

KOREA ELECTRIC POWER CORP

Form 6-K

June 03, 2014

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**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 2014**

**Commission File Number: 001-13372**

**KOREA ELECTRIC POWER CORPORATION**

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

**512 Yeongdongdaero, Gangnam-gu, Seoul 135-791, 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- .

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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.

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QUARTERLY BUSINESS REPORT

(For the period from January 1, 2014 to March 31, 2014)

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.

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**I. Company Overview**

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

2. Information of the company

(Address) 512 Yeongdongdaero, Gangnam-Gu, Seoul 135-791, Korea

(Phone number) 82-2-3456-4217

(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, 2014)

| <b>Classification</b> | <b>Subsidiaries</b> | <b>Associates and joint ventures</b> | <b>Total</b> |
|-----------------------|---------------------|--------------------------------------|--------------|
| Domestic              | 17                  | 56                                   | 73           |
| Overseas              | 62                  | 38                                   | 100          |
| <b>Total</b>          | <b>79</b>           | <b>94</b>                            | <b>173</b>   |

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## 5. Major changes in management

At the extraordinary general meeting of shareholders held on March 14, 2014, Mr. Koo, Bon-Woo was re-elected as a standing director of KEPCO, and Mr. Cho, Jeon-Hyeok and Mr. Choi, Gyo-Il, non-standing directors of KEPCO, were elected as members of the Audit Committee of KEPCO.

## 6. Changes in major shareholders

No changes in major shareholders for the past three years.

## 7. Information regarding KEPCO shares

A. Issued share capital: Won 3.2 trillion (Authorized capital: Won 6 trillion)

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

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

C. Dividends: Dividend payment of Won 90 per share for fiscal year 2013 (Won 56 billion in aggregate). No dividend payments for fiscal years 2012 and 2011.

**II. Business Overview**

## 1. Segment results

(In billions of Won)

|  | Jan. - Mar. 2014 |                        | Jan. - Mar. 2013 |                        |
|--|------------------|------------------------|------------------|------------------------|
|  | Sales            | Operating income(loss) | Sales            | Operating income(loss) |
| Electricity sales                        | 14,681           | -267                   | 13,633           | -479                   |
| Nuclear generation                       | 2,448            | 949                    | 2,012            | 554                    |
| Thermal generation                       | 7,429            | 514                    | 7,630            | 593                    |
| Others*                                  | 677              | 89                     | 583              | 67                     |
| Subtotal                                 | 25,235           | 1,285                  | 23,858           | 735                    |
| Adjustment of related-party transactions | -10,462          | -58                    | -10,059          | -77                    |
| <b>Total</b>                             | <b>14,773</b>    | <b>1,227</b>           | <b>13,799</b>    | <b>658</b>             |

\* Others relate to 75 subsidiaries including KEPCO E&C, KEPCO KPS, KEPCO NF and KEPCO KDN.

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Sales and operating income (loss) reflects amendments to Korean IFRS 1001 Presentation of Financial Statements.

## 2. Changes in unit prices of major products

(In Won per kWh)

| <b>Business</b>                     |                    |        | <b>2014</b>        | <b>2013</b>        |
|-------------------------------------|--------------------|--------|--------------------|--------------------|
| <b>sector</b>                       | <b>Company</b>     |        | <b>Jan. - Mar.</b> | <b>Jan. - Dec.</b> |
| Electricity sold                    | Residential        |        | 130.20             | 127.02             |
|                                     | Commercial         |        | 129.34             | 121.98             |
|                                     | Educational        |        | 110.52             | 115.99             |
|                                     | Industrial         | KEPCO  | 108.36             | 100.70             |
|                                     | Agricultural       |        | 47.17              | 45.51              |
|                                     | Street lighting    |        | 109.11             | 107.33             |
|                                     | Overnight usage    |        | 72.96              | 63.52              |
| Electricity from nuclear generation | Nuclear generation | KHNP   | 64.03              | 45.32              |
| Electricity from thermal generation | Thermal generation | KOSEP  | 75.66              | 67.50              |
|                                     |                    | KOMIPO | 108.83             | 101.40             |
|                                     |                    | KOWEPO | 108.40             | 103.06             |
|                                     |                    | KOSPO  | 114.40             | 107.97             |
|                                     |                    | EWP    | 98.11              | 97.39              |



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## 3. Major contracts in 2014

(In billions of Won)

| Party  | Date of contract | Nature of contract   | Contract amount | Counterparty                                     |
|--------|------------------|--|-----------------|--|
| KEPCO  | 2014.02.21       | Inspection of transmission lines in 2014                               | 62              | KEPCO KPS Co., Ltd.                              |
| KHNP   | 2014.03.27       | Re-wiring of the main generators for Hanbit units 3, 4                 | 24              | Doosan Heavy Industries & Construction Co., Ltd. |
| KOMIPO | 2014.02.06       | Procurement of water treatment facilities for Shin-Boryeong units 1, 2 | 25              | POSCO Engineering Co., Ltd.                      |
| KOWEP  | 2014.01.31       | Procurement of desulfurization facilities for Taean units 9, 10        | 90              | STX Heavy Industries Co., Ltd.                   |

## 4. Intellectual property as of March 31, 2014

|                         | Patents  |          | Utility | Trademarks |          |          |
|-------------------------|----------|----------|---------|------------|----------|----------|
|                         | Domestic | Overseas | models  | Designs    | Domestic | Overseas |
| Number of registrations | 4,627    | 507      | 799     | 146        | 367      | 60       |

**III. Financial Information**

## 1. Condensed consolidated financial results for the first three months ended March 31, 2014

(In billions of Won)

|                  | Consolidated statements of comprehensive income |                |            |                   | Consolidated statements of financial position |                     |            |
|------------------|---|----------------|------------|-------------------|---|---------------------|------------|
|                  | Jan.-Mar. 2013                                  | Jan.-Mar. 2014 | Change (%) |                   | As of Dec. 31, 2013                           | As of Mar. 31, 2014 | Change (%) |
|                  | Sales   | 13,799         | 14,773     |                   | 7.1   | Total assets        | 155,527    |
| Operating income | 658   | 1,227          | 86.5       | Total liabilities | 104,076                                       | 105,146             | 1.0        |
| Net income       | 160   | 561            | 249.9      | Total equity      | 51,451  | 51,894              | 0.9        |

