reserve | Shares in other<br>comprehensive<br>income of<br>investments<br>in<br>associates and joint<br>ventures | Reserve for<br>overseas operations<br>translation<br>credit | Reserve for<br>gain (loss) on<br>valuation<br>of<br>derivatives |           |
| <i>In millions of won</i>   |  |  |   |   |           |
| Beginning balance   | ₩ (34,649)   | 186,897  | (255,641)   | (98,876)  | (202,269) |
| Changes in the unrealized fair value of<br>available-for-sale financial assets, net<br>of tax             | (9,647)  |  |   |   | (9,647)   |
| Shares in other comprehensive income<br>of associates and joint ventures, net of<br>tax                   |  | (10,791)   |   |   | (10,791)  |
| Foreign currency translation of<br>foreign operations, net of tax   |  |  | (51,746)  |   | (51,746)  |
| Net change in the unrealized fair value<br>of derivatives using cash flow hedge<br>accounting, net of tax |  |  |   | 15,483  | 15,483    |
| Ending balance  | ₩ (44,296)   | 176,106  | (307,387)   | (83,393)  | (258,970) |

|                           | December 31, 2014  |  |   |   | Total |
|---------------------------|--|--|---|---|-------|
|                           | Available-for-sale<br>financial<br>asset<br>valuation<br>reserve | Shares in other<br>comprehensive<br>income of<br>investments<br>in | Reserve for<br>overseas operations<br>translation<br>credit | Reserve for<br>gain (loss) on<br>valuation<br>of<br>derivatives |       |
| <i>In millions of won</i> |  |  |   |   |       |

**associates and joint  
ventures**

|   |            |         |           |          |           |
|---|------------|---------|-----------|----------|-----------|
| Beginning balance   | ₩ 62,614   | 182,261 | (170,679) | (18,658) | 55,538    |
| Changes in the unrealized fair value of available-for-sale financial assets, net of tax             | (97,263)   |         |           |          | (97,263)  |
| Shares in other comprehensive income of associates and joint ventures, net of tax                   |            | 4,636   |           |          | 4,636     |
| Foreign currency translation of foreign operations, net of tax                                      |            |         | (84,962)  |          | (84,962)  |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |            |         |           | (80,218) | (80,218)  |
| Ending balance  | ₩ (34,649) | 186,897 | (255,641) | (98,876) | (202,269) |

**(4) Changes in treasury stocks for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>   | March 31,<br>2015 |        | December 31, 2014 |           |
|-----------------------------|-------------------|--------|-------------------|-----------|
|                             | shares            | Amount | shares            | Amount    |
| Beginning balance           | ₩                 |        | 18,929,995        | (741,489) |
| Disposal of treasury stocks |                   |        | (18,929,995)      | 741,489   |
| Ending balance              | ₩                 |        |                   |           |

**(5) Changes in other equity for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>     | March 31,<br>2015 |        | December 31, 2014 |        |
|-------------------------------|-------------------|--------|-------------------|--------|
|                               | ₩                 | Amount | ₩                 | Amount |
| Statutory revaluation reserve | ₩ 13,295,098      |        | 13,295,098        |        |
| Changes in other equity       |                   | (125)  |                   | (125)  |
|                               | ₩ 13,294,973      |        | 13,294,973        |        |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**34. Sales**

Details of sales for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won</i>                            | <b>March 31, 2015</b> |                 | <b>March 31, 2014</b> |                 |
|--|-----------------------|-----------------|-----------------------|-----------------|
|  | <b>Domestic</b>       | <b>Overseas</b> | <b>Domestic</b>       | <b>Overseas</b> |
| Sales of goods                                       | ₩ 14,130,121          | 102,863         | 14,011,418            | 62,158          |
| Electricity  | 13,864,063            |                 | 13,746,527            |                 |
| Heat supply  | 128,560               |                 | 129,575               |                 |
| Others   | 137,498               | 102,863         | 135,316               | 62,158          |
| Sales of service                                     | 44,938                | 49,850          | 28,822                | 35,756          |
| Sales of construction                                |                       |                 |                       |                 |
| services   | 40,983                | 663,526         | 38,645                | 510,103         |
| Revenue related to transfer of assets from customers | 91,578                |                 | 85,745                |                 |
|  | ₩ 14,307,620          | 816,239         | 14,164,630            | 608,017         |

**35. Selling and Administrative Expenses**

Selling and administrative for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won</i>         | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|-----------------------------------|-----------------------|-----------------------|
| Salaries                          | ₩ 160,612             | 140,883               |
| Retirement benefit expense        | 15,068                | 18,632                |
| Welfare and benefit expense       | 23,035                | 23,224                |
| Insurance expense                 | 2,663                 | 2,880                 |
| Depreciation                      | 23,786                | 16,467                |
| Amortization of intangible assets | 11,608                | 10,709                |
| Bad debt expense (reversal)       | (11,578)              | 501                   |
| Commission                        | 134,843               | 122,514               |
| Advertising expense               | 5,580                 | 4,486                 |
| Training expense                  | 1,110                 | 1,173                 |

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|                                  |           |         |
|----------------------------------|-----------|---------|
| Vehicle maintenance expense      | 2,354     | 2,834   |
| Publishing expense               | 550       | 681     |
| Business promotion expense       | 756       | 793     |
| Rent expense                     | 10,132    | 8,434   |
| Telecommunication expense        | 6,026     | 6,288   |
| Transportation expense           | 141       | 84      |
| Taxes and dues                   | 2,587     | 7,000   |
| Expendable supplies expense      | 2,011     | 901     |
| Water, light and heating expense | 3,449     | 2,694   |
| Repairs and maintenance expense  | 4,903     | 6,959   |
| Ordinary development expense     | 33,541    | 34,830  |
| Travel expense                   | 4,006     | 3,211   |
| Clothing expense                 | 57        | 102     |
| Survey and analysis expense      | 143       | 147     |
| Membership fee                   | 423       | 351     |
| Sales promotional expense        | 7         | 1       |
| Others                           | 24,011    | 19,070  |
|                                  | ₩ 461,824 | 435,849 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**36. Other Income and Expense****(1) Other income for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>                            | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|--|-----------------------|-----------------------|
| Reversal of other provisions                         | ₩ 1,658               | 2,060                 |
| Government grants                                    | 10                    |                       |
| Gains on assets contributed                          | 2,212                 | 20                    |
| Gains on liabilities exempted                        | 2,337                 | 782                   |
| Compensation and reparations revenue                 | 52,537                | 10,916                |
| Gains on electricity infrastructure development fund | 143                   | 1,958                 |
| Revenue from research contracts                      | 3,137                 | 375                   |
| Rental income  | 48,258                | 48,481                |
| Others   | 7,073                 | 6,131                 |
|  | ₩ 117,365             | 70,723                |

**(2) Other expense for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>                      | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|--|-----------------------|-----------------------|
| Accretion expenses of other provisions         | ₩ 44                  | 105                   |
| Depreciation expenses on investment properties | 162                   | 183                   |
| Depreciation expenses on idle assets           | 1,666                 | 1,663                 |
| Other bad debt expense                         | 7,833                 | 11,870                |
| Donations                                      | 12,420                | 7,027                 |
| Others   | 1,012                 | 2,211                 |
|  | ₩ 23,137              | 23,059                |

**37. Other Gains (Losses)**

**Composition of other gains (losses) for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>                          | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|--|-----------------------|-----------------------|
| <b>Other gains</b>                                 |                       |                       |
| Gains on disposal of property plant, and equipment | ₩ 17,915              | 7,416                 |
| Gains on foreign currency translation              | 3,933                 | 2,507                 |
| Gains on foreign currency transaction              | 8,799                 | 10,914                |
| Others   | 51,727                | 52,906                |
| <b>Other losses</b>                                |                       |                       |
| Losses on disposal of property plant and equipment | (12,355)              | (2,944)               |
| Losses on disposal of intangible assets            | (5)                   |                       |
| Losses on foreign currency translation             | (9,278)               | (1,619)               |
| Losses on foreign currency transaction             | (11,768)              | (13,676)              |
| Others   | (23,074)              | (14,422)              |
|  | ₩ 25,894              | 41,082                |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**38. Finance Income****(1) Finance income for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>             | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|---------------------------------------|-----------------------|-----------------------|
| Interest income                       | ₩ 49,493              | 48,195                |
| Dividends income                      | 5,456                 | 12,525                |
| Gains on valuation of derivatives     | 93,401                | 153,465               |
| Gains on transaction of derivatives   | 6,960                 | 37,415                |
| Gains on foreign currency translation | 24,788                | 19,483                |
| Gains on foreign currency transaction | 7,087                 | 6,975                 |
| Other finance income                  | 22                    |                       |
|                                       | ₩ 187,207             | 278,058               |

**(2) Interest income included in finance income for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>           | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|-------------------------------------|-----------------------|-----------------------|
| Cash and cash equivalents           | ₩ 11,890              | 12,242                |
| Available-for-sale financial assets | 29                    | 108                   |
| Held-to-maturity investments        | 25                    | 17                    |
| Loans and receivables               | 6,775                 | 6,020                 |
| Short-term financial instrument     | 2,864                 | 3,927                 |
| Long-term financial instrument      | 2,929                 | 110                   |
| Trade and other receivables         | 24,981                | 25,771                |
|                                     | ₩ 49,493              | 48,195                |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**39. Finance Expenses****(1) Finance expenses for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>                         | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|---|-----------------------|-----------------------|
| Interest expense                                  | ₩ 552,656             | 597,046               |
| Losses on sale of financial assets                | 975                   | 2                     |
| Impairment of available-for-sale financial assets | 5,821                 |                       |
| Losses on valuation of derivatives                | 28,638                | 9,819                 |
| Losses on transaction of derivatives              | 9,414                 | 25,279                |
| Losses on foreign currency translation            | 81,183                | 165,047               |
| Losses on foreign currency transaction            | 2,714                 | 4,928                 |
| Other   | 23                    |                       |
|   | ₩ 681,424             | 802,121               |

**(2) Interest expense included in finance expenses for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>         | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|-----------------------------------|-----------------------|-----------------------|
| Trade and other payables          | ₩ 20,909              | 22,376                |
| Short-term borrowings             | 3,289                 | 4,522                 |
| Long-term borrowings              | 32,453                | 44,424                |
| Debt securities                   | 555,052               | 589,852               |
| Other financial liabilities       | 152,543               | 147,123               |
|                                   | 764,246               | 808,297               |
| Less: Capitalized borrowing costs | (211,590)             | (211,251)             |
|                                   | ₩ 552,656             | 597,046               |

Capitalization rates for the three-month periods ended March 31, 2015 and 2014 are 3.02% ~ 4.20% and 3.43% ~ 4.44%, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**40. Income Taxes****(1) Income tax expense for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>  | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|--|-----------------------|-----------------------|
| <b>Current income tax expense</b>  |                       |                       |
| Payment of income tax  | ₩ 576,206             | 204,100               |
| Adjustment due to changes in estimates related to prior years                              | (67,534)              | (6,760)               |
| Current income tax directly recognized in equity   | 30,341                | 22,875                |
|  | 539,013               | 220,215               |
| <b>Deferred income tax expense</b>   |                       |                       |
| Generation and realization of temporary differences  | 201,789               | 158,161               |
| Changes of unrecognized tax losses, tax credit and temporary differences for prior periods | 65,956                | (1,741)               |
| Changes in deferred tax on tax losses incurred during the period                           | 21,468                | (50,008)              |
| Tax credit carry forwards  | 6,987                 | 14,029                |
|  | 296,200               | 120,441               |
| Income tax expense   | ₩ 835,213             | 340,656               |

**(2) Reconciliation between actual income tax expense (benefit) and amount computed by applying the statutory tax rate of 24.2% to loss (income) before income for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|---------------------------|-----------------------|-----------------------|
| Income before income tax  | ₩ 2,058,320           | 901,927               |

|   |                    |                  |
|---|--------------------|------------------|
| Income tax expense computed at applicable tax rate of 24.2%               | (498,113)          | (218,266)        |
| <b>Adjustments</b>  |                    |                  |
| Additional payment of income taxes or receipt of income tax refunds       | 4,719              | (1,522)          |
| Effect of applying gradual tax rate                                       | 932                | (1,724)          |
| Effect of non-taxable revenue   | 1,790              | 32,725           |
| Effect of non-deductible expenses   | (1,028)            | (4,779)          |
| Effects of tax credits and deduction                                      | 13,415             | 12,378           |
| Recognition (reversal) of unrecognized deferred tax asset, net            | (52,021)           | 1,988            |
| Deferred income tax related to investments in subsidiaries and associates | (334,410)          | (162,778)        |
| Others, net   | 29,503             | 1,322            |
|   | (337,100)          | (122,390)        |
| <b>Income tax expense</b>   | <b>₩ (835,213)</b> | <b>(340,656)</b> |
| Effective tax rate  | 40.6%              | 37.8%            |

**(3) Income tax directly adjusted to shareholders' equity (except for accumulated other comprehensive loss) for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>      | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|--------------------------------|-----------------------|-----------------------|
| Dividends of hybrid securities | <b>₩ 1,311</b>        | <b>1,308</b>          |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**40. Income Taxes, Continued****(4) Income tax recognized as other comprehensive loss for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In millions of won</i>   | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
|---|-----------------------|-----------------------|
| Income tax recognized as other comprehensive income (loss)  |                       |                       |
| Gain on valuation of available-for-sale financial assets  | ₩ 1,791               | 10,342                |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | (14,749)              | 2,367                 |
| Actuarial losses on employee benefit obligations  | 42,062                | 8,415                 |
| Investments in associates   | 562                   | 482                   |
| Others  | (636)                 | (39)                  |
|   | ₩ 29,030              | 21,567                |

**(5) Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:**

| <i>In millions of won</i>                           | <b>Beginning balance</b> | <b>March 31, 2015</b>                       |  |  | <b>Ending balance</b> |
|---|--------------------------|---|--|--|-----------------------|
|   |                          | <b>Amounts recognized in profit or loss</b> | <b>Amount recognized in other comprehensive income</b> | <b>Amounts recognized directly in equity</b> |                       |
| <b>Deferred income tax on temporary differences</b> |                          |   |  |  |                       |
| Employee benefits                                   | ₩ 352,934                | 13,846                                      | 42,062   |  | 408,842               |
| Cash flow hedge                                     | 51,355                   | (2,282)                                     | (14,749)   |  | 34,324                |

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|  |              |           |        |       |             |
|--|--------------|-----------|--------|-------|-------------|
| Investments in associates or subsidiaries                      | (5,769,627)  | (287,859) | (74)   |       | (6,057,560) |
| Property, plant and equipment                                  | (5,979,862)  | (130,750) |        |       | (6,110,612) |
| Finance lease  | (197,097)    | (628)     |        |       | (197,725)   |
| Intangible assets  | 12,309       | (2,580)   |        |       | 9,729       |
| Financial assets at fair value through profit or loss          | 2,840        | 2,725     |        |       | 5,565       |
| Available-for-sale financial assets                            | (41,836)     | (14,038)  | 1,791  |       | (54,083)    |
| Deferred revenue   | 230,644      | 89        |        |       | 230,733     |
| Provisions   | 3,459,775    | 56,338    |        |       | 3,516,113   |
| Doubtful receivables   | 1,356        | (6)       |        |       | 1,350       |
| Other finance liabilities                                      | 23,236       | 3,080     |        | 1,311 | 27,627      |
| Gains (losses) on foreign exchange translation                 | 53,794       | 6,631     |        |       | 60,425      |
| Allowance for doubtful accounts                                | 15,452       | 5,335     |        |       | 20,787      |
| Accrued income   | (3,246)      | 559       |        |       | (2,687)     |
| Special deduction  | (194,674)    | 29        |        |       | (194,645)   |
| Impairment of non-current assets                               | 86,720       |           |        |       | 86,720      |
| Reserve for research and human development                     | (35,499)     | 3,655     |        |       | (31,844)    |
| Others   | 460,019      | 27,346    |        |       | 487,365     |
|  | (7,471,407)  | (318,510) | 29,030 | 1,311 | (7,759,576) |
| <b>Deferred income tax on unused tax losses and tax credit</b> |              |           |        |       |             |
| Tax losses   | 2,176,175    | 40,601    |        |       | 2,216,776   |
| Tax credit   | 98,286       | (48,632)  |        |       | 49,654      |
|  | 2,274,461    | (8,031)   |        |       | 2,266,430   |
|  | ₩(5,196,946) | (326,541) | 29,030 | 1,311 | (5,493,146) |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**40. Income Taxes, Continued**

- (5) **Changes deferred income tax assets (liabilities) recognized in the statements of financial position for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows, continued:**

|  | Beginning<br>balance | December 31, 2014                             |  |  | Ending<br>balance |
|--|----------------------|---|--|--|-------------------|
|  |                      | Amounts<br>recognized in<br>profit or<br>loss | Amount<br>recognized<br>in<br>other<br>comprehensive<br>income | Amounts<br>recognized<br>directly<br>in equity |                   |
| <i>In millions of won</i>                                |                      |   |  |  |                   |
| <b>Deferred income tax on temporary differences</b>      |                      |   |  |  |                   |
| Employee benefits  | ₩ 518,681            | (218,342)                                     | 52,595   |  | 352,934           |
| Cash flow hedge  | 51,991               | (51,674)                                      | 51,038   |  | 51,355            |
| Investments in associates or subsidiaries                | (5,227,034)          | (435,528)                                     | (31,107)   | (75,958)                                       | (5,769,627)       |
| Property, plant and equipment                            | (6,061,613)          | 81,751  |  |  | (5,979,862)       |
| Finance lease  | (142,081)            | (55,016)                                      |  |  | (197,097)         |
| Intangible assets  | 10,242               | 2,067   |  |  | 12,309            |
| Financial assets at fair value through<br>profit or loss | 83,645               | (80,805)                                      |  |  | 2,840             |
| Available-for-sale financial assets                      | (101,088)            | 33,104  | 26,148   |  | (41,836)          |
| Deferred revenue   | 244,806              | (14,162)                                      |  |  | 230,644           |
| Provisions   | 3,150,908            | 308,867                                       |  |  | 3,459,775         |
| Doubtful receivables                                     | 59                   | 1,297   |  |  | 1,356             |
| Other finance liabilities                                | 25,856               | (7,876)                                       |  | 5,256  | 23,236            |
| Gains (losses) on foreign exchange<br>translation        | (19,164)             | 72,958  |  |  | 53,794            |
| Allowance for doubtful accounts                          | 7,314                | 8,138   |  |  | 15,452            |
| Accrued income   | (1,248)              | (1,998)                                       |  |  | (3,246)           |
| Special deduction  | (194,785)            | 111   |  |  | (194,674)         |
| Impairment of non-current assets                         | 86,720               |   |  |  | 86,720            |
| Treasury stocks  |                      | 26,976  |  | (26,976)                                       |                   |
|  | (43,143)             | 7,644   |  |  | (35,499)          |

Reserve for research and human  
development

|        |             |           |         |          |             |
|--------|-------------|-----------|---------|----------|-------------|
| Others | 409,436     | 42,442    | 8,141   |          | 460,019     |
|        | (7,200,498) | (280,046) | 106,815 | (97,678) | (7,471,407) |

**Deferred income tax on unused tax  
losses and tax credit**

|            |              |           |         |          |             |
|------------|--------------|-----------|---------|----------|-------------|
| Tax losses | 2,501,349    | (325,174) |         |          | 2,176,175   |
| Tax credit | 56,099       | 42,187    |         |          | 98,286      |
|            | 2,557,448    | (282,987) |         |          | 2,274,461   |
|            | ₩(4,643,050) | (563,033) | 106,815 | (97,678) | (5,196,946) |

**(6) Deferred income tax assets (liabilities) recognized in the statements of financial position as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>       | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|---------------------------------|---------------------------|--------------------------|
| Deferred income tax assets      | ₩ 558,262                 | 526,934                  |
| Deferred income tax liabilities | (6,051,408)               | (5,723,880)              |
|                                 | ₩ (5,493,146)             | (5,196,946)              |

**(7) Details of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i>        | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|----------------------------------|-----------------------|--------------------------|
| Deductible temporary differences | ₩ 440,581             | 448,402                  |



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**41. Assets Held-for-Sale**

Assets held-for-sale as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|---------------------------|-----------------------|--------------------------|
| Land (*1,2)               | ₩ 2,021,445           | 2,021,445                |
| Building (*1,2)           | 69,363                | 69,363                   |
| Structures (*2)           | 2                     | 2                        |
|                           | ₩ 2,090,810           | 2,090,810                |

(\*1) The Company moved its headquarters to Naju, Jeollanam-do, in November 2014 as part of the government's plan to relocate state-run companies for balanced national development. Hyundai Motor and two of its affiliates won the bid to buy the buildings and land of the Company's headquarters by offering ₩10.55 trillion. The total sale value amounted to ₩10.55 trillion and the ownership is expected to be transferred on September 25, 2015. The Company reclassified the buildings and land as held-for-sales assets when the construction of the Naju headquarters was completed and also, the Company recognized contract deposit amounting to ₩4.22 trillion as advance received as of March 31, 2015.

(\*2) KEPCO Plant Service & Engineering Co., Ltd., a subsidiary of the Company, moved its headquarters to Naju, Jeollanam-do, in November as part of the government's plan to relocate state-run companies for balanced national development and plans to sell its head office in Seongnam to fund costs regarding relocation through Korea Asset Management Corporation's online auction site (The On-Bid system). The total sale value amounted to ₩71 billion and the ownership is expected to be transferred on March 11, 2016. The Company recognized contract deposit amounted to ₩7.3 billion as advance received as of March 31, 2015.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**42. Expenses Classified by Nature**

Expenses classified by nature for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won</i>         | <b>March 31, 2015</b>                                  |                          |              |
|-----------------------------------|--|--------------------------|--------------|
|                                   | <b>Selling<br/>and<br/>administrative<br/>expenses</b> | <b>Cost of<br/>sales</b> | <b>Total</b> |
| Raw materials used                | ₩  | 4,518,272                | 4,518,272    |
| Salaries                          | 160,612  | 702,753                  | 863,365      |
| Retirement benefit expense        | 15,068   | 79,014                   | 94,082       |
| Welfare and benefit expense       | 23,035   | 80,096                   | 103,131      |
| Insurance expense                 | 2,663  | 21,230                   | 23,893       |
| Depreciation                      | 23,786   | 1,975,461                | 1,999,247    |
| Amortization of intangible assets | 11,608   | 8,257                    | 19,865       |
| Bad debt expense (reversal)       | (11,578)   |                          | (11,578)     |
| Commission                        | 134,843  | 84,381                   | 219,224      |
| Advertising expense               | 5,580  | 1,259                    | 6,839        |
| Training expense                  | 1,110  | 1,693                    | 2,803        |
| Vehicle maintenance expense       | 2,354  | 2,051                    | 4,405        |
| Publishing expense                | 550  | 906                      | 1,456        |
| Business promotion expense        | 756  | 997                      | 1,753        |
| Rent expense                      | 10,132   | 31,368                   | 41,500       |
| Telecommunication expense         | 6,026  | 18,053                   | 24,079       |
| Transportation expense            | 141  | 1,009                    | 1,150        |
| Taxes and dues                    | 2,587  | 74,252                   | 76,839       |
| Expendable supplies expense       | 2,011  | 5,374                    | 7,385        |
| Water, light and heating expense  | 3,449  | 8,651                    | 12,100       |
| Repairs and maintenance expense   | 4,903  | 325,212                  | 330,115      |
| Ordinary development expense      | 33,541   | 76,979                   | 110,520      |
| Travel expense                    | 4,006  | 11,954                   | 15,960       |
| Clothing expense                  | 57   | 184                      | 241          |
| Survey and analysis expense       | 143  | 518                      | 661          |
| Membership fee                    | 423  | 2,071                    | 2,494        |
| Power purchase                    |  | 3,659,867                | 3,659,867    |
| Others                            | 24,018   | 730,307                  | 754,325      |

|           |            |            |
|-----------|------------|------------|
| ₩ 461,824 | 12,422,169 | 12,883,993 |
|-----------|------------|------------|

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**42. Expenses Classified by Nature, Continued**

Expenses classified by nature for the three-month periods ended March 31, 2015 and 2014 are as follows, continued:

| <i>In millions of won</i>         | <b>March 31, 2014</b>                                  |                          |              |
|-----------------------------------|--|--------------------------|--------------|
|                                   | <b>Selling<br/>and<br/>administrative<br/>expenses</b> | <b>Cost of<br/>sales</b> | <b>Total</b> |
| Raw materials used                | ₩  | 6,023,195                | 6,023,195    |
| Salaries                          | 140,883  | 671,520                  | 812,403      |
| Retirement benefit expense        | 18,632   | 80,822                   | 99,454       |
| Welfare and benefit expense       | 23,224   | 84,847                   | 108,071      |
| Insurance expense                 | 2,880  | 16,878                   | 19,758       |
| Depreciation                      | 16,467   | 1,869,949                | 1,886,416    |
| Amortization of intangible assets | 10,709   | 9,153                    | 19,862       |
| Bad debt expense                  | 501  |                          | 501          |
| Commission                        | 122,514  | 72,292                   | 194,806      |
| Advertising expense               | 4,486  | 1,111                    | 5,597        |
| Training expense                  | 1,173  | 1,642                    | 2,815        |
| Vehicle maintenance expense       | 2,834  | 2,259                    | 5,093        |
| Publishing expense                | 681  | 746                      | 1,427        |
| Business promotion expense        | 793  | 1,028                    | 1,821        |
| Rent expense                      | 8,434  | 26,417                   | 34,851       |
| Telecommunication expense         | 6,288  | 16,586                   | 22,874       |
| Transportation expense            | 84   | 822                      | 906          |
| Taxes and dues                    | 7,000  | 48,918                   | 55,918       |
| Expendable supplies expense       | 901  | 4,932                    | 5,833        |
| Water, light and heating expense  | 2,694  | 8,380                    | 11,074       |
| Repairs and maintenance expense   | 6,959  | 291,606                  | 298,565      |
| Ordinary development expense      | 34,830   | 77,175                   | 112,005      |
| Travel expense                    | 3,211  | 11,200                   | 14,411       |
| Clothing expense                  | 102  | 169                      | 271          |
| Survey and analysis expense       | 147  | 493                      | 640          |
| Membership fee                    | 351  | 1,919                    | 2,270        |

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|                |           |            |            |
|----------------|-----------|------------|------------|
| Power purchase |           | 3,280,763  | 3,280,763  |
| Others         | 19,071    | 504,899    | 523,970    |
|                | ₩ 435,849 | 13,109,721 | 13,545,570 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**43. Earnings Per Share****(1) Basic earnings per share for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In won</i>            |   |                |                |
|--------------------------|---|----------------|----------------|
| Type                     |   | March 31, 2015 | March 31, 2014 |
| Basic earnings per share | ₩ | 1,869          | 854            |

**(2) Diluted earnings per share for the three-month periods ended March 31, 2015 and 2014 are as follows:**

| <i>In won</i>              |   |                |                |
|----------------------------|---|----------------|----------------|
| Type                       |   | March 31, 2015 | March 31, 2014 |
| Diluted earnings per share | ₩ | 1,869          | 854            |

**(3) Basic earnings per share**

Net profit for the period and weighted average number of common shares used in the calculation of basic earnings per share for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won except number of shares</i>                |   | March 31,   | March 31, 2014 |
|--|---|-------------|----------------|
| Type   |   | 2015        |                |
| Controlling interest in net income                               | ₩ | 1,200,083   | 532,262        |
| Profit used in the calculation of total basic earnings per share |   | 1,200,083   | 532,262        |
| Weighted average number of common shares                         |   | 641,964,077 | 623,034,082    |

**(4) Diluted earnings per share**

Diluted earnings per share is calculated by applying adjusted weighted average number of common shares under the assumption that all dilutive potential common shares are converted to common shares.