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## 2. Condensed separate financial results for the first three months ended March 31, 2014

(In billions of Won)

|                  | Separate statements of<br>comprehensive income |                   |               |             | Separate statements of<br>financial position |                           |               |
|------------------|--|-------------------|---------------|-------------|--|---------------------------|---------------|
|                  | Jan.-Mar.<br>2013                              | Jan.-Mar.<br>2014 | Change<br>(%) |             | As of<br>Dec.<br>31,<br>2013                 | As of<br>Mar. 31,<br>2014 | Change<br>(%) |
|                  | Sales  | 13,633            | 14,681        |             | 7.7  | Assets                    | 98,250        |
| Operating income | -479   | -267              | 44.2          | Liabilities | 56,590                                       | 56,726                    | 0.2           |
| Net income       | -17  | -204              | -1,102.4      | Equity      | 41,660                                       | 41,355                    | -0.7          |

**IV. Independent Auditor's Opinion**

1. Independent auditor's opinion on consolidated financial statements for the first three months ended March 31, 2014:  
**Unqualified**

KPMG Samjong Accounting Corp. has been engaged as KEPCO's independent auditor from 2013 for a term of three years until 2015.

| Jan. 1, 2014                  | Mar. 31, 2014                 | Jan. 1, 2013                  | Dec. 31, 2013                 | Jan. 1, 2012       | Dec. 31, 2012      |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------|--------------------|
| KPMG Samjong Accounting Corp. | KPMG Samjong Accounting Corp. | KPMG Samjong Accounting Corp. | KPMG Samjong Accounting Corp. | Deloitte Anjin LLC | Deloitte Anjin LLC |

**V. Board of Directors**

1. Composition of the Board of Directors: not more than 15 directors (with standing directors comprising less than the majority of the directors)

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

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## 2. Board meetings and agendas

| Number of meetings | Number of agendas | Classification |                      |         |                      |
|--------------------|-------------------|----------------|----------------------|---------|----------------------|
|                    |                   | Resolutions    | Status               | Reports | Status               |
| 3                  | 12                | 8              | Approved as proposed | 4       | Accepted as reported |

Audit Committee: 2 meetings held where 12 agendas were discussed (of which, 6 were resolved as proposed and 6 were approved as reported).

## 3. Major activities of the Board of Directors

| Date        | Agenda   | Status               | Type       |
|-------------|--|----------------------|------------|
| 2014. 1. 14 | Approval to close the shareholders registry  | Approved as proposed | Resolution |
|             | Research and development plans for 2014  | Accepted as reported | Report     |
| 2014. 2. 20 | Recommendation of candidates to become new members of the Audit Committee                              | Approved as proposed | Resolution |
|             | Approval to call for the 54th extraordinary general meeting of shareholders                            | Approved as proposed | Resolution |
|             | Approval of consolidated and separate financial statements for fiscal year 2013                        | Approved as proposed | Resolution |
|             | Approval of aggregate ceiling on remuneration for directors in 2014                                    | Approved as proposed | Resolution |
|             | Approval to call for the 53rd annual general meeting of shareholders                                   | Approved as proposed | Resolution |
|             | Development plans for the next-generation Electricity Sales Information System                         | Approved as proposed | Resolution |
|             | Auditor's report to the Board of Directors for fiscal year 2013  | Accepted as reported | Report     |
| 2014. 3. 20 | Approval of ceilings on the issue amounts of commercial papers and electronic short-term bonds in 2014 | Approved as proposed | Resolution |
|             | Annual report on internal control over financial reporting for fiscal year 2013                        | Accepted as reported | Report     |
|             | Annual evaluation report on internal control over financial reporting for fiscal year 2013             | Accepted as reported | Report     |

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## 4. Major activities of the Audit Committee

| <b>Date</b> | <b>Agenda</b>  | <b>Status</b>        | <b>Type</b> |
|-------------|--|----------------------|-------------|
| 2014. 1. 29 | Auditor's report on the agendas for the extraordinary meeting of shareholders  | Approved as proposed | Resolution  |
|             | Audit plans for fiscal year 2014   | Approved as proposed | Resolution  |
|             | Approval of selection of independent auditors of subsidiaries (KOSEP Material Co., Ltd. and KEPCO KPS Philippines Corp.)         | Approved as proposed | Resolution  |
|             | Independent auditor's report on audit plans for fiscal year 2013   | Accepted as reported | Report      |
|             | Education plans for auditors for 2014  | Accepted as reported | Report      |
|             | Auditor's report for fiscal year 2013  | Accepted as reported | Report      |
| 2014. 3. 20 | Election of the chairman of the Audit Committee  | Approved as proposed | Resolution  |
|             | Auditor's report on the agendas for the annual general meeting of shareholders   | Approved as proposed | Resolution  |
|             | 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 fiscal year 2013 | Accepted as reported | Report      |
|             | Annual report on internal control over financial reporting for fiscal year 2013  | Accepted as reported | Report      |
|             | Annual evaluation report on internal control over financial reporting for fiscal year 2013                                       | Accepted as reported | Report      |

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An audit team, organized under the supervision of the Audit Committee, conducts internal audit with respect to 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 inspection with respect to the relevant division or office.