Profit used in the calculation of total diluted earnings per share for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won</i>  |                       |                       |
|--|-----------------------|-----------------------|
| <b>Type</b>  | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
| Profit used in the calculation of total diluted earnings per share | ₩ 1,200,083           | 532,262               |

Weighted average common shares used in calculating diluted earnings per share are adjusted from weighted average common shares used in calculating basic earnings per share. Detailed information of the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In number of shares</i>                |                       |                       |
|---|-----------------------|-----------------------|
| <b>Type</b>                               | <b>March 31, 2015</b> | <b>March 31, 2014</b> |
| Weighted average number of common shares  | 641,964,077           | 623,034,082           |
| Diluted weighted average number of shares | 641,964,077           | 623,034,082           |

- (5) **There are no potential dilutive instruments and diluted earnings per shares are same as basic earnings per share for the three-month periods ended March 31, 2015 and 2014.**

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management****(1) Capital risk management**

The Company manages its capital to ensure that entities in the Company will be able to continue while maximizing the return to shareholder through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (offset by cash and cash equivalents) and equity. The Company's overall capital risk management strategy remains unchanged from that of the prior year.

Details of the Company's capital management accounts as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>            | <b>March 31,<br/>2015</b> | <b>December 31, 2014</b> |
|--------------------------------------|---------------------------|--------------------------|
| Total borrowings and debt securities | ₩ 61,026,831              | 62,824,327               |
| Cash and cash equivalents            | (3,054,376)               | (1,796,300)              |
| Net borrowings and debt securities   | 57,972,455                | 61,028,027               |
| Total shareholder's equity           | 55,525,243                | 54,825,010               |
| Debt to equity ratio                 | 104.41%                   | 111.31%                  |

**(2) Financial risk management**

The Company is exposed to various risks related to its financial instruments, such as, market risk (currency risk, interest rate risk, price risk), credit risk. The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. The Company uses derivative financial instruments to certain hedge risk exposures. The Company's overall financial risk management strategy remains unchanged from that of the prior year.

**(i) Credit risk**

Credit risk is the risk of finance loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the sales activities, securities and derivatives. In addition, credit risk exposure may exist within financial guarantees and unused line of credits. As these financial institutions the



Company makes transactions with reputable financial institutions, the credit risk from them are considered limited. The Company decides credit transaction limits based on evaluation of client's credit, through information obtained from the credit bureau and disclosed financial position at committing contracts.

#### Credit risk management

Electricity sales, the main operations of the Company are the necessity for daily life and industrial activities of Korean nationals, and have importance as one of the national key industries. The Company dominates the domestic market supplying electricity to customers. The Company is not exposed to credit risk as customers of the Company are from various industries and areas. The Company uses publicly available information and its own internal data related to trade receivables, to rate its major customers and to measure the credit risk that a counter party will default on a contractual obligation. For the incurred but not recognized loss, it is measured considering overdue period.

#### Impairment and allowance account

In accordance with the Company policies, individual material financial assets are assessed on a regular basis, trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Value of the acquired collateral (including the confirmation of feasibility) and estimated collectable amounts are included in this assessment.

Allowance for bad debts assessed on a collective basis are recognized for (i) the group of assets which individually are not material and (ii) incurred but not recognized losses that are assessed using statistical methods, judgment and past experience.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management, Continued****(2) Financial risk management, continued**

Book values of the financial assets represent the maximum exposed amounts of the credit risk. Details of the Company's level of maximum exposure to credit risk as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>                  | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|--|-----------------------|--------------------------|
| Cash and cash equivalents                  | ₩ 3,054,376           | 1,796,300                |
| Derivative assets (trading)                | 96,402                | 65,849                   |
| Available-for-sale financial assets        | 668,543               | 715,151                  |
| Held-to-maturity investments               | 3,548                 | 3,614                    |
| Loans and receivables                      | 645,674               | 623,997                  |
| Long-term/short-term financial instruments | 1,610,844             | 704,462                  |
| Derivative assets (using hedge accounting) | 140,818               | 104,276                  |
| Trade and other receivables                | 8,185,911             | 9,422,219                |
| Financial guarantee contracts (*)          | 301,630               | 148,522                  |

(\*) Maximum exposure associated with the financial guarantee contracts is the maximum amounts of the obligation. Financial guarantee contracts as of March 31, 2015 are as follows:

| <i>In thousands of U.S. dollars</i> | <b>Company</b>              | <b>Currency</b> | <b>Amounts</b> |
|-------------------------------------|-----------------------------|-----------------|----------------|
| Joint ventures                      | KEPCO SPC Power Corporation | USD             | 129,868        |
| Joint ventures                      | PT. Tanjung Power Indonesia | USD             | 10,500         |
| Joint ventures                      | Kelar S.A                   | USD             | 132,600        |
|                                     |                             |                 | 272,968        |

As of the reporting date, there are no financial assets and non-financial assets that were acquired through the exercise of the right of collateralized assets and reinforcement of credit arrangement.

(ii) Market risk

Market risk is the risk that the Company's fair values of the financial instruments or future cash flows are affected by the changes in the market. Market risk consists of interest rate risk, currency risk and other price risk.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management, Continued****(2) Financial risk management, continued**

## (iii) Sensitivity analysis

Significant assets and liabilities with uncertainties in underlying assumptions

## Defined benefit obligation

The following is a sensitivity analysis of defined benefit obligation assuming a 1% increase and decrease movements in the actuarial valuation assumptions as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | Accounts  | March 31, 2015 |             | December 31, 2014 |             |
|---------------------------|---|----------------|-------------|-------------------|-------------|
|                           |   | 1% Increase    | 1% Decrease | 1% Increase       | 1% Decrease |
| Future salary increases   | Increase (decrease) in defined benefit obligation | ₩ 278,353      | (254,104)   | 244,516           | (222,706)   |
| Discount rate             | Increase (decrease) in defined benefit obligation | (247,817)      | 293,095     | (221,728)         | 260,991     |

Changes of employee benefits assuming a 1% increase and decrease movements in discount rate on plan asset for the three-month periods ended March 31, 2015 and 2014 are ₩1,809 million and ₩1,411 million, respectively.

## Provisions

Changes in provisions due to movements in underlying assumptions as of March 31, 2015 and December 31, 2014 are as follows:

| Type | Accounts | March 31, 2015 | December 31, 2014 |
|------|----------|----------------|-------------------|
|------|----------|----------------|-------------------|

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|                |                |       |       |
|----------------|----------------|-------|-------|
| PCBs           | Inflation rate | 2.79% | 2.79% |
|                | Discount rate  | 3.78% | 3.78% |
| Nuclear plants | Inflation rate | 2.93% | 2.93% |
|                | Discount rate  | 4.49% | 4.49% |
| Spent fuel     | Inflation rate | 2.93% | 2.93% |
|                | Discount rate  | 4.49% | 4.49% |

The following is a sensitivity analysis of provisions assuming a 0.1% increase and decrease movements in the underlying assumptions as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> | Type | Accounts       | March 31, 2015 |               | December 31, 2014 |               |
|---------------------------|------|----------------|----------------|---------------|-------------------|---------------|
|                           |      |                | 0.1% Increase  | 0.1% Decrease | 0.1% Increase     | 0.1% Decrease |
| Discount rate             |      | PCBs           | ₩ (1,018)      | 1,026         | (1,058)           | 1,066         |
|                           |      | Nuclear plants | (221,799)      | 227,732       | (221,795)         | 227,773       |
|                           |      | Spent fuel     | (49,471)       | 51,391        | (49,483)          | 51,404        |
| Inflation rate            |      | PCBs           | 1,086          | (1,079)       | 1,076             | (1,069)       |
|                           |      | Nuclear plants | 254,365        | (247,668)     | 251,588           | (244,964)     |
|                           |      | Spent fuel     | 52,134         | (50,255)      | 52,147            | (50,267)      |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management, Continued****(2) Financial risk management, continued**

Management judgment effected by uncertainties in underlying assumptions

## Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In thousands of foreign currencies</i> | <b>Assets</b>         |                          | <b>Liabilities</b>    |                          |
|---|-----------------------|--------------------------|-----------------------|--------------------------|
|   | <b>March 31, 2015</b> | <b>December 31, 2014</b> | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
| <b>Type</b>                               |                       |                          |                       |                          |
| AUD                                       | 173                   | 196                      | 563,258               | 542,292                  |
| CAD                                       |                       | 1                        |                       | 244                      |
| EUR                                       | 9,556                 | 2,097                    | 4,560                 | 4,087                    |
| IDR                                       |                       | 273,738                  |                       | 17,288                   |
| MXN                                       | 7,707                 | 7,637                    |                       | 122                      |
| PHP                                       | 145,173               | 196,696                  | 60,386                | 17,962                   |
| SAR                                       | 1,200                 | 1,044                    |                       |                          |
| USD                                       | 1,015,124             | 1,211,513                | 9,875,128             | 7,415,050                |
| INR                                       | 575,572               | 683,074                  | 44,922                | 173,753                  |
| PKR                                       | 180,769               | 167,747                  | 2,142                 | 2,037                    |
| MGA                                       | 3,404,473             | 2,183,910                | 75,945                | 69,199                   |
| JPY                                       | 919,008               | 1,048,413                | 20,847,201            | 20,023,572               |
| KZT                                       | 185,544               | 551,684                  |                       |                          |
| GBP                                       |                       |                          |                       | 90                       |
| CHF                                       |                       |                          | 400,012               | 399,634                  |
| AED                                       | 1,369                 | 3,965                    | 1,171                 | 1,136                    |
| ZAR                                       | 171                   | 146                      |                       |                          |
| JOD                                       | 1,602                 | 1,080                    | (1,182)               | 1                        |
| BDT                                       | 44,998                | 47,167                   | 252                   | 314                      |

SEK

196

A sensitivity analysis on the Company's income for the period assuming a 10% increase and decrease in currency exchange rates as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i><br>Type               | March 31, 2015 |              | December 31, 2014 |              |
|---|----------------|--------------|-------------------|--------------|
|   | 10% Increase   | 10% Decrease | 10% Increase      | 10% Decrease |
| Increase (decrease) of income before income tax | ₩ (763,684)    | 763,684      | (790,483)         | 790,483      |
| Increase (decrease) of shareholder's equity (*) | (763,684)      | 763,684      | (790,483)         | 790,483      |

(\*) The effect on the shareholders' equity excluding the impact of income taxes.

Sensitivity analysis above is conducted for monetary assets and liabilities denominated in foreign currencies other than functional currency, without consideration of hedge effect of related derivatives, as of March 31, 2015 and December 31, 2014.

To manage its foreign currency risk related to foreign currency denominated receivables and payables, the Company has a policy to enter into currency forward agreements. In addition, to manage its foreign currency risk related to foreign currency denominated expected sales transactions and purchase transactions, the Company enters into cross-currency swap agreements.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management, Continued****(2) Financial risk management, continued**

## Interest rate risk

The Company is exposed to interest rate risk due to its borrowing with floating interest rates. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Company's borrowings and debt securities with floating interest rates as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i> |                       |            |                          |           |
|---------------------------|-----------------------|------------|--------------------------|-----------|
| <b>Type</b>               | <b>March 31, 2015</b> |            | <b>December 31, 2014</b> |           |
| Short-term borrowings     | ₩                     | 64,556     |                          | 20,788    |
| Long-term borrowings      |                       | 3,144,584  |                          | 3,506,989 |
| Debt securities           |                       | 2,541,250  |                          | 2,534,000 |
|                           |                       | ₩5,750,390 |                          | 6,061,777 |

A sensitivity analysis on the Company's long-term borrowings and debt securities assuming a 1% increase and decrease in interest rates, without consideration of hedge effect of related derivatives for the three-month period ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

| <i>In millions of won</i>                       |                       |                    |                          |                    |
|---|-----------------------|--------------------|--------------------------|--------------------|
| <b>Type</b>                                     | <b>March 31, 2015</b> |                    | <b>December 31, 2014</b> |                    |
|   | <b>1% Increase</b>    | <b>1% Decrease</b> | <b>1% Increase</b>       | <b>1% Decrease</b> |
| Increase (decrease) of profit before income tax | ₩ (57,504)            | 57,504             | (60,618)                 | 60,618             |
| Increase (decrease) of shareholder's equity (*) | (57,504)              | 57,504             | (60,618)                 | 60,618             |



(\*) The effect on the shareholders' equity excluding the impact of income taxes.

To manage its interest rate risks, the Company enters into certain interest swap agreements or maintains an appropriate mix of fixed and floating rate borrowings.

#### Electricity rates risk

The Company is exposed to electricity rates risk due to the rate regulation of the government which considers the effect of electricity rate on the national economy.

A sensitivity analysis on the Company's income for the period assuming a 1% increase and decrease in price of electricity for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won</i><br>Type               | March 31, 2015 |             | March 31, 2014 |             |
|---|----------------|-------------|----------------|-------------|
|   | 1% Increase    | 1% Decrease | 1% Increase    | 1% Decrease |
| Increase (decrease) of profit before income tax | ₩ 138,641      | (138,641)   | 137,645        | (137,645)   |
| Increase (decrease) of shareholder's equity (*) | 138,641        | (138,641)   | 137,645        | (137,645)   |

(\*) The effect on the shareholders' equity excluding the impact of income taxes.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management, Continued****(2) Financial risk management, continued**

## (iv) Liquidity risk

The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

In addition, the Company has established credit lines on its trade financing and bank overdrafts, and through payment guarantees it has received, it maintains an adequate credit (borrowing) line. In addition, the Company has the ability to utilize excess cash or long-term borrowings for major construction investments.

The following table shows the details of maturities of non-derivative financial liabilities as of March 31, 2015 and December 31, 2014. This table, based on the undiscounted cash flows of the non-derivative financial liabilities including estimated interests, has been prepared based on the respective liabilities' earliest maturity date.

*In millions of won*

| Type                              | March 31, 2015      |            |            |                      | Total      |
|-----------------------------------|---------------------|------------|------------|----------------------|------------|
|                                   | Less than<br>1 year | 1~2 Years  | 2~5 Years  | More than<br>5 years |            |
| Borrowings and debt securities    | ₩ 8,996,120         | 9,929,765  | 24,716,629 | 30,183,534           | 73,826,048 |
| Finance lease liabilities         | 184,125             | 175,143    | 421,095    | 272,104              | 1,052,467  |
| Trade and other payables          | 5,260,971           | 321,409    | 576,265    | 2,278,079            | 8,436,724  |
| Financial guarantee contracts (*) | 41,438              | 29,835     | 83,834     | 146,523              | 301,630    |
|                                   | ₩ 14,482,654        | 10,456,152 | 25,797,823 | 32,880,240           | 83,616,869 |

*In millions of won*

| Type                           | December 31, 2014   |           |            |                      | Total      |
|--------------------------------|---------------------|-----------|------------|----------------------|------------|
|                                | Less than<br>1 year | 1~2 Years | 2~5 Years  | More than<br>5 years |            |
| Borrowings and debt securities | ₩ 9,219,013         | 8,888,723 | 27,584,208 | 30,253,070           | 75,945,014 |

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|                                   |              |           |            |            |            |
|-----------------------------------|--------------|-----------|------------|------------|------------|
| Finance lease liabilities         | 184,809      | 182,072   | 437,756    | 294,032    | 1,098,669  |
| Trade and other payables          | 6,019,230    | 318,466   | 570,988    | 2,257,220  | 9,165,904  |
| Financial guarantee contracts (*) | 35,449       | 29,678    | 83,395     |            | 148,522    |
|                                   | ₩ 15,458,501 | 9,418,939 | 28,676,347 | 32,804,322 | 86,358,109 |

(\*) Total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of March 31, 2015 and December 31, 2014 are ₩4,947 million and ₩3,695 million, respectively.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management, Continued****(2) Financial risk management, continued**

The expected maturities for non-derivative financial assets as of March 31, 2015 and December 31, 2014 in detail are as follows:

*In millions of won*

| Type                                       | March 31, 2015   |           |                   |           | Total      |
|--|------------------|-----------|-------------------|-----------|------------|
|  | Less than 1 year | 1~5 Years | More than 5 years | Other (*) |            |
| Cash and cash equivalents                  | ₩ 3,054,376      |           |                   |           | 3,054,376  |
| Available-for-sale financial assets        |                  |           |                   | 668,543   | 668,543    |
| Held-to-maturity investments               | 181              | 3,354     | 13                |           | 3,548      |
| Loans and receivables                      | 68,743           | 225,081   | 396,957           | 11,239    | 702,020    |
| Long-term/short-term financial instruments | 1,006,486        | 742       | 603,300           | 316       | 1,610,844  |
| Trade and other receivables                | 6,469,951        | 741,858   | 898,239           | 84,549    | 8,194,597  |
|  | ₩ 10,599,737     | 971,035   | 1,898,509         | 764,647   | 14,233,928 |

*In millions of won*

| Type                                       | December 31, 2014 |           |                   |           | Total      |
|--|-------------------|-----------|-------------------|-----------|------------|
|  | Less than 1 year  | 1~5 Years | More than 5 years | Other (*) |            |
| Cash and cash equivalents                  | ₩ 1,796,300       |           |                   |           | 1,796,300  |
| Available-for-sale financial assets        |                   |           |                   | 715,151   | 715,151    |
| Held-to-maturity investments               | 265               | 3,336     | 13                |           | 3,614      |
| Loans and receivables                      | 68,910            | 176,600   | 425,082           | 9,928     | 680,520    |
| Long-term/short-term financial instruments | 100,099           | 740       | 603,308           | 315       | 704,462    |
| Trade and other receivables                | 7,700,166         | 830,863   | 824,966           | 76,104    | 9,432,099  |
|  | ₩ 9,665,740       | 1,011,539 | 1,853,369         | 801,498   | 13,332,146 |

(\*) The maturities cannot be presently determined.

Derivative liabilities classified by maturity periods which from reporting date to maturity date of contract as of March 31, 2015 and December 31, 2014 are as follows:

*In millions of won*

| Type             | March 31, 2015      |           |              |                      | Total     |
|------------------|---------------------|-----------|--------------|----------------------|-----------|
|                  | Less than<br>1 year | 1~2 Years | 2~5<br>Years | More than<br>5 years |           |
| Gross settlement |                     |           |              |                      |           |
| - Trading        | ₩ (55,640)          | (17,412)  | (106,141)    | (6,521)              | (185,714) |
| - Hedging        | (4,426)             | (1,453)   | (89,873)     | (115,037)            | (210,789) |
|                  | ₩ (60,066)          | (18,865)  | (196,014)    | (121,558)            | (396,503) |

*In millions of won*

| Type             | December 31, 2014   |           |              |                      | Total     |
|------------------|---------------------|-----------|--------------|----------------------|-----------|
|                  | Less than<br>1 year | 1~2 Years | 2~5<br>Years | More than<br>5 years |           |
| Gross settlement |                     |           |              |                      |           |
| - Trading        | ₩ (66,580)          | (15,289)  | (108,717)    | (11,301)             | (201,887) |
| - Hedging        | (3,070)             | (31,441)  | (70,384)     | (84,815)             | (189,710) |
|                  | ₩ (69,650)          | (46,730)  | (179,101)    | (96,116)             | (391,597) |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management, Continued****(3) Fair value risk**

The fair value of the Company's actively-traded financial instruments (i.e. short-term financial assets held for trading, available-for-sale financial assets, etc.) is based on the traded market-price as of the reporting period end. The fair value of the Company's financial assets is the amount which the asset could be exchanged for or the amount a liability could be settled for.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Company uses that technique.

For trade receivables and payables, the Company considers the carrying value net of impairment as fair value. While for disclosure purposes, the fair value of financial liabilities is estimated by discounting a financial instruments with similar contractual cashflows based on the effective interest method.

- (i) Fair value and book value of financial assets and liabilities as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>                  | <b>March 31, 2015</b> |                   | <b>December 31, 2014</b> |                   |
|--|-----------------------|-------------------|--------------------------|-------------------|
|  | <b>Book value</b>     | <b>Fair value</b> | <b>Book value</b>        | <b>Fair value</b> |
| <b>Type</b>                                |                       |                   |                          |                   |
| Assets recognized at fair value            |                       |                   |                          |                   |
| Available-for-sale financial assets (*1)   | ₩ 668,543             | 668,543           | 715,151                  | 715,151           |
| Derivative assets (trading)                | 96,402                | 96,402            | 65,849                   | 65,849            |
| Derivative assets (using hedge accounting) | 140,818               | 140,818           | 104,276                  | 104,276           |
| Long-term financial instruments            | 604,358               | 604,358           | 604,363                  | 604,363           |
| Short-term financial instruments           | 1,006,486             | 1,006,486         | 100,099                  | 100,099           |
|  | 2,516,607             | 2,516,607         | 1,589,738                | 1,589,738         |

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Assets carried at amortized cost

|                              |            |            |            |            |
|------------------------------|------------|------------|------------|------------|
| Held-to-maturity investments | 3,548      | 3,548      | 3,614      | 3,614      |
| Loans and receivables        | 645,674    | 645,674    | 623,997    | 623,997    |
| Trade and other receivables  | 8,185,911  | 8,185,911  | 9,422,219  | 9,422,219  |
| Cash and cash equivalents    | 3,054,376  | 3,054,376  | 1,796,300  | 1,796,300  |
|                              | 11,889,509 | 11,889,509 | 11,846,130 | 11,846,130 |

Liabilities recognized at fair value

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Derivative liabilities (trading)           | 145,825 | 145,825 | 164,931 | 164,931 |
| Derivative assets (using hedge accounting) | 180,725 | 180,725 | 172,877 | 172,877 |
|  | 326,550 | 326,550 | 337,808 | 337,808 |

Liabilities carried at amortized cost

|                               |              |            |            |            |
|-------------------------------|--------------|------------|------------|------------|
| Secured borrowings            | 945,035      | 945,035    | 941,823    | 941,823    |
| Unsecured bond                | 57,093,678   | 62,143,428 | 58,235,767 | 61,816,897 |
| Finance lease liabilities     | 741,592      | 741,592    | 769,435    | 769,435    |
| Unsecured borrowings          | 2,963,154    | 3,055,286  | 3,625,949  | 3,731,331  |
| Trade and other payables (*2) | 8,436,724    | 8,436,724  | 9,165,904  | 9,165,904  |
| Bank overdraft                | 24,964       | 24,964     | 20,788     | 20,788     |
|                               | ₩ 70,205,147 | 75,347,029 | 72,759,666 | 76,446,178 |

(\*1) Book values of equity securities held by the Company that were measured at cost as of March 31, 2015 and December 31, 2014 are ₩274,567 million and ₩299,308 million, respectively, as a quoted market price does not exist in an active market and its fair value cannot be measured reliably.

(\*2) Excludes finance lease liabilities.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**44. Risk Management, Continued****(3) Fair value risk, continued****(ii) Interest rates used for determining fair value**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

The discount rate used for calculating fair value as of March 31, 2015 and December 31, 2014 are as follows:

| <b>Type</b>                    | <b>March 31, 2015</b> | <b>December 31, 2014</b> |
|--------------------------------|-----------------------|--------------------------|
| Derivatives                    | 0.23 ~ 2.25%          | 0.04% ~ 2.78%            |
| Borrowings and debt securities | 0.26 ~ 4.54%          | 0.16% ~ 5.80%            |
| Finance lease                  | 9.00 ~ 10.83%         | 9.00% ~ 10.83%           |

**(iii) Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Fair values of financial instruments by hierarchy level as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i><br><b>Type</b> | <b>March 31, 2015</b> |                |                | <b>Total</b> |
|--|-----------------------|----------------|----------------|--------------|
|  | <b>Level 1</b>        | <b>Level 2</b> | <b>Level 3</b> |              |
| Financial assets at fair value           |                       |                |                |              |



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|                                     |           |         |         |         |
|-------------------------------------|-----------|---------|---------|---------|
| Available-for-sale financial assets | ₩ 225,353 |         | 168,623 | 393,976 |
| Derivative assets                   |           | 237,220 |         | 237,220 |
|                                     | 225,353   | 237,220 | 168,623 | 631,196 |

|  |  |         |  |         |
|--|--|---------|--|---------|
| <b>Financial liabilities at fair value</b> |  |         |  |         |
| Derivative liabilities                     |  | 326,550 |  | 326,550 |

*In millions of won*

| <b>Type</b>                                | <b>December 31, 2014</b> |                |                | <b>Total</b> |
|--|--------------------------|----------------|----------------|--------------|
|  | <b>Level 1</b>           | <b>Level 2</b> | <b>Level 3</b> |              |
| <b>Financial assets at fair value</b>      |                          |                |                |              |
| Available-for-sale financial assets        | ₩ 247,215                |                | 168,627        | 415,842      |
| Derivative assets                          |                          | 170,125        |                | 170,125      |
|  | 247,215                  | 170,125        | 168,627        | 585,967      |
| <b>Financial liabilities at fair value</b> |                          |                |                |              |
| Derivative liabilities                     |                          | 337,806        |                | 337,806      |

The fair value of available-for-sale financial assets publicly traded is measured at the closing bid price quoted at the end of the reporting period. Meanwhile, the fair value of unquoted available-for-sale financial assets is calculated using the valuation results from an external pricing service in which weighted average borrowing rates of interest of evaluated companies are used as a discount rate. The fair value of derivatives is measured using valuation model which is determined at the present value of estimated future cash flows discounted at current market interest rate.



**(2) Rights and classification of the arrangement**

The Company has the rights to use and own the power plant during the concession period from 2002 to 2022. At the end of the concession period, the Company has an obligation to transfer its ownership of the power plant to NPC.

**(3) The Company's expected future collections of service concession arrangements as of March 31, 2015 are as follows:**

| <i>In millions of won</i> |                |
|---------------------------|----------------|
| <b>Type</b>               | <b>Amounts</b> |
| Less than 1 year          | ₩ 115,422      |
| 1~ 2 years                | 115,422        |
| 2~ 3 years                | 115,422        |
| Over 3 years              | 509,780        |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties****(1) Related parties of the Company as of March 31, 2015 are as follows:**

| <b>Type</b>                       | <b>Related party</b>  |
|-----------------------------------|---|
| Parent                            | Republic of Korea government  |
| Subsidiaries<br>(75 subsidiaries) | Korea Hydro & Nuclear Power Co., Ltd., Korea South-East Power Co., Ltd., Korea Midland Power Co., Ltd., Korea Western Power Co., Ltd., Korea Southern Power Co., Ltd., Korea East-West Power Co., Ltd., KEPCO Engineering & Construction Company, Inc., KEPCO Plant Service & Engineering Co., Ltd., KEPCO Nuclear Fuel Co., Ltd., KEPCO KDN Co., Ltd., Garorim Tidal Power Plant Co., Ltd., KEPCO International HongKong Ltd., KEPCO International Philippines Inc., KEPCO Gansu International Ltd., KEPCO Philippines Holdings Inc., KEPCO Philippines Corporation, KEPCO Ilijan Corporation, KEPCO Lebanon SARL, KEPCO Neimenggu International Ltd., KEPCO Shanxi International Ltd., KOMIPO Global Pte Ltd., KEPCO Canada Energy Ltd., KEPCO Netherlands B.V., KOREA Imouraren Uranium Investment Corp., KEPCO Australia Pty., Ltd., KOSEP Australia Pty., Ltd., KOMIPO Australia Pty., Ltd., KOWEPO Australia Pty., Ltd., KOSPO Australia Pty., Ltd. KEPCO Middle East Holding Company, Qatrania Electric Power Company, KHNP Canada Energy Ltd., KEPCO Bylong Australia Pty., Ltd., Korea Waterbury Uranium Limited Partnership, KEPCO Canada Uranium Investment Limited Partnership, Korea Electric Power Nigeria Ltd., KEPCO Holdings de Mexico, KST Electric Power Company, KEPCO Energy Service Company, KEPCO Netherlands S3 B.V., PT. KOMIPO Pembangkitan Jawa Bali, PT. Cirebon Power Service, KOWEPO International Corporation, KOSPO Jordan LLC, EWP Philippines Corporation, EWP America Inc., EWP Renewable Co., DG Fairhaven Power, LLC, DG Kings Plaza, LLC, DG Whitefield, LLC, Springfield Power, LLC, KNF Canada Energy Limited, PT KEPCO Resource Indonesia, EWP Barbados 1 SRL, California Power Holdings, LLC, Gyeonggi Green Energy Co., Ltd., PT. Tanggamus Electric Power, Gyeongju Wind Power Co., Ltd., KOMIPO America Inc., EWPRC Biomass Holdings, LLC, KOSEP USA, INC., PT. EWP Indonesia, KOWEPO America LLC., KEPCO Netherlands J3 B.V., Korea Offshore Wind Power Co., Ltd., Global One Pioneer B.V., Global Energy Pioneer B.V., Mira Power Limited, KOSEP Material Co., Ltd., Commerce and Industry Energy Co., Ltd., KEPCO Singapore Holding Pte., Ltd., KOWEPO India Private Limited, KEPCO KPS Philippines Corp., KOSPO Chile SpA., PT. KOWEPO Sumsel Operation And Maintenance Services |
| Associates                        |   |