**VI. Shareholders**

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

|   |                            | <b>Number of<br/>shareholders</b> | <b>Shares<br/>owned</b> | <b>Percentage (%)</b> |
|---|----------------------------|-----------------------------------|-------------------------|-----------------------|
| Korean Government                           |                            | 1                                 | 135,917,118             | 21.17                 |
| Korea Finance Corporation                   |                            | 1                                 | 192,159,940             | 29.94                 |
| National Pension Service                    |                            | 1                                 | 41,775,649              | 6.51                  |
| KEPCO (held in the form of treasury stock)* |                            | 1                                 | 18,929,995              | 2.95                  |
| Public                                      | Common shares              | 1,086                             | 118,634,815             | 18.48                 |
| (non-Koreans)                               | American depository shares | 1                                 | 31,977,417              | 4.98                  |
| Public                                      | Corporate                  | 1,552                             | 68,468,358              | 10.66                 |
| (Koreans)                                   | Individual                 | 383,104                           | 34,100,785              | 5.31                  |
| <b>Total</b>                                |                            | <b>385,747</b>                    | <b>641,964,077</b>      | <b>100.0</b>          |

\* Treasury stocks do not have voting rights. Number of shares with voting rights: 623,034,082

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## 1. Remuneration for directors

A. Aggregate ceiling on remuneration for directors approved by shareholders:  
Won 1.9 billion

B. Actual amount paid to directors

| Type  | Number of directors | Total remuneration |                |
|-------|---------------------|--------------------|----------------|
|       |                     | (Jan. 1, 2014      | Mar. 31, 2014) |
| Total | 15                  | Won 250 million    |                |

C. Stock option: None

## 2. Employees as of March 31, 2014

| Employees |          |        | Average years of<br>employment | Total remuneration |                |
|-----------|----------|--------|--------------------------------|--------------------|----------------|
| Regular   | Contract | Total  |                                | (Jan. 1, 2014      | Mar. 31, 2014) |
| 19,499    | 369      | 19,868 | 18.5                           | Won 364 billion    |                |

**VIII. Other Information Relating to the Protection of Investors**

1. Number of shareholders meetings held in 2014: twice

(One annual general meeting of shareholders held on March 28, 2014 / one extraordinary general meeting of shareholders held on March 14, 2014)

2. Pending legal proceedings

| Type  | Number of lawsuits | Litigation value |
|---|--------------------|------------------|
| Lawsuits where KEPCO and its subsidiaries and affiliates are engaged as the defendant | 642                | Won 464 billion  |
| Lawsuits where KEPCO and its subsidiaries and affiliates are engaged as the plaintiff | 137                | Won 270 billion  |

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**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 03, 2014

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Financial Statements

March 31, 2014

(Unaudited)

(With Independent Auditors' Review Report Thereon)



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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, 2014, the consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2014 and 2013 and notes, comprising a summary of significant accounting policies and other explanatory information.

**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) No. 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 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 information 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 auditing standards generally accepted in the Republic of Korea 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.

**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. Accordingly, this report and the accompanying consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

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The consolidated statement of financial position of the Company as of December 31, 2013, 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, were audited by us and our report thereon, dated March 20, 2014, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Company as of December 31, 2013, presented for comparative purposes, is not different from that audited by us in all material respects.

KPMG Samjong Accounting Corp.

Seoul, Korea

May 14, 2014

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This report is effective as of May 14, 2014, 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 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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position

**As of March 31, 2014 and December 31, 2013**

(Unaudited)

| <i>In millions of won</i>                    | <i>Note</i>       | <b>March 31,<br/>2014</b> | <b>December<br/>31,<br/>2013</b> |
|--|-------------------|---------------------------|----------------------------------|
| <b>Assets</b>                                |                   |                           |                                  |
| Current assets                               |                   |                           |                                  |
| Cash and cash equivalents                    | 5,6,7,43          | 2,728,775                 | 2,232,313                        |
| Current financial assets, net                | 5,10,11,12,43     | 316,390                   | 436,213                          |
| Trade and other receivables, net             | 5,8,14,20,43,45   | 6,759,519                 | 7,526,311                        |
| Inventories, net                             | 13                | 4,359,764                 | 4,279,593                        |
| Income tax receivables                       | 40                | 81,970                    | 223,803                          |
| Current non-financial assets                 | 15                | 627,834                   | 570,845                          |
| <b>Total current assets</b>                  |                   | <b>14,874,252</b>         | <b>15,269,078</b>                |
| Non-current assets                           |                   |                           |                                  |
| Non-current financial assets, net            | 5,6,9,10,11,12,43 | 1,917,721                 | 1,902,953                        |
| Non-current trade and other receivables, net | 5,8,14,43,45      | 1,665,489                 | 1,644,333                        |
| Property, plant and equipment, net           | 18,27,47          | 131,411,165               | 129,637,596                      |
| Investment properties, net                   | 19,27             | 549,414                   | 538,327                          |
| Goodwill                                     | 16                | 2,582                     | 2,582                            |
| Intangible assets other than goodwill, net   | 21,27             | 836,539                   | 810,664                          |
| Investments in associates                    | 4,17              | 4,206,836                 | 4,124,574                        |
| Investments in joint ventures                | 4,17              | 1,192,064                 | 1,106,181                        |
| Deferred tax assets                          | 40                | 255,724                   | 359,535                          |
| Non-current non-financial assets             | 15                | 128,547                   | 131,511                          |
| <b>Total non-current assets</b>              |                   | <b>142,166,081</b>        | <b>140,258,256</b>               |
| <b>Total Assets</b>                          | <b>4</b>          | <b>157,040,333</b>        | <b>155,527,334</b>               |
| <b>Liabilities</b>                           |                   |                           |                                  |
| Current liabilities                          |                   |                           |                                  |
| Trade and other payables, net                | 5,22,24,43,45     | 5,502,731                 | 5,892,763                        |
| Current financial liabilities, net           | 5,11,23,43,45     | 8,446,504                 | 8,425,231                        |
| Income tax payables                          | 40                | 117,784                   | 51,407                           |
| Current non-financial liabilities            | 20,28,29          | 5,270,714                 | 4,730,631                        |

|   |               |             |             |
|---|---------------|-------------|-------------|
| Current provisions                        | 26,43         | 1,233,152   | 1,113,817   |
| <b>Total current liabilities</b>          |               | 20,570,885  | 20,213,849  |
| <b>Non-current liabilities</b>            |               |             |             |
| Non-current trade and other payables, net | 5,22,24,43,45 | 3,977,897   | 3,971,519   |
| Non-current financial liabilities, net    | 5,11,23,43,45 | 53,652,247  | 53,163,394  |
| Non-current non-financial liabilities     | 28,29         | 7,004,728   | 6,985,641   |
| Employee benefits obligations, net        | 25,43         | 2,194,527   | 2,137,296   |
| Deferred tax liabilities                  | 40            | 5,019,215   | 5,002,585   |
| Non-current provisions                    | 26,43         | 12,726,934  | 12,602,314  |
| <b>Total non-current liabilities</b>      |               | 84,575,548  | 83,862,749  |
| <b>Total Liabilities</b>                  | 4             | 105,146,433 | 104,076,598 |