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|                                       |   |
|---------------------------------------|---|
| (51 associates)                       | Daegu Green Power Co., Ltd., Korea Gas Corporation, Korea Electric Power Industrial Development Co., Ltd., YTN Co., Ltd., Cheongna Energy Co., Ltd., Gangwon Wind Power Co., Ltd., Hyundai Green Power Co., Ltd., Korea Power Exchange, AMEC Partners Korea, Hyundai Energy Co., Ltd., Ecollite Co., Ltd., Taebaek Wind Power Co., Ltd., Muju Wind Power Co., Ltd., Pyeongchang Wind Power Co., Ltd., Daeryun Power Co., Ltd., JinanJangsu Wind Power Co., Ltd., Changjuk Wind Power Co., Ltd., KNH Solar Co., Ltd., SPC Power Corporation, Gemeng International Energy Co., Ltd., PT. Cirebon Electric Power, KNOC Nigerian East Oil Co., Ltd., KNOC Nigerian West Oil Co., Ltd., Dolphin Property Limited, PT Wampu Electric Power, PT. Bayan Resources TBK, S-Power Co., Ltd., Pioneer Gas Power Limited, Eurasia Energy Holdings, Xe-Pian Xe-Namnoy Power Co., Ltd., Busan Solar Co., Ltd., Hadong Mineral Fiber Co., Ltd., Green Biomass Co., Ltd., PT. Mutiara Jawa, Heang Bok Do Si Photovoltaic Power Co., Ltd., DS POWER Co., Ltd., Dongducheon Dream Power Co., Ltd., KS Solar Corp. Ltd., Yeongwol Energy Station Co., Ltd., Jinbhuvish Power Generation Pvt. Ltd., SE Green Energy Co., Ltd., Daegu Photovoltaic Co., Ltd., Jeongam Wind Power Co., Ltd., Korea Power Engineering Service Co., Ltd., Goseong Green Energy Co. Ltd., Naepo Green Energy Co., Ltd., Shin Pyeongtaek Power Co., Ltd., Gangneung Eco Power Co., Ltd., Noeul Green Energy Co., Ltd., Samcheok Eco Material Co., Ltd., Busan Green Energy Co., Ltd. |
| Joint ventures<br>(38 joint ventures) | KEPCO-Uhde Inc., Eco Biomass Energy Sdn. Bhd., Datang Chaoyang Renewable Power Co., Ltd., Shuweiha Asia Power Investment B.V., Shuweiha Asia Operation & Maintenance Company, Waterbury Lake Uranium L.P., ASM-BG Investicii AD, RES Technology AD, KV Holdings, Inc., KEPCO SPC Power Corporation, Canada Korea Uranium Limited Partnership, KEPCO Energy Resource Nigeria Limited, Gansu Datang Yumen Wind Power Co., Ltd., Datang Chifeng Renewable Power Co., Ltd., Datang KEPCO Chaoyang Renewable Power Co., Ltd., Rabigh Electricity Company, Rabigh Operation & Maintenance Company, Jamaica Public Service Company Limited, KW Nuclear Components Co., Ltd., Busan Shinho Solar Power Co., Ltd., GS Donghae Electric Power Co., Ltd., Global Trade Of Power System Co., Ltd., Expressway Solar-light Power Generation Co., Ltd, KODE NOVUS 1 LLC., KODE NOVUS 2 LLC., Daejung Offshore Wind Power Co., Ltd., Amman Asia Electric Power Company, KEPCO-ALSTOM Power Electronics Systems, Inc., Dangjin Echo Power Co., Ltd., Honam Wind Power Co., Ltd., Nepal Water & Energy Development Company Pty Ltd., Kelar S.A, PT. Tanjung Power Indonesia, Incheon New Power Co., Ltd., Seokmun Energy Co., Ltd., Nghi Son 2 Power Ltd., Chun-cheon Energy Co., Ltd., Yeonggwangbaeksu Wind Power Co., Ltd.  |
| Others                                | Korea Development Bank  |

**(2) Transactions between the Company and its subsidiaries are eliminated during the consolidation and will not be shown as notes.**

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties, Continued****(3) Related party transactions for the three-month periods ended March 31, 2015 and 2014 are as follows:**

&lt;Sales and Others&gt;

| <i>In millions of won</i>                                |                          | <b>Sales and others</b>   |                           |
|--|--------------------------|---------------------------|---------------------------|
| <b>Company name</b>                                      | <b>Transaction type</b>  | <b>March<br/>31, 2015</b> | <b>March<br/>31, 2014</b> |
| <b>&lt;Associates&gt;</b>                                |                          |                           |                           |
| Daegu Green Power Co., Ltd.                              | Electricity sales        | ₩ 227                     | 206                       |
| Dongducheon Dream Power Co., Ltd.                        | Rental income and others | 3,844                     | 3,929                     |
| Korea Gas Corporation                                    | Electricity sales        | 27,178                    | 22,532                    |
| Jeongam Wind Power Co., Ltd.                             | Electricity sales        | 4                         | 4                         |
| Yeongwol Energy Station Co., Ltd.                        | Service                  | 208                       | 2,323                     |
| KS Solar Co., Ltd.                                       | Electricity sales        | 6                         | 2                         |
| Korea Electric Power Industrial<br>Development Co., Ltd. | Service                  | 4,426                     | 5,255                     |
| DS POWER Co., Ltd.                                       | Service                  | 27,886                    | 20,106                    |
| Goseong Green Energy Co. Ltd.                            | Property sales           | 1                         |                           |
| Gangneung Eco Power Co., Ltd.                            | Service                  | 2,112                     |                           |
| Shin Pyeongtaek Power Co., Ltd.                          | Service                  | 1                         |                           |
| Naepo Green Energy Co., Ltd.                             | Electricity sales        | 22                        |                           |
| YTN Co., Ltd.  | Electricity sales        | 505                       | 596                       |
| Cheongna Energy Co., Ltd.                                | Service                  | 16,702                    | 6,331                     |
| Gangwon Wind Power Co., Ltd.                             | Electricity sales        | 889                       | 2,020                     |
| Hyundai Green Power Co., Ltd.                            | Design Service           | 10,625                    | 10,430                    |
| Korea Power Exchange                                     | Service                  | 1,086                     | 2,907                     |
| Hyundai Energy Co., Ltd.                                 | Service                  | 10,955                    | 14,259                    |
| Taebaek Wind Power Co., Ltd.                             | Service                  | 179                       | 183                       |
| Pyeongchang Wind Power Co., Ltd.                         | Design Service           | 37                        |                           |
| Daeryun Power Co., Ltd.                                  | Electricity sales        | 457                       | 478                       |
| Changjuk Wind Power Co., Ltd.                            | Electricity sales        | 156                       | 160                       |
| KNH Solar Co., Ltd.                                      | Electricity sales        | 5                         | 5                         |
| S-Power Co., Ltd.  | Service                  | 2,030                     | 154                       |
| Busan Solar Co., Ltd.                                    | Electricity sales        | 4                         | 5                         |

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|  |                           |        |       |
|--|---------------------------|--------|-------|
| Green Biomass Co., Ltd.                  | Woodchip purchase         | 3      |       |
| SPC Power Corporation                    | Commission                | 6      |       |
| Xe-Pian Xe-Namnoy Power Co., Ltd.        | Service                   | 101    |       |
| <b>&lt;Joint ventures&gt;</b>            |                           |        |       |
| KEPCO SPC Power Corporation              | Service / Dividend income | 1,103  | 1,426 |
| Dangjin Echo Power Co., Ltd.             | Technical fee             | 10     | 5     |
| Honam Wind Power Co., Ltd.               | Electricity sales         | 12     |       |
| Seokmun Energy Co., Ltd.                 | Technical fee             | 354    | 19    |
| Incheon New Power Co., Ltd.              | Construction Revenue      | (5)    | 2,219 |
| KW Nuclear Components Co., Ltd.          | Service                   | 1,341  | 128   |
| GS Donghae Electric Power Co., Ltd.      | Service                   | 1,342  | 1,101 |
| Busan Shinho Solar Power Co., Ltd.       | Electricity sales         | 7      | 6     |
| Yeongam Wind Power Co., Ltd.             | Electricity sales         |        | 29    |
| Global Trade Of Power System Co., Ltd.   | Electricity sales         |        | 39    |
| Datang Chifeng Renewable Power Co., Ltd. | Interest income           | 430    | 601   |
| Rabigh Operation & Maintenance Company   | Service                   |        | 275   |
| Jamaica Public Service Company Limited   | Repair Service            | 747    | 726   |
| Amman Asia Electric Power Company        | Service                   | 14,532 | 4,903 |
| Kelar S.A.                               | Service                   | 1,099  |       |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties, Continued**

(3) **Related party transactions for the three-month periods ended March 31, 2015 and 2014 are as follows, continued:**

&lt;Purchase and Others&gt;

| <i>In millions of won</i>                             |                                   | <b>Purchase and others</b> |                       |
|---|-----------------------------------|----------------------------|-----------------------|
| <b>Company name</b>                                   | <b>Transaction type</b>           | <b>March 31, 2015</b>      | <b>March 31, 2014</b> |
| <b>&lt;Associates&gt;</b>                             |                                   |                            |                       |
| Daegu Green Power Co., Ltd.                           | Electricity sales                 | ₩ 109,189                  |                       |
| Dongducheon Dream Power Co., Ltd.                     | Rental income and others          | 158,439                    |                       |
| Korea Gas Corporation                                 | Purchase of power generation fuel | 1,756,236                  | 3,546,368             |
| Daegu Photovoltaic Co., Ltd.                          | REC Purchase                      | 914                        | 409                   |
| Korea Power Engineering Service Co., Ltd.             | Service                           | 839                        |                       |
| Yeongwol Energy Station Co., Ltd.                     | REC Purchase                      | 1,069                      |                       |
| KS Solar Energy Co., Ltd.                             | REC Purchase                      | 2,168                      | 215                   |
| Heang Bok Do Si Photovoltaic Power Co., Ltd.          | Rental Fee and others             | 93                         |                       |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering service fee  | 55,176                     | 52,400                |
| YTN Co., Ltd.   | Advertisement fee                 | 18                         |                       |
| Gangwon Wind Power Co., Ltd.                          | Electricity purchase              | 9,003                      | 8,197                 |
| Hyundai Green Power Co., Ltd.                         | Electricity purchase              | 110,044                    | 121,714               |
| Korea Power Exchange                                  | Trading Fees                      | 23,318                     | 23,862                |
| Hyundai Energy Co., Ltd.                              | Electricity purchase              | 781                        |                       |



|  |                      |         |       |
|--|----------------------|---------|-------|
| Taebaek Wind Power Co., Ltd.                 | REC Purchase         | 2,720   | 4,485 |
| Daeryun Power Co., Ltd.                      | Electricity sales    | 98,743  |       |
| Changjuk Wind Power Co., Ltd.                | Electricity purchase | 2,741   | 4,634 |
| KNH Solar Co., Ltd.                          | Electricity sales    | 824     | 1,454 |
| S-Power Co., Ltd.                            | Service              | 228,759 |       |
| Busan Solar Co., Ltd.                        | Electricity sales    | 1,072   | 972   |
| Green Biomass Co., Ltd.                      | Woodchip purchase    | 809     | 442   |
| <b>&lt;Joint ventures&gt;</b>                |                      |         |       |
| KEPCO-ALSTOM Power Electronics Systems, Inc. | Service              | 12,040  | 176   |
| Honam Wind Power Co., Ltd.                   | Electricity purchase | 3,183   |       |
| Busan Shinho Solar Power Co., Ltd.           | REC Purchase         | 2,133   | 2,794 |
| Yeongam Wind Power Co., Ltd.                 | REC Purchase         |         | 3,230 |
| Expressway Solar-light Power Co., Ltd.       | Electricity purchase | 1,065   | 233   |
| Jamaica Public Service Company Limited       | Service              | 233     | 28    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of March 31, 2015 and December 31, 2014 are as follows:**

| <i>In millions of won</i> | Company name  | Type                             | Receivables    |                   | Payables       |                   |
|---------------------------|---|----------------------------------|----------------|-------------------|----------------|-------------------|
|                           |   |                                  | March 31, 2015 | December 31, 2014 | March 31, 2015 | December 31, 2014 |
| <b>&lt;Associates&gt;</b> |   |                                  |                |                   |                |                   |
|                           | Daegu Green Power Co., Ltd.                           | Trade receivables                | ₩ 67           | 90                |                |                   |
|                           |   | Trade payables                   |                |                   | 31,453         |                   |
|                           | Dongducheon Dream Power Co., Ltd.                     | Trade receivables                | 886            | 1,124             |                |                   |
|                           |   | Non-trade receivables and others | 215            |                   |                |                   |
|                           | Korea Gas Corporation                                 | Trade receivables                | 5,988          | 8,725             |                |                   |
|                           |   | Non-trade receivables and others | 4,991          | 152               |                |                   |
|                           |   | Trade payables                   |                |                   | 532,337        | 1,104,075         |
|                           |   | Non-trade payables and others    |                |                   | 145            |                   |
|                           | Jeongam Wind Power Co., Ltd.                          | Non-trade payables and others    |                |                   |                | 1                 |
|                           | Korea Power Engineering & Power Services Co., Ltd.    | Non-trade payables and others    |                |                   |                | 447               |
|                           | Yeongwol Energy Station Co., Ltd.                     | Trade receivables                | 7,046          | 7,060             |                |                   |
|                           | KS Solar Corp. Ltd.                                   | Trade receivables                | 1              | 2                 |                |                   |
|                           |   | Trade payables                   |                |                   | 163            |                   |
|                           |   | Non-trade payables and others    |                |                   | 215            | 113               |
|                           | Korea Electric Power Industrial Development Co., Ltd. | Trade receivables                | 1,274          | 692               |                |                   |
|                           |   | Non-trade receivables and others | 1,281          | 23                |                |                   |