*(Continued)*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Financial Position, Continued

**As of March 31, 2014 and December 31, 2013**

(Unaudited)

| <i>In millions of won</i>                    | <i>Note</i> | <b>March 31,<br/>2014</b> | <b>December<br/>31,<br/>2013</b> |
|--|-------------|---------------------------|----------------------------------|
| <b>Equity</b>                                |             |                           |                                  |
| Contributed capital                          | 1,30,43     |                           |                                  |
| 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                 | 1,603,919                        |
| Voluntary reserves                           |             | 22,999,359                | 22,753,160                       |
| Retained earnings before appropriations      |             | 8,623,100                 | 8,409,007                        |
|  |             | 33,227,369                | 32,766,086                       |
| Other components of equity                   | 33          |                           |                                  |
| Other capital surpluses                      |             | 828,121                   | 830,982                          |
| Accumulated other comprehensive income       |             | 34,185                    | 55,538                           |
| Treasury stock                               |             | (741,489)                 | (741,489)                        |
| Other equity                                 |             | 13,294,973                | 13,294,973                       |
|  |             | 13,415,790                | 13,440,004                       |
| Equity attributable to owners of the Company |             | 50,696,737                | 50,259,668                       |
| Non-controlling interests                    | 16          | 1,197,163                 | 1,191,068                        |
| <b>Total Equity</b>                          |             | <b>51,893,900</b>         | <b>51,450,736</b>                |
| <b>Total Liabilities and Equity</b>          |             | <b>157,040,333</b>        | <b>155,527,334</b>               |

*See accompanying notes to the consolidated financial statements.*





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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

**For the three-month periods ended March 31, 2014 and 2013**

(Unaudited)

| <i>In millions of won, except per share information</i>             | <i>Note</i> | <b>March 31,<br/>2014</b> | <b>March 31,<br/>2013</b> |
|---|-------------|---------------------------|---------------------------|
| <b>Sales</b>  | 4,34,43,45  |                           |                           |
| Sales of goods  |             | 14,073,576                | 13,234,359                |
| Sales of services   |             | 64,578                    | 80,372                    |
| Sales of construction services                                      | 20          | 548,748                   | 405,780                   |
| Revenue related to transfer of assets from customers                |             | 85,745                    | 78,587                    |
|   |             | 14,772,647                | 13,799,098                |
| <b>Cost of sales</b>  | 13,25,41,45 |                           |                           |
| Cost of sales of goods  |             | (12,518,259)              | (12,264,769)              |
| Cost of sales of services   |             | (88,080)                  | (71,302)                  |
| Cost of sales of construction services                              |             | (503,382)                 | (363,614)                 |
|   |             | (13,109,721)              | (12,699,685)              |
| <b>Gross profit</b>   |             | 1,662,926                 | 1,099,413                 |
| <b>Selling and administrative expenses</b>                          | 25,35,41,45 | (435,849)                 | (441,644)                 |
| <b>Operating income</b>   | 4,50        | 1,227,077                 | 657,769                   |
| <b>Other non-operating income</b>                                   | 36          | 70,723                    | 88,059                    |
| <b>Other non-operating expenses</b>                                 | 36          | (23,059)                  | (17,213)                  |
| <b>Other gains, net</b>   | 37          | 41,082                    | 31,004                    |
| <b>Finance income</b>   | 5,11,38     | 278,058                   | 436,728                   |
| <b>Finance expenses</b>   | 5,11,39     | (802,121)                 | (1,059,543)               |
| <b>Equity method income (loss) of associates and joint ventures</b> | 4,17        |                           |                           |
| Share in income of associates and joint ventures                    |             | 134,983                   | 99,760                    |
| Share in loss of associates and joint ventures                      |             | (23,258)                  | (28,519)                  |
| Impairment losses on investments in associates and joint ventures   |             | (1,558)                   |                           |
|   |             | 110,167                   | 71,241                    |

|                                   |    |           |          |
|-----------------------------------|----|-----------|----------|
| <b>Profit before income taxes</b> |    | 901,927   | 208,045  |
| <b>Income tax expense</b>         | 40 | (340,656) | (47,620) |
| <b>Profit for the period</b>      |    | 561,271   | 160,425  |

*(Continued)*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income, Continued

**For the three-month periods ended March 31, 2014 and 2013**

(Unaudited)

| <i>In millions of won, except per share information</i>   | <i>Note</i>   | <b>March 31,<br/>2014</b> | <b>March 31,<br/>2013</b> |
|---|---------------|---------------------------|---------------------------|
| <b>Other comprehensive income</b>   | 5,11,25,31,33 |                           |                           |
| Items that will not be reclassified subsequently to profit or loss:                                 |               |                           |                           |
| Defined benefit plan actuarial losses, net of tax   | 25,31         | (15,345)                  | (98,217)                  |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax             | 31            | (206)                     | 585                       |
| Items that 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            | (16,547)                  | 28,620                    |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | 5,11,33       | 3,325                     | (1,369)                   |
| Foreign currency translation of foreign operations, net of tax                                      | 33            | 58,805                    | 59,673                    |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax             | 33            | (53,794)                  | 57,203                    |
| <b>Other comprehensive income (loss), net of tax</b>  |               | (23,762)                  | 46,495                    |
| <b>Total comprehensive income for the period</b>  |               | 537,509                   | 206,920                   |
| <b>Profit attributable to:</b>  |               |                           |                           |
| Owners of the Company   | 42            | 532,262                   | 133,300                   |
| Non-controlling interests   |               | 29,009                    | 27,125                    |
|   |               | 561,271                   | 160,425                   |
| <b>Total comprehensive income attributable to:</b>  |               |                           |                           |
| Owners of the Company   |               | 496,003                   | 167,998                   |
| Non-controlling interests   |               | 41,506                    | 38,922                    |
|   |               | 537,509                   | 206,920                   |
| <b>Earnings per share</b>   | 42            |                           |                           |
| Basic and diluted earnings per share  |               | 854                       | 214                       |