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|                                 |                                  |        |        |        |        |
|---------------------------------|----------------------------------|--------|--------|--------|--------|
|                                 | Non-trade payables and others    |        |        | 10,182 | 28,195 |
| DS Power Co., Ltd.              | Trade receivables                | 82     | 46     |        |        |
|                                 | Non-trade receivables and others | 24,137 | 35,909 |        |        |
|                                 | Non-trade payables and others    |        |        | 1      | 1      |
| Goseong Green Energy Co. Ltd.   | Non-trade payables and others    |        |        | 3,900  | 3,900  |
| Gangneung Eco Power Co., Ltd.   | Trade receivables                | 1      |        |        |        |
| Shin Pyeongtaek Power Co., Ltd. | Non-trade receivables and others |        | 191    |        |        |
| Naepo Green Energy Co., Ltd.    | Trade receivables                | 5      | 8      |        |        |
| YTN Co., Ltd.                   | Trade receivables                | 69     | 91     |        |        |
|                                 | Non-trade payables and others    |        |        |        | 44     |
| Cheongna Energy Co., Ltd.       | Trade receivables                | 122    | 148    |        |        |
|                                 | Non-trade receivables and others | 3,777  | 5,073  |        |        |
|                                 | Non-trade payables and others    |        |        | 581    |        |
| Gangwon Wind Power Co., Ltd.    | Trade receivables                | 10     | 6      |        |        |
|                                 | Trade payables                   |        |        | 2,701  |        |
|                                 | Non-trade payables and others    |        |        |        | 4,982  |
| Hyundai Green Power Co., Ltd.   | Trade receivables                | 789    | 837    |        |        |
|                                 | Trade payables                   |        |        | 35,953 |        |
|                                 | Non-trade payables and others    |        |        |        | 43,417 |
| Korea Power Exchange            | Trade receivables                | 110    | 611    |        |        |
|                                 | Trade payables                   |        |        |        | 3,676  |
|                                 | Non-trade payables and others    |        |        | 6,794  | 1,360  |
| Hyundai Energy Co., Ltd.        | Trade receivables                | 57     | 30,186 |        |        |
|                                 | Non-trade receivables and others | 26,175 |        |        |        |
|                                 | Trade payables                   |        |        | 176    |        |
|                                 | Non-trade payables and others    |        |        | 8,548  | 8,649  |
| Taebaek Wind Power Co., Ltd.    | Trade receivables                | 96     | 104    |        |        |
|                                 | Trade payables                   |        |        | 485    |        |
|                                 | Non-trade payables and others    |        |        |        | 862    |
| Pyeongchang Wind Power Co., Ltd | Non-trade receivables and others | 138    | 306    |        |        |
| Daeryun Power Co., Ltd.         | Trade receivables                | 158    | 150    |        |        |
|                                 | Trade payables                   |        |        | 20,552 |        |
| Changjuk Wind Power Co., Ltd.   | Trade receivables                | 85     |        |        |        |
|                                 | Non-trade receivables and others |        | 93     |        |        |
|                                 | Trade payables                   |        |        | 461    |        |

|                       |                               |   |   |     |
|-----------------------|-------------------------------|---|---|-----|
|                       | Non-trade payables and others |   |   | 867 |
| Busan Solar Co., Ltd. | Trade receivables             | 1 | 1 |     |
|                       | Non-trade payables and others |   |   | 253 |
| KNH Solar Co., Ltd.   | Trade receivables             | 1 | 1 | 127 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of March 31, 2015 and December 31, 2014 are as follows, continued:**

| <i>In millions of won</i>     | Company name                                 | Type                             | Receivables    |                   | Payables       |                   |
|-------------------------------|--|----------------------------------|----------------|-------------------|----------------|-------------------|
|                               |  |                                  | March 31, 2015 | December 31, 2014 | March 31, 2015 | December 31, 2014 |
|                               | S-Power Co., Ltd.                            | Trade receivables                | ₩ 114          | 213               |                |                   |
|                               |  | Non-trade receivables and others | 627            | 1,203             |                |                   |
|                               |  | Trade payables                   |                |                   | 65,044         |                   |
|                               |  | Non-trade payables and others    |                |                   |                | 55,238            |
|                               | Green Biomass Co., Ltd.                      | Non-trade payables and others    |                |                   | 197            |                   |
|                               | SPC Power Corporation                        | Non-trade receivables and others |                | 64                |                |                   |
|                               | Ecollite Co., Ltd.                           | Non-trade receivables and others | 210            |                   |                |                   |
|                               | Pioneer Gas Power Limited                    | Non-trade receivables and others |                | 214               |                |                   |
|                               | Xe-Pian Xe-Namnoy Power Co., Ltd.            | Non-trade receivables and others |                | 547               |                |                   |
| <b>&lt;Joint ventures&gt;</b> |  |                                  |                |                   |                |                   |
|                               | KEPCO SPC Power Corporation                  | Trade receivables                |                | 2,519             |                |                   |
|                               |  | Non-trade receivables and others | 1,016          | 1,736             |                |                   |
|                               | KEPCO-ALSTOM Power Electronics Systems, Inc. | Non-trade receivables and others |                | 668               |                |                   |
|                               |  | Non-trade payables and others    |                |                   | 13             |                   |
|                               | Incheon New Power Co., Ltd.                  | Trade receivables                | 127            | 1,383             |                |                   |
|                               | Dangjin Echo Power Co., Ltd.                 |                                  | 10             | 1,955             |                |                   |

|  |                                  |       |        |       |
|--|----------------------------------|-------|--------|-------|
|  | Non-trade receivables and others |       |        |       |
| Honam Wind Power Co., Ltd.               | Trade payables                   |       |        | 343   |
|  | Non-trade payables and others    |       |        | 2,598 |
| Seokmun Energy Co., Ltd.                 | Non-trade receivables and others | 1,491 | 1,101  | 2,481 |
| KW Nuclear Components Co., Ltd.          | Non-trade receivables and others | 57    | 57     |       |
| GS Donghae Electric Power Co., Ltd.      | Trade receivables                | 1,328 |        |       |
|  | Non-trade receivables and others | 319   | 14,626 |       |
|  | Non-trade payables and others    |       |        | 75    |
| Busan Shinho Solar Power Co., Ltd.       | Trade receivables                | 2     | 2      |       |
|  | Trade payables                   |       |        | 301   |
|  | Non-trade receivables and others |       |        | 1,044 |
| Datang Chifeng Renewable Power Co., Ltd. | Trade receivables                | 60    | 511    | 1,516 |
| Jamaica Public Service Company Limited   | Trade receivables                | 565   | 1,121  |       |
|  | Non-trade receivables and others | 364   | 303    |       |
| Amman Asia Electric Power Company        | Trade receivables                | 9,662 | 11,171 |       |

**(5) Loans and others arising from related party transactions as of March 31, 2015 and December 31, 2014 are as follows:**

*In millions of won*

| Type           | Company name                             | Beginning balance | Loans | Collection | Others | Ending balance |
|----------------|--|-------------------|-------|------------|--------|----------------|
| Joint ventures | KEPCO SPC Power Corporation              | ₩ 32,866          |       |            | 174    | 33,040         |
| Joint ventures | Datang Chifeng Renewable Power Co., Ltd. | 29,731            |       | (3,720)    | 142    | 26,153         |
| Joint ventures | Jamaica Public Service Company Limited   | 2,199             |       |            | 12     | 2,211          |
| Associates     | KNOC Nigerian East Oil Co., Ltd.         |                   |       |            |        |                |
|                | KNOC Nigerian West Oil Co., Ltd.         | 26,544            |       |            | 130    | 26,674         |

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|            |                                   |           |       |         |          |         |
|------------|-----------------------------------|-----------|-------|---------|----------|---------|
|            | Allowance for doubtful accounts   | (16,884)  |       | (69)    | (16,953) |         |
| Associates | Dolphin Property Limited          | 953       | (957) | 4       |          |         |
|            | Allowance for doubtful accounts   | (354)     | 354   |         |          |         |
| Associates | Rabigh Electricity Company        | 62,713    | (637) | 331     | 62,407   |         |
| Associates | PT. Cirebon Electric Power        | 45,136    | 4,142 | 256     | 49,534   |         |
| Associates | Xe-Pian Xe-Namnoy Power Co., Ltd. | 1,413     |       |         | 1,413    |         |
|            |                                   | ₩ 184,317 | 4,142 | (4,960) | 980      | 184,479 |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties, Continued****(6) Borrowings arising from related party transactions as of March 31, 2015 and December 31, 2014 are as follows:***In millions of won*

| <b>Related parties</b> | <b>Type</b> | <b>Beginning balance</b> | <b>Borrowings</b> | <b>Repayment</b> | <b>Others</b> | <b>Ending balance</b> |
|------------------------|-------------|--------------------------|-------------------|------------------|---------------|-----------------------|
| Korea Development Bank | Facility    | ₩ 1,552,600              |                   | (300,586)        |               | 1,252,014             |
|                        | Others      |                          | 7,178             | (191)            |               | 6,987                 |

**(7) Guarantees provided to associates or joint ventures as of March 31, 2015 are as follows:***In millions of won and thousands of foreign currencies*

| <b>Primary guarantor</b>         | <b>Secondary guarantor</b>  | <b>Type of guarantees</b>                | <b>Credit limit</b> | <b>Guarantee</b>                                     |
|----------------------------------|---|--|---------------------|--|
| Korea Electric Power Corporation | KEPCO SPC Power Corporation   | Debt guarantees                          | USD 129,868         | SMBC, The Export-import Bank of Korea and ADB        |
| Korea Electric Power Corporation | Shuwei hat Asia O&M Co., Ltd.   | Performance guarantees                   | USD 11,000          | ADWEA  |
| Korea Electric Power Corporation | KNOC Nigerian East Oil Co., Ltd. and KNOC Nigerian West Oil Co., Ltd. | Performance guarantees                   | USD 34,650          | Korea National Oil Corporation (Nigerian government) |
| Korea Western Power Co., Ltd.    | Cheongna Energy Co., Ltd.   | Collateralized money invested            | KRW 48,553          | Korea Exchange Bank, Hana Bank and others            |
|                                  |   | Guarantees for supplemental funding (*1) |                     |  |
| Korea Western Power Co., Ltd.    | Xe-Pian Xe-Namnoy Power Co., Ltd.                                     | Payment guarantees for business reserve  | USD 2,500           | Krung Thai Bank                                      |
|                                  |   | Collateralized money invested            | USD 21,606          |  |



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|                               |   | Guarantees for<br>supplemental funding<br>(*1) |     |         |   |
|-------------------------------|---|--|-----|---------|---|
| Korea Western Power Co., Ltd. | Rabigh O&M Co., Ltd.                        | Performance guarantees                         | SAR | 4,800   | Saudi Arabia British Bank                   |
| Korea Western Power Co., Ltd. | Daegu Photovoltaic Co., Ltd.                | Collateralized money invested                  | KRW | 1,230   | Shinhan Capital Co., Ltd.                   |
| Korea Western Power Co., Ltd. | Dongducheon Dream Power Co., Ltd. (*2)      | Collateralized money invested                  | KRW | 111,134 | Kookmin Bank                                |
| Korea Western Power Co., Ltd. | PT. Mutiara Jawa                            | Collateralized money invested                  | USD | 2,610   | Shinhan Bank Singapore                      |
| Korea Western Power Co., Ltd. | Heangbok Do Si Photovoltaic Power Co., Ltd. | Collateralized money invested                  | KRW | 194     | Shinhan Capital Co., Ltd. and Nonghyup Bank |
| Korea Western Power Co., Ltd. | Shin Pyeongtaek Power Co., Ltd.             | Collateralized money invested                  | KRW | 40      | Kookmin Bank                                |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of March 31, 2015 are as follows, continued:***In millions of won and thousands of foreign currencies*

| <b>Primary guarantor</b>        | <b>Secondary guarantor</b>            | <b>Type of guarantees</b>                | <b>Credit limit</b> | <b>Guarantee</b>                                     |
|---------------------------------|---------------------------------------|--|---------------------|--|
| Korea East-West Power Co., Ltd. | Busan Shinho Solar Power Co., Ltd.    | Collateralized money invested            | KRW 2,100           | Heungkuk Life Insurance Co., Ltd. and others         |
| Korea East-West Power Co., Ltd. | Seokmun Energy Co., Ltd.              | Guarantees for supplemental funding (*3) |                     | Hanmaeum 2nd Securitization Co., Ltd.                |
| Korea East-West Power Co., Ltd. | Chun-cheon Energy Co., Ltd.           | Guarantees for supplemental funding (*4) |                     | Newstar TJ 1st Co., Ltd.                             |
| Korea East-West Power Co., Ltd. | Honam Wind Power Co., Ltd.            | Collateralized money invested            | KRW 3,480           | Shinhan Bank and others                              |
|                                 |                                       | Guarantees for supplemental funding (*1) |                     |  |
| Korea East-West Power Co., Ltd. | GS-Donghae Electric Power Co., Ltd.   | Collateralized money invested            | KRW 204,000         | Korea Development Bank and others                    |
|                                 |                                       | Guarantees for supplemental funding (*1) |                     |  |
| Korea East-West Power Co., Ltd. | Yeonggwangbaeksu Wind Power Co., Ltd. | Collateralized money invested            | KRW 3,000           | Hyundai Marine & Fire Insurance Co., Ltd. and others |
|                                 |                                       | Guarantees for supplemental funding (*1) |                     |  |
| Korea East-West Power Co., Ltd. | PT. Tanjung Power Indonesia           | Debt guarantees                          | USD 10,500          | The Bank of Tokyo-Mitsubishi                         |
|                                 | KNH Solar Co., Ltd.                   |  | KRW 1,296           |  |