*See accompanying notes to the consolidated financial statements.*



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity

**For the three-month periods ended March 31, 2014 and 2013**

(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, 2013</b>   | 4,053,578                                    | 32,564,283        | 13,270,906                 | 49,888,767 | 1,175,435                 | 51,064,202   |
| <b>Total comprehensive income for the period</b>  |  |                   |                            |            |                           |              |
| Profit for the period   |  | 133,300           |                            | 133,300    | 27,125                    | 160,425      |
| Items that will not be reclassified subsequently to profit or loss:                                 |  |                   |                            |            |                           |              |
| Defined benefit plan actuarial losses, net of tax   |  | (95,415)          |                            | (95,415)   | (2,802)                   | (98,217)     |
| Share in other comprehensive income of associates and joint ventures, net of tax                    |  | 585               |                            | 585        |                           | 585          |
| 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         |  |                   | 28,694                     | 28,694     | (74)                      | 28,620       |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |  |                   | (1,467)                    | (1,467)    | 98                        | (1,369)      |
| Foreign currency translation of foreign operations, net of tax                                      |  |                   | 45,236                     | 45,236     | 14,437                    | 59,673       |
| Share in other comprehensive income of associates and joint ventures, net of tax                    |  |                   | 57,065                     | 57,065     | 138                       | 57,203       |

**Transactions with owners  
of the Company,  
recognized directly in  
equity**

|                                   |  |  |  |  |          |          |
|-----------------------------------|--|--|--|--|----------|----------|
| Dividends paid                    |  |  |  |  | (39,936) | (39,936) |
| Issuance of share capital         |  |  |  |  | 7,920    | 7,920    |
| Changes in consolidation<br>scope |  |  |  |  | (4,558)  | (4,558)  |

|                                  |           |            |            |            |           |            |
|----------------------------------|-----------|------------|------------|------------|-----------|------------|
| <b>Balance at March 31, 2013</b> | 4,053,578 | 32,602,753 | 13,400,434 | 50,056,765 | 1,177,783 | 51,234,548 |
|----------------------------------|-----------|------------|------------|------------|-----------|------------|

*(Continued)*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity, Continued

**For the three-month periods ended March 31, 2014 and 2013**

(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, 2014</b>   | 4,053,578                                    | 32,766,086        | 13,440,004                 | 50,259,668 | 1,191,068                 | 51,450,736   |
| Total comprehensive income for the period   |  |                   |                            |            |                           |              |
| Profit for the period   |  | 532,262           |                            | 532,262    | 29,009                    | 561,271      |
| Items that will not be reclassified subsequently to profit or loss:                                 |  |                   |                            |            |                           |              |
| Defined benefit plan actuarial losses, 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       |
| Share in other comprehensive loss of associates and joint ventures, net of tax                      |  |                   | (53,681)                   | (53,681)   | (113)                     | (53,794)     |
| <b>Transactions with owners of the Company,</b>   |  |                   |                            |            |                           |              |

**recognized directly in equity**

|                                |          |         |          |          |          |
|--------------------------------|----------|---------|----------|----------|----------|
| Dividends paid                 | (56,073) |         | (56,073) | (37,753) | (93,826) |
| Issuance of share capital      |          | (155)   | (155)    | 3,440    | 3,285    |
| Changes in consolidation scope |          | (2,706) | (2,706)  | (1,088)  | (3,794)  |
| Others                         |          |         |          | (10)     | (10)     |

|                                  |           |            |            |            |           |            |
|----------------------------------|-----------|------------|------------|------------|-----------|------------|
| <b>Balance at March 31, 2014</b> | 4,053,578 | 33,227,369 | 13,415,790 | 50,696,737 | 1,197,163 | 51,893,900 |
|----------------------------------|-----------|------------|------------|------------|-----------|------------|

*See accompanying notes to the consolidated financial statements.*



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

**For the three-month periods ended March 31, 2014 and 2013**

(Unaudited)

| <i>In millions of won</i>                                       | <b>March 31,<br/>2014</b> | <b>March 31,<br/>2013</b> |
|---|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                     |                           |                           |
| Profit for the period   | 561,271                   | 160,425                   |
| Adjustments for:  |                           |                           |
| Income tax expense  | 340,656                   | 47,620                    |
| Depreciation  | 1,888,262                 | 1,812,745                 |
| Amortization  | 19,862                    | 22,082                    |
| Employee benefit expense  | 87,045                    | 93,484                    |
| Bad debt expense  | 12,371                    | 3,492                     |
| Interest expense  | 597,046                   | 595,282                   |
| Loss on sale of financial assets                                | 2                         |                           |
| Loss on disposal of property, plant and equipment               | 2,944                     | 11,222                    |
| Loss on abandonment of property, plant, and equipment           | 74,729                    | 66,300                    |
| Impairment loss on property, plant and equipment                |                           | 1,161                     |
| Impairment loss on intangible assets                            |                           | 2                         |
| Accretion expense to provisions, net                            | 289,543                   | 119,879                   |
| Loss on foreign currency translation, net                       | 144,676                   | 386,022                   |
| Valuation and transaction gain on derivative instruments, net   | (155,782)                 | (303,796)                 |
| Share in income of associates and joint ventures, net           | (111,724)                 | (71,241)                  |
| Impairment loss on investments in associates and joint ventures | 1,558                     |                           |
| Gain on sale of property, plant and equipment                   | (1,619)                   | (12,746)                  |
| Interest income   | (48,195)                  | (50,662)                  |
| Dividends income  | (12,525)                  | (11,239)                  |
| Others, net   | (665)                     | 19,822                    |
|   | 3,128,184                 | 2,729,429                 |
| Changes in:   |                           |                           |
| Decrease in trade receivables                                   | 839,907                   | 862,995                   |
| Decrease in non-trade receivables                               | 220,792                   | 229,816                   |
| Decrease (increase) in accrued income                           | (63,485)                  | 64,196                    |
| Decrease in other receivables                                   | 1,411                     | 1,091                     |
| Decrease (increase) in other current assets                     | (103,743)                 | 61,363                    |
| Increase in inventories   | (284,922)                 | (341,324)                 |
| Decrease (increase) in other non-current assets                 | (2,284)                   | 15,266                    |