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|                                |                                  |   |     |         |  |
|--------------------------------|----------------------------------|---|-----|---------|--|
| Korea Southern Power Co., Ltd. |                                  | Collateralized money invested                                       |     |         | Shinhan Bank and Kyobo Life Insurance Co., Ltd.                |
|                                |                                  | Performance guarantees and guarantees for supplemental funding (*1) |     |         |  |
| Korea Southern Power Co., Ltd. | Daeryun Power Co., Ltd.          | Collateralized money invested                                       | KRW | 25,477  | Korea Development Bank, Daewoo Securities Co., Ltd. and others |
|                                |                                  | Guarantees for supplemental funding (*1)                            |     |         |  |
| Korea Southern Power Co., Ltd. | Changjuk Wind Power Co., Ltd.    | Collateralized money invested                                       | KRW | 3,801   | Shinhan Bank and Woori Bank                                    |
|                                |                                  | Guarantees for supplemental funding (*1)                            |     |         |  |
| Korea Southern Power Co., Ltd. | Busan Solar Co., Ltd.            | Collateralized money invested                                       | KRW | 793     | Consus Asset Management Co., Ltd                               |
| Korea Southern Power Co., Ltd. | Daegu Green Power Co., Ltd.      | Collateralized money invested                                       | KRW | 76,193  | Korea Exchange Bank and Kookmin Bank                           |
|                                |                                  | Performance guarantees and guarantees for supplemental funding (*1) |     |         |  |
| Korea Southern Power Co., Ltd. | KS Solar Corp. Ltd.              | Collateralized money invested                                       | KRW | 637     | Shinhan Capital Co., Ltd.                                      |
| Korea Southern Power Co., Ltd. | Kelar S.A.                       | Performance guarantees (*1)   |     |         | Korea Exchange Bank, SMBC, and others                          |
|                                |                                  | Debt guarantees   | USD | 132,600 | SMBC, MIZUHO, and others                                       |
| Korea Southern Power Co., Ltd. | DS Power Co., Ltd.               | Collateralized money invested                                       | KRW | 2,900   | Korea Development Bank and Daewoo Securities Co., Ltd.         |
|                                |                                  | Guarantees for supplemental funding (*1)                            |     |         |  |
| Korea Southern Power Co., Ltd. | Pyoungchang Wind Power Co., Ltd. | Collateralized money invested                                       | KRW | 3,875   | Woori Bank and Shinhan Bank                                    |
|                                |                                  | Performance guarantees and guarantees for supplemental funding (*1) |     |         |  |
| Korea Southern Power Co., Ltd. | Taebaek Wind Power Co., Ltd.     | Guarantees for supplemental funding                                 |     |         | Shinhan Bank and Cheju Bank                                    |

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|  |                               |   |     |        |  |
|--|-------------------------------|---|-----|--------|--|
| KEPCO Engineering & Construction Company, Inc. | DS Power Co., Ltd.            | (*1)<br>Collateralized money invested                               | KRW | 15,000 | Korea Development Bank and Daewoo Securities Co., Ltd. |
|  |                               | Performance guarantees and guarantees for supplemental funding (*1) |     |        |  |
| Korea Midland Power Co. Ltd.                   | Hyundai Green Power Co., Ltd. | Collateralized money invested                                       | KRW | 87,003 | Korea Development Bank and others                      |
|  |                               | Guarantees for supplemental funding (*1)                            |     |        |  |
| Korea Midland Power Co. Ltd.                   | PT. Cirebon Electric Power    | Debt guarantees   | USD | 12,000 | Nonghyup bank  |
| Korea Midland Power Co. Ltd.                   | PT. Wampu Electric Power      | Performance guarantees  |     |        | Hana Bank  |
| Korea Midland Power Co. Ltd.                   | Gangwon Wind Power Co., Ltd.  | Collateralized money invested                                       | KRW | 7,409  | IBK and others   |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of March 31, 2015 are as follows, continued:***In millions of won and thousands of foreign currencies*

| <b>Primary guarantor</b>         | <b>Secondary guarantor</b>                      | <b>Type of guarantees</b>  | <b>Credit limit</b>     | <b>Guarantee</b>                           |
|----------------------------------|---|--|-------------------------|--|
| Korea South-East Power Co., Ltd. | Hyundai Energy Co., Ltd.                        | Collateralized money invested<br>Performance guarantees and guarantees for supplemental funding (*1) | KRW 35,925              | Korea Development Bank and others          |
| Korea South-East Power Co., Ltd. | RES Technology AD                               | Collateralized money invested Debt guarantees  | KRW 15,595<br>EUR 4,271 | Korea Development Bank and others          |
| Korea South-East Power Co., Ltd. | ASM-BG Investicii AD                            | Collateralized money invested Debt guarantees  | KRW 16,101<br>EUR 4,175 | Korea Development Bank and others          |
| Korea South-East Power Co., Ltd. | Express solar-light Power. Generation Co., Ltd. | Guarantees for supplemental funding (*1)   |                         | Woori Bank                                 |
| Korea South-East Power Co., Ltd. | S-Power Co., Ltd.                               | Collateralized money invested<br>Performance guarantees and guarantees for supplemental funding (*1) | KRW 108,000             | Korea Development Bank and others          |
| KOSEP USA, INC.                  | KODE NOVUS II LLC                               | Guarantees for supplemental funding (*1)   |                         | Korea Development Bank and others          |
| KOSEP USA, INC.                  | KODE NOVUS I LLC                                | Guarantees for supplemental funding (*1)   |                         | The Export-Import Bank of Korea and others |

|   |                                   |  |     |       |                              |
|---|-----------------------------------|--|-----|-------|------------------------------|
| Korea Hydro & Nuclear Power Co., Ltd.       | Yeongwol Energy Station Co., Ltd. | Collateralized money invested  | KRW | 1,400 | Hyundai Securities Co., Ltd. |
| KEPCO Plant Service & Engineering Co., Ltd. | Incheon New Power Co., Ltd.       | Collateralized money invested Guarantees for supplemental funding (*1) | KRW | 6,800 | Shinhan Bank                 |

- (\*1) The Company guarantees to provide supplemental funding for business with respect to excessive business expenses or insufficient repayment of borrowings.
- (\*2) According to the Project Financing Agreement ( Agreement ), if there is any capital increase in Dongducheon Dream Power Co., Ltd. by issuance of new stock after the date of the Agreement, the newly issued shares owned by the Company shall also be provided as a collateral for the Project Financing.
- (\*3) The Company has an obligation to invest additional ₩150 billion to Seokmun Energy Co., Ltd. The obligation may be conducted through acquisition of new shares, converted shares or convertible bonds.
- (\*4) The total amount of collateral limit is the amount of convertible bonds issued by the secondary guarantor. The primary guarantor has an obligation to acquire the converted shares up to un-invested balance when the secondary guarantor fails to repay the convertible bonds on the maturity date.

**(8) Derivatives transactions with related parties as of March 31, 2015 are as follows:**

| <i>In millions of won</i>  |  | <b>Contract</b> | <b>Contract</b> | <b>Contract interest rate per annum</b> |                    |
|----------------------------|--|-----------------|-----------------|---|--------------------|
| <b>Counterparty</b>        |  | <b>year</b>     | <b>amount</b>   | <b>Pay (%)</b>                          | <b>Receive (%)</b> |
| Korea Development Bank     |  | 2012~2016       | ₩ 200,000       | 3.57%                                   | 3M CD + 0.26%      |
| Korea Development Bank     |  | 2012~2016       | 50,000          | 3.49%                                   | 3M CD + 0.25%      |
| Korea Development Bank (*) |  | 2014~2029       | 40,000          | 3M CD 0.03%                             | 4.65%              |

- (\*) The contract is an interest rate swap hedging on Electricity Bonds 885, and the banks would notify the Company of the early termination every year on the early termination notification date (every year on April 28, from 2017 until 2028). The contract will be terminated if the early termination is notified.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**46. Related Parties, Continued**

(9) Salaries and other compensations to the key members of management of the Company for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won</i> |   |                |                |
|---------------------------|---|----------------|----------------|
| Type                      |   | March 31, 2015 | March 31, 2014 |
| Salaries                  | ₩ | 195            | 193            |
| Employee benefits         |   | 16             | 5              |
|                           | ₩ | 211            | 198            |

**47. Non-Cash Transactions**

Significant non-cash investing and financing transactions for the three-month periods ended March 31, 2015 and 2014 are as follows:

| <i>In millions of won</i>  |   |                |                |
|--|---|----------------|----------------|
| Transactions   |   | March 31, 2015 | March 31, 2014 |
| Transfer from construction-in-progress to other assets                               | ₩ | 1,350,071      | 1,087,760      |
| Recognition of asset retirement cost and related provision for decommissioning costs |   | 82,512         | 76,755         |
| Transfer from provision for disposal of spent nuclear fuel to accrued expenses       |   | 133,105        | 110,765        |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**48. Commitments for Expenditure**

- (1) The agreements for acquisition of property, plant and equipment as of March 31, 2015 and December 31, 2014 are as follows:

| <i>In millions of won</i>  | <b>March 31, 2015</b> |                | <b>December 31, 2014</b> |                |
|--|-----------------------|----------------|--------------------------|----------------|
|  | <b>Amounts</b>        | <b>Balance</b> | <b>Amounts</b>           | <b>Balance</b> |
| <b>Contracts</b>   |                       |                |                          |                |
| Construction of New Uljin units  | ₩ 16,244,160          | 12,036,219     | 16,244,160               | 12,286,719     |
| Construction of New Kori units   | 15,106,494            | 8,410,885      | 15,106,494               | 8,593,822      |
| Construction of New Wolseong units   | 5,310,003             | 121,973        | 5,310,003                | 171,367        |
| Construction of Dangjin units  | 1,530,669             | 131,849        | 985,036                  | 138,709        |
| Construction of New Boryeong units   | 1,805,474             | 683,423        | 1,803,417                | 848,887        |
| Construction of Samcheok units   | 2,262,220             | 470,220        | 2,284,570                | 543,757        |
| Construction of Taeon IGCC units   | 928,240               | 84,031         | 927,628                  | 113,625        |
| Construction of Taeon units  | 970,105               | 342,350        | 966,680                  | 536,676        |
| Construction of office building (KOPEC)  | 213,216               | 24,272         | 213,216                  | 45,694         |
| Construction of Sejong city cogeneration units                                 | 305,360               | 46,007         | 305,360                  | 46,007         |
| Purchase of Wonju cogeneration units   | 50,220                | 16,238         | 50,220                   | 17,526         |
| Purchase of Ulsan combined cycle power units                                   | 589,982               | 7,357          | 286,755                  | 8,355          |
| Purchase of Pyeongtaek combined cycle power units                              | 337,699               | 226            | 337,674                  | 226            |
| Purchase of Andong main machine  | 234,601               |                | 234,601                  | 11,730         |
| Construction of New Yeongheung units   | 674,469               | 7,844          | 836,708                  | 46,962         |
| Construction of New Yeosu units  | 491,284               | 193,588        | 495,368                  | 255,973        |
| Construction of New Seoul units  | 586,493               | 541,587        | 586,493                  | 543,475        |
| Purchase of Concrete Poles (10M,350KGF)  | 123,888               | 83,244         | 123,888                  | 97,944         |
| Purchase of cable<br>(TR CNCE-W/AL,1C,400SQ) (unit price contract)             | 149,083               | 63,863         | 149,083                  | 99,147         |
| Purchase of GIS (362kV 4000A 60kA) 24CB  | 40,630                | 8,250          | 40,630                   | 37,048         |
| Purchase of G-Type low pressure electronic<br>watt-hour meter (3P4W, 100(10)A) | 48,962                | 6,641          | 48,962                   | 21,744         |
| Other purchase contracts   | 73,976                | 25,343         | 75,326                   | 27,341         |
|  | ₩ 48,077,228          | 23,305,410     | 47,412,272               | 24,492,734     |



**(2) As of March 31, 2015, details of contracts for inventory purchase are as follows:**

The Company imports all of its uranium ore concentrates from sources outside Korea (including the United States, United Kingdom, Kazakhstan, France, Russia, South Africa, Canada and Australia) which are paid for with currencies other than Won, primarily in U.S. dollars. In order to ensure stable supply, the Company entered into long-term and medium-term contracts with various suppliers, and supplements such supplies with purchases of fuels on spot markets. The long-term and medium-term contract periods vary among contractors and the stages of fuel manufacturing process. Contract prices for processing of uranium are generally based on market prices. Contract periods for ore concentrates, conversion, enrichment and design and fabrication are as follows:

| <b>Type</b> | <b>Periods</b> | <b>Contracted amounts</b> |
|-------------|----------------|---------------------------|
| Concentrate | 2015 ~ 2030    | 34,719 Ton U3O8           |
| Transformed | 2015 ~ 2022    | 17,238 Ton U              |
| Enrichment  | 2015 ~ 2029    | 34,879 Ton SWU            |
| Molded      | 2015 ~ 2022    | 1,852 Ton U               |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**49. Contingencies and Commitments****(1) Ongoing litigations related with contingent liabilities and assets as of March 31, 2015 and December 31, 2014 are as follows:***In millions of won*

|                  | March 31, 2015  |              | December 31, 2014 |              |
|------------------|-----------------|--------------|-------------------|--------------|
|                  | Number of cases | Claim amount | Number of cases   | Claim amount |
| As the defendant | 684             | ₩ 642,041    | 669               | ₩ 637,749    |
| As the plaintiff | 154             | 496,461      | 164               | 460,965      |

The Company is the defendant against a number of claims. The following are potentially significant claims pertaining to the Company:

The Company contracted with LS Cable & System Ltd. for 250kv submarine cables installed in the 105km section between Jindo (Mainland) and Jeju Island in September 2009. LS Cable & System Ltd. notified the Company of the completion of construction and requested the issuance of a certificate of completion, however the Company disagreed that LS Cable & System Ltd. had completed construction in accordance with the conditions of their contract. As a result, the Company rejected the goods (submarine cables installed) delivered and refused to pay LS Cable & System Ltd.