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|  |           |           |
|--|-----------|-----------|
| Decrease in trade payables                               | (202,389) | (236,141) |
| Increase (decrease) in non-trade payables                | 20,006    | (98,465)  |
| Decrease in accrued expenses                             | (97,095)  | (77,971)  |
| Decrease in other payables                               | (171,938) |           |
| Increase in other current liabilities                    | 327,098   | 6,714     |
| Increase in other non-current liabilities                | 241,112   | 264,591   |
| Decrease in investments in associates and joint ventures | 14,201    |           |
| Decrease in provisions                                   | (113,316) | (21,841)  |
| Payments of employee benefit obligations                 | (64,805)  | (8,052)   |
| Increase in plan assets                                  | (112)     | (105)     |
|  | 560,438   | 722,133   |

*(Continued)*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

**For the three-month periods ended March 31, 2014 and 2013**

(Unaudited)

| <i>In millions of won</i>  | <b>March 31,<br/>2014</b> | <b>March 31,<br/>2013</b> |
|--|---------------------------|---------------------------|
| <b>Cash generated from operating activities</b>                        |                           |                           |
| Dividends received   | 644                       | 6,651                     |
| Interest paid  | (615,071)                 | (610,364)                 |
| Interest received  | 41,016                    | 35,046                    |
| Income taxes paid  | (19,353)                  | (35,654)                  |
| <b>Net cash from operating activities</b>                              | <b>3,657,129</b>          | <b>3,007,666</b>          |
| <b>Cash flows investing activities</b>                                 |                           |                           |
| Proceeds from disposals of subsidiaries, associates and joint ventures | 491                       |                           |
| Acquisition of subsidiaries, associates and joint ventures             | (108,576)                 | (59,994)                  |
| Proceeds from disposals of property, plant and equipment               | 7,169                     | 28,088                    |
| Acquisition of property, plant and equipment                           | (3,580,706)               | (3,280,447)               |
| Acquisition of intangible assets                                       | (12,028)                  | (19,410)                  |
| Proceeds from disposals of financial assets                            | 242,764                   | 79,592                    |
| Acquisition of financial assets  | (120,351)                 | (137,781)                 |
| Increase in loans  | (36,622)                  | (130,050)                 |
| Decrease in loans  | 23,578                    | 17,765                    |
| Increase in deposits   | (107,938)                 | (8,473)                   |
| Decrease in deposits   | 97,689                    | 2,658                     |
| Receipt of government grants   | 23,852                    | 5,454                     |
| Usage of government grants   | (1,597)                   | (61)                      |
| Other cash outflow from investing activities, net                      | (4,317)                   | (3,424)                   |
| <b>Net cash used in investing activities</b>                           | <b>(3,576,592)</b>        | <b>(3,506,083)</b>        |
| <b>Cash flows from financing activities</b>                            |                           |                           |
| Increase (decrease) in short-term borrowings, net                      | 346,444                   | 420,504                   |
| Proceeds from long-term borrowings and debt securities                 | 1,952,121                 | 3,303,949                 |
| Repayment of long-term borrowings and debt securities                  | (1,804,376)               | (1,538,034)               |
| Payment of finance lease liabilities                                   | (30,128)                  | (30,244)                  |
| Settlement of derivative instruments, net                              | (48,360)                  | 24,808                    |
| Change in non-controlling interest                                     | (367)                     | 7,854                     |
| Dividends paid (hybrid bond)   | (5,405)                   | (5,427)                   |

|  |                  |                  |
|--|------------------|------------------|
| Dividends paid   | (1,442)          | (1)              |
| Other cash inflow (outflow) from financing activities, net                                   | 6,367            | 8,354            |
| <b>Net cash from financing activities</b>  | <b>414,854</b>   | <b>2,191,763</b> |
| <b>Net increase in cash and cash equivalents before effect of exchange rate fluctuations</b> | <b>495,391</b>   | <b>1,693,346</b> |
| <b>Effect of exchange rate fluctuations on cash held</b>                                     | <b>1,071</b>     | <b>(9,327)</b>   |
| <b>Net increase in cash and cash equivalents</b>   | <b>496,462</b>   | <b>1,684,019</b> |
| <b>Cash and cash equivalents at January 1</b>  | <b>2,232,313</b> | <b>1,954,949</b> |
| <b>Cash and cash equivalents at March 31, 2014</b>   | <b>2,728,775</b> | <b>3,638,968</b> |

*See accompanying notes to the consolidated financial statements.*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

**March 31, 2014**

(Unaudited)

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

Korea Electric Power Corporation (the "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. The KEPCO also provides power plant construction services. The 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, 2014, the KEPCO's share capital amounts to 3,209,820 million and the KEPCO's shareholders are as follows:

|                                     | Number of shares | Percentage of ownership |
|-------------------------------------|------------------|-------------------------|
| Government of the Republic of Korea | 135,917,118      | 21.17%                  |
| Korea Finance Corporation           | 192,159,940      | 29.93%                  |
| Foreign investors                   | 150,612,232      | 23.46%                  |
| Other                               | 163,274,787      | 25.44%                  |
|                                     | 641,964,077      | 100.00%                 |

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.

**2. Basis of Preparation****(1) Statement of compliance**

The consolidated interim 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*.

These consolidated interim financial statements were prepared in accordance with K-IFRS 1034, Interim Financial Reporting as part of the period covered by the Group'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 Group since the last annual consolidated financial statements as at and for the year ended December 31, 2013.