LS Cable & System Ltd. filed for arbitration (seeking a total amount of ₩194 billion from the Company) with the the Korean Commercial Arbitration Board in October 2012 in order to demand unpaid invoices and extra payments relating to claims of rejection of the test on completion and goods (submarine cables installed) delivered.

After arbitration agreement by the Korean Commercial Arbitration Board, the Company, as of July 2014, has paid a portion of unpaid construction payment of ₩40 billion of the total construction payment of ₩120 billion, which is out of the total arbitration filed of ₩194 billion. The remaining unpaid construction payment of ₩80 billion has been recognized as a liability.

The arbitration is currently on-going, and the final result might be unfavorable to the Company. However, since additional construction payments and periods cannot be rationally estimated, the Company has not recognized any provisions for potential loss.

Hyundai Engineering & Construction Co., Ltd.( Hyundai E&C ), SK Engineering & Construction Co., Ltd. and GS Engineering & Construction Co., Ltd. filed a law suit for increase in contract bill (formerly, amounted of ₩1,000 million) against Korea Hydro & Nuclear Co., Ltd.( KHNP ) in September 2013, in accordance with the design changes on the plant construction of New Hanwool 1 & 2. Hyundai Engineering & Construction Co., Ltd. and two other companies submitted an application to demand extra contract payments due to the design change, and they are asking a total amount of ₩133,426 million from KHNP.

Due to the inherent uncertainties, the Company is not able to reliably estimate the amount of compensation and timing if any, that might be awarded to Hyundai E&C and two other companies. Consequently, it is not possible for the Company to make an estimate of the expected financial effect that will result from the ultimate resolution of a lawsuit. Therefore, the Company has not recognized any provision for the lawsuit.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**49. Contingencies and Commitments, Continued**

**(1) Ongoing litigations related with contingent liabilities and assets as of March 31, 2015 and December 31, 2014 are as follows, continued:**

In December 2013, the Supreme Court of Korea ruled that regular bonuses also fall under the category of ordinary wages on the condition that those bonuses are paid regularly and uniformly. The Supreme Court ruled, that employees shall not retroactively demand the difference in overtime pay as additional wages, in the event that the demand itself causes an unexpected increase in spending for their company, and thus lead the company to financial difficulty. In that case, the request is not acceptable, since it is unjust, and it is in breach of the principle of good faith."

Prior to the ruling of the Supreme Court, the Company determined wages in accordance with budget instructions from the Ministry of Strategy and Finance, which excluded bonuses from ordinary wages and was with the consent of the Company's labor unions. Any request for the retroactive demand for the difference in overtime pay as additional wages may be limited based on the principle of good faith.

The Korean Power Plant Industry Union and others filed lawsuits against the Company's six generation subsidiaries and KEPCO Plant Service & Engineering Co., Ltd. due to a dispute over the scope of ordinary wages.

On January 15, 2015, there was a court decision on ordinary wages of the labor union in Korea Southern Power Co., Ltd. According to the judgment, basic bonus, incentives, and part of the subsidies paid regularly, uniformly, and steadily are to be included in the ordinary wages, and as a result of the related lawsuit, it was concluded that this case does not violate the principle of good faith since no significant difficulty in management nor risk in the continuance and existence of the company were predicted. However, the Company appealed at a higher court on February 4, 2015.

The Company believes that the possibility of economic outflow is probable on the ongoing and the expected lawsuit. As a result, the Company recognized ₩187,057 million of other provision.

Korea Hydro & Nuclear Power Co., Ltd., a subsidiary of the Company, adopted amendments to remuneration regulations and bylaws regarding basic bonuses in the year 2012. With respect to this, a lawsuit was filed in January 2015 (claim amount: ₩11,472 million) by employees against the Company for what they claim to be unpaid bonuses, which is derived from different interpretations of the remuneration regulations and bylaws applied to three-month working period from September to December 2011.

**(2) Guarantees of borrowings provided to other companies as of March 31, 2015 and December 31, 2014 are as follows:**

The Company has a borrowing of ₩22,500 million from Long Lasting Value ( LLV ) as of March 31, 2015. LLV obtains loans from major stockholders, such as Samsung Life Insurance, and lends the money to other third parties. The Company guarantees secured payments to the major stockholders of LLV, such as payment of principal, tax, commissions, etc., with a limit of ₩23,900 million.

In order to secure its status as a shareholder of Navanakom Electric Co., Ltd., the Company has signed a fund supplement contract. According to the contract, in case Navanakom Electric Co., Ltd. does not have sufficient funds for its operation or repayment of borrowings, the Company bears a payment obligation in proportion to its ownership.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**49. Contingencies and Commitments, Continued****(3) Credit lines provided by financial institutions as of March 31, 2015 are as follows:***In millions of won and thousands of foreign currencies*

| <b>Commitments</b>   | <b>Financial institutions</b>              | <b>Currency</b> | <b>Amount</b> |
|--|--|-----------------|---------------|
| Commitments on bank-overdraft                                  | Nonghyup Bank and others                   | KRW             | 1,770,000     |
| Commitments on bank-daylight overdraft                         | Nonghyup Bank and others                   | KRW             | 280,000       |
| Limit amount available for CP                                  | Korea Exchange Bank and others             | KRW             | 1,050,000     |
| Limit amount available for card                                | Hana Bank and others                       | KRW             | 86,838        |
|  | Banco de Oro                               | PHP             | 5,000         |
| Certification of payment on payables from foreign country      | Korea Development Bank and others          | USD             | 423,009       |
| Loan limit   | The Export-Import Bank of Korea and others | KRW             | 202,650       |
|  | BNP Paribas and others                     | USD             | 2,778,059     |
| Certification of payment on L/C                                | Woori Bank and others                      | USD             | 1,707,703     |
|  | Korea Exchange Bank and others             | EUR             | 3,100         |
|  | Kookmin bank                               | JPY             | 8,677,652     |
|  | Korea Exchange Bank                        | GBP             | 61,169        |
| Certification of performance guarantee on contract             | Seoul Guarantee Insurance and others       | KRW             | 160,962       |
|  | Standard Chartered Bank and others         | USD             | 755,938       |
|  | Kookmin Bank                               | EUR             | 37,082        |
|  | Hana Bank                                  | INR             | 185,077       |
|  | Kathmandu Bank                             | NPR             | 32,633        |
| Certification of bidding                                       | SMBC and others                            | USD             | 10,200        |
| Advance payment bond, Warranty bond, Retention bond and others | Shinhan Bank                               | EUR             | 55            |
|  | Nonghyup Bank and others                   | USD             | 210,888       |
|  | Kathmandu Bank and others                  | NPR             | 108,926       |
|  | Hana Bank                                  | INR             | 157,830       |
| Others   | Korea Exchange Bank and others             | KRW             | 11,250        |
|  | Korea Exchange Bank and others             | SAR             | 82,700        |
|  | Shinhan Bank and others                    | USD             | 196,963       |
| Inclusive credit   | Korea Exchange Bank                        | KRW             | 441,500       |

|               |                        |     |         |
|---------------|------------------------|-----|---------|
|               | Shinhan Bank           | INR | 47,489  |
|               | HSBC and others        | USD | 484,510 |
| Trade finance | BNP Paribas and others | USD | 900,000 |

- (4) The Company voluntarily suspended operations of the Gangneung hydroelectric generating plant, with a carrying amount of ₩106,241 million, to improve the quality of water used in generating electricity. The expenses related to the suspension of operations of ₩1,666 million and depreciation on the utility plant amounting to ₩179 million are charged to other expenses for the three-month period ended March 31, 2015.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**49. Contingencies and Commitments, Continued**

(5) As of March 31, 2015, the blank check and assets provided as collaterals or pledges to financial institutions by the Company are follows:

*In millions of won and thousands of foreign currencies*

| <b>Guarantor</b>                       | <b>Guarantee</b>                  | <b>Type of guarantee</b>                                    | <b>Currency</b> | <b>Amount</b> | <b>Description</b>          |
|--|-----------------------------------|---|-----------------|---------------|-----------------------------|
| KEPCO Nuclear Fuel Co., Ltd.           | Korea Resources Corporation       | Blank check   | KRW             |               | Collateral for project loan |
| Korea East-West Power Co., Ltd.        | Korea Development Bank and others | All shareholdings of Gyeongju Wind Power Co., Ltd.          | KRW             | 9,240         | Collateral for borrowings   |
| Korea Hydro & Nuclear Power Co., Ltd.  | Korea Development Bank and others | All shareholdings of Gyeonggi Green Energy Co., Ltd.        | KRW             | 47,000        | Collateral for borrowings   |
| Korea Midland Power Co., Ltd.          | Hana Bank and others              | All shareholdings of Commerce and Industry Energy Co., Ltd. | KRW             | 13,605        | Collateral for borrowings   |
| KEPCO KDN Co., Ltd.                    | Hana Bank                         | Cash and cash equivalents                                   | KRW             | 740           | Collateral for borrowings   |
| Gyeonggi Green Energy Co., Ltd.        | Korea Development Bank and others | Factory estate and others                                   | KRW             | 327,080       | Providing guarantees (*)    |
| Commerce and Industry Energy Co., Ltd. | Hana Bank and others              | Land, buildings, structures and machinery                   | KRW             | 90,025        | Collateral for borrowings   |



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|                                |                           |  |     |         |                           |
|--------------------------------|---------------------------|--|-----|---------|---------------------------|
|                                |                           | Cash and cash equivalents                | KRW | 8,506   |                           |
| Gyeongju Wind Power Co., Ltd.  | Korea Development         | Existing or expected trade receivables   | KRW | 16,312  | Collateral for borrowings |
|                                | Bank and others           | Cash and cash equivalents                | KRW | 5,153   |                           |
|                                |                           | Property, plant and equipment and others | KRW | 36,463  |                           |
| Qatrana Electric Power Company | The Islamic Development   | Finance Lease receivable                 | JOD | 46,213  | Collateral for borrowings |
|                                | Bank and others           | and others                               |     |         |                           |
| KST Electric Power Company     | Scotiabank Inverlat, S.A. | Finance Lease receivable                 | USD | 330,000 | Collateral for borrowings |
|                                |                           | and others                               |     |         |                           |

(\* ) The Company provided to the financial institutions the shares of Gyeonggi Green Energy Co., Ltd., one of its subsidiaries, as collateral related to long-term borrowings. Additionally, pledge for shares, pledge for transfer of rights of long-term borrowings, pledge for insurance claims and other pledges were established.

## 50. Subsequent Events

- (1) The Company sold the ownership of 686 thousand shares in its subsidiary KEPCO Plant Service Engineering Co., Ltd. through block sales in April 2015, to reduce debt levels and improve management efficiency of public enterprise. The Company still maintains control over the investee subsequent to the sale.
- (2) **Subsequent to the March 31, 2015, a subsidiary of the Company, Korea Western Power Co. Ltd., has issued new debt securities for funding facilities and operation as follows:**

*In millions of won*

| Company Name                  | Type                  | Interest rate | Issued date | Maturity   | Amounts   |
|-------------------------------|-----------------------|---------------|-------------|------------|-----------|
| Korea Western Power Co., Ltd. | 27-1st Unsecured bond | 2.33%         | 2015.05.08  | 2020.05.08 | ₩ 120,000 |
|                               | 27-2nd Unsecured bond | 2.70%         | 2015.05.08  | 2025.05.08 | 80,000    |

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2015**

(Unaudited)

**51. Adjusted Operating Profit**

The operating profit in the Company's consolidated statements of comprehensive income prepared in accordance with K-IFRS included in this report differs from that in its consolidated statements of comprehensive income prepared in accordance with IFRS as issued by IASB. The table below sets forth a reconciliation of the Company's results from operating activities as presented in the Company's consolidated statements of comprehensive income prepared in accordance with K-IFRS for each of the three-month periods ended March 31, 2015 and 2014 to the operating profit or loss as presented in the Company's consolidated statements of comprehensive income prepared in accordance with IFRS as issued by IASB for each of the corresponding years.

| <i>In millions of won</i>  | <b>2015</b>        | <b>2014</b>      |
|--|--------------------|------------------|
| <b>Operating profit on the statement of comprehensive income</b> | <b>₩ 2,239,866</b> | <b>1,227,077</b> |
| <b>Add</b>   |                    |                  |
| Other income   |                    |                  |
| Reversal of other provisions                                     | 1,658              | 2,060            |
| Government grants  | 10                 |                  |
| Gains on assets contributed                                      | 2,212              | 20               |
| Gains on liabilities exempted                                    | 2,337              | 782              |
| Compensation and reparations revenue                             | 52,537             | 10,916           |
| Electricity infrastructure development fund                      | 143                | 1,958            |
| Revenue from research contracts                                  | 3,137              | 375              |
| Rental income  | 48,258             | 48,481           |
| Others   | 7,073              | 6,131            |
| <b>Other profit</b>  |                    |                  |
| Gains on disposal of property, plant and equipment               | 17,915             | 7,416            |
| Gains on foreign currency translation                            | 3,933              | 2,507            |
| Gains on foreign currency transaction                            | 8,799              | 10,914           |
| Other profits  | 51,727             | 52,906           |
| <b>Deduct</b>  |                    |                  |
| Other expense  |                    |                  |
| Accretion expenses of other provisions                           | (44)               | (105)            |
| Depreciation expenses on investment properties                   | (162)              | (183)            |
| Depreciation expenses on assets not in use                       | (1,666)            | (1,663)          |
| Other bad debt expense   | (7,833)            | (11,870)         |
| Donations  | (12,420)           | (7,027)          |
| Others   | (1,012)            | (2,211)          |

|   |                    |                  |
|---|--------------------|------------------|
| Other loss  |                    |                  |
| Losses on disposal of property, plant and equipment | (12,355)           | (2,944)          |
| Losses on disposal of intangible assets             | (5)                |                  |
| Losses on foreign currency translation              | (9,278)            | (1,619)          |
| Losses on foreign currency transaction              | (11,768)           | (13,676)         |
| Other losses  | (23,074)           | (14,422)         |
| <b>Adjusted operating profit</b>                    | <b>₩ 2,359,988</b> | <b>1,315,823</b> |