**(2) Basis of measurement**

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

derivative financial instruments are measured at fair value

available-for-sale financial assets are measured at fair value

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 are the KEPCO's functional currency and the currency of the primary economic environment in which the Company operates.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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) Continued operation of Wolsong #1 nuclear power plant

The Company owns Wolsong #1 nuclear power plant, which started its operation on November 21, 1982, and completed its operation on November 20, 2012, completing the permitted operation period of 30 years. As of March 31, 2014, the Company is in the process of obtaining safety assessments to obtain an approval from the Nuclear Safety and Security Commission to resume the plant's operation for another term. The Company has prepared the consolidated financial statements assuming that the plant will operate for the next 10 years.

(ii) 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.

(iii) 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.

(iv) 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.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**2. Basis of Preparation, Continued**

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

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.

(v) Defined employee 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.

(vi) Unbilled revenue

Energy delivered but not yet metered, and the quantities of energy delivered but not yet measured and not billed are calculated 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, 2014 and 2013 is 1,499,049 million and 1,226,542 million, respectively.

**(5) Changes in accounting policies**

(i) Amendments to K-IFRS 1032, Financial Instruments: Disclosures

The Company adopted the amendments of K-IFRS 1032, Financial Instruments: Disclosures since January 1, 2014. K-IFRS 1032 requires that a financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity: (i) currently has a legally enforceable right to set off the recognized amounts; and (ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

A legally enforceable right of set-off must not be contingent on a future event; and must be legally enforceable in all of the following circumstances: (i) the normal course of business; (ii) the event of default; and (iii) the event of insolvency or bankruptcy of the entity and all of the counterparties.

If the Company can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement, the Company will meet the net settlement criterion in K-IFRS 1032. This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

The Company has not applied the amendment retrospectively since management believes the impact of the amendments on the Company's consolidated financial statements is clearly immaterial.

(ii) K-IFRS 2121, Levies

The Company adopted K-IFRS 2121, Levies since January 1, 2014. K-IFRS 2121 defines the obligating event that gives rise to a liability to pay a levy as the activity that triggers the payment of the levy, as identified by the legislation.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time and if the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached. Meanwhile, an entity shall recognise an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The Company has not applied the amendment retrospectively since management believes the impact of the amendments on the Company's consolidated financial statements is clearly immaterial.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies**

**(1) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (or one of its subsidiaries).

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 Companies) 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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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-IFRS.

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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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 have 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.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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 venturers) 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 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 applicable to the 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 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 goodwill 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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, and 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 next month period.

**(ii) Sales of 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 then recognized as revenue over the estimated service period which does not exceed the transferred asset's useful life.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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.

**(iii) Determining whether an arrangement contains a lease**

Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset) and the arrangement conveys a right to use the asset.

At inception or reassessment of the arrangement, management of the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If management of the Company concludes for a financial lease that it is impracticable to separate the payments reliably, the Company recognizes an asset and a liability at an amount equal to the fair value of the underlying asset that was identified as the subject of the lease. Subsequently, the liability shall be reduced as payments are made and an imputed finance charge on the liability recognized using the purchaser's incremental borrowing rate of interest.

**(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;



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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(10) Foreign currencies, continued**

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.

**(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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(13) Employee benefits**

(i) Retirement benefits: defined contribution plans

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), after deducting any contribution already paid.

(ii) Retirement benefits: defined benefit plans

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 asset or liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past service costs. 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.

All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized immediately in retained earnings and included in the statement of comprehensive income.

For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actual results will differ from results which are estimated based on assumptions. Past service cost is recognized as an expense at the earlier of the following dates: (a) when the plan amendment or curtailment occurs; (b) when the company recognizes related restructuring costs or termination benefits.

The retirement benefit obligation recognized in the consolidated 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.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(14) Income taxes, continued**

(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.

**(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                      |

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|                        |            |
|------------------------|------------|
| 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.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(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.

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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued****(17) Intangible assets, continued**

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                    |

**(iii) Intangible assets acquired in a business combination**

Intangible assets that are acquired in a business combination are recognized separately from goodwill and 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.

(v) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

**(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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

**3. Significant Accounting Policies, Continued**

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

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 income 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, but so that 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 income 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.

**(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 Polychlorinated Biphenyls ( PCB )

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.

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**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) Provisions, continued**

(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.

(v) 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.

(vi) 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.

**(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.



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Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(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.

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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

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**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(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.

(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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

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(Unaudited)

**3. Significant Accounting Policies, Continued**

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

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 income 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 income or loss are not reversed through income 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 income 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.

(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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(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.

(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.



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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(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.

**(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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(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.

(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 and accumulated under the heading of reverse for gains (loss) on valuation of derivatives. 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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

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(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 segments, in accordance with K-IFRS 1108, 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 income (loss) is determined the same way that consolidated operating income is determined under K-IFRS 1108 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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (2) **Financial information of the segments for the three-month periods ended March 31, 2014 and 2013 respectively are as follows:**

*In millions of  
won*

| Segment                                 | March 31, 2014        |                      |                                 |                               |                 |                  |   |                         |
|---|-----------------------|----------------------|---------------------------------|-------------------------------|-----------------|------------------|---|-------------------------|
|   | Total segment revenue | Intersegment revenue | Revenue from external customers | Depreciation and amortization | Interest income | Interest expense | Income(loss) of associates and joint ventures | Operating income (loss) |
| Transmission and distribution           | 14,681,061            | 285,952              | 14,395,109                      | 671,919                       | 6,965           | 359,889          | 107,056                                       | (266,967)               |
| Electric power generation (Nuclear)     | 2,448,121             | 2,445,463            | 2,658                           | 703,211                       | 3,952           | 145,797          | 740   | 948,969                 |
| Electric power generation (Non-nuclear) | 7,428,668             | 7,301,758            | 126,910                         | 517,069                       | 8,150           | 74,913           | 3,572   | 514,372                 |
| Plant maintenance & engineering 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 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<br>(losses), net                               | 41,082    |
| Finance income   | 278,058   |
| Finance costs  | (802,121) |
| Equity method<br>Income of<br>associates joint<br>ventures | 110,167   |
| Profit before<br>income tax                                | 901,927   |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (2) Financial information of the segments for the three-month periods ended March 31, 2014 and 2013, respectively are as follows, continued:

*In millions of  
won*

| Segment                                 | March 31, 2013        |                      |                                 |                               |                 |                  |   |                         |
|---|-----------------------|----------------------|---------------------------------|-------------------------------|-----------------|------------------|---|-------------------------|
|   | Total segment revenue | Intersegment revenue | Revenue from external customers | Depreciation and amortization | Interest income | Interest expense | Income(loss) of associates and joint ventures | Operating income (loss) |
| Transmission and distribution           | 13,632,974            | 207,370              | 13,425,604                      | 653,948                       | 7,984           | 386,448          | 80,665  | (478,941)               |
| Electric power generation (Nuclear)     | 2,011,717             | 1,983,604            | 28,113                          | 694,463                       | 5,512           | 139,491          |   | 553,932                 |
| Electric power generation (Non-nuclear) | 7,630,708             | 7,474,032            | 156,676                         | 472,950                       | 11,956          | 61,376           | (8,597)                                       | 593,417                 |
| Plant maintenance & engineering service | 513,456               | 392,560              | 120,896                         | 18,867                        | 8,390           | 36               | (827)   | 44,822                  |
| Others                                  | 69,316                | 1,507                | 67,809                          | 2,024                         | 19,500          | 11,353           |   | 21,905                  |
| Consolidation adjustments               | (10,059,073)          | (10,059,073)         |                                 | (7,425)                       | (2,680)         | (3,422)          |   | (77,366)                |
|   | 13,799,098            |                      | 13,799,098                      | 1,834,827                     | 50,662          | 595,282          | 71,241  | 657,769                 |



|  |             |
|--|-------------|
| Other income   | 88,059      |
| Other expenses   | (17,213)    |
| Other gains<br>(losses), net                               | 31,004      |
| Finance income   | 436,728     |
| Finance costs  | (1,059,543) |
| Equity method<br>Income of<br>associates joint<br>ventures | 71,241      |
| Profit before<br>income tax                                | 208,045     |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued****(3) Total assets and liabilities of the segments as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

| Segment                                 | March 31, 2014 |  |                                   |                     |
|---|----------------|--|-----------------------------------|---------------------|
|   | Segment assets | Investments in associates and joint ventures | Acquisition of non-current assets | Segment liabilities |
| Transmission and distribution           | 98,081,007     | 4,013,949                                    | 1,376,818                         | 56,726,361          |
| Electric power generation (Nuclear)     | 47,574,590     | 1,672  | 372,054                           | 26,739,548          |
| Electric power generation (Non-nuclear) | 38,070,404     | 1,326,813                                    | 1,638,636                         | 21,209,516          |
| Plant maintenance & engineering service | 2,488,282      | 56,466                                       | 39,540                            | 1,007,671           |
| Others                                  | 5,959,556      |  | 80,191                            | 2,062,017           |
| Consolidation adjustments               | (35,133,506)   |  | 85,495                            | (2,598,680)         |
| Consolidated totals                     | 157,040,333    | 5,398,900                                    | 3,592,734                         | 105,146,433         |

*In millions of won*

| Segment                             | December 31, 2013 |  |                                   |                     |
|-------------------------------------|-------------------|--|-----------------------------------|---------------------|
|                                     | Segment assets    | Investments in associates and joint ventures | Acquisition of non-current assets | Segment liabilities |
| Transmission and distribution       | 98,249,927        | 3,895,266                                    | 4,458,291                         | 56,590,381          |
| Electric power generation (Nuclear) | 46,717,706        | 908  | 2,412,782                         | 26,482,646          |

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|  |              |           |            |             |
|--|--------------|-----------|------------|-------------|
| Electric power generation<br>(Non-nuclear) | 36,455,090   | 1,275,330 | 6,882,630  | 19,832,122  |
| Plant maintenance & engineering<br>service | 2,463,204    | 59,251    | 222,547    | 932,485     |
| Others                                     | 5,617,304    |           | 429,626    | 2,008,541   |
| Consolidation adjustments                  | (33,975,897) |           | (75,237)   | (1,769,577) |
| Consolidated totals                        | 155,527,334  | 5,230,755 | 14,330,639 | 104,076,598 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued****(4) Geographic information**

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

*In millions of won*

|               | Revenue from external customers |                   | Non-current assets (*2) |                   |
|---------------|---------------------------------|-------------------|-------------------------|-------------------|
|               | March 31,<br>2014               | March 31,<br>2013 | March 31,<br>2014       | March 31,<br>2013 |
| Domestic      | 14,164,630                      | 13,329,168        | 133,587,578             | 131,876,535       |
| Overseas (*1) | 608,017                         | 469,930           | 4,739,569               | 4,474,900         |
|               | 14,772,647                      | 13,799,098        | 138,327,147             | 136,351,435       |

(\*1) Middle East and Asia 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, 2014 and 2013.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**5. Classification of Financial Instruments****(1) Classification of financial assets as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

|                                     | March 31, 2014  |                          |   |                                     |  | Total      |
|-------------------------------------|---|--------------------------|---|-------------------------------------|--|------------|
|                                     | Financial<br>assets at fair<br>value<br>through<br>profit or loss | Loans and<br>receivables | Available-<br>for-sale<br>financial<br>assets | Held-to-<br>maturity<br>investments | Derivative<br>assets<br>(using<br>hedge<br>accounting) |            |
| <b>Current assets</b>               |   |                          |   |                                     |  |            |
| Cash and cash equivalents           |   | 2,728,775                |   |                                     |  | 2,728,775  |
| <b>Current financial assets</b>     |   |                          |   |                                     |  |            |
| Held-to-maturity investments        |   |                          |   | 133                                 |  | 133        |
| Derivative assets                   | 3,088   |                          |   |                                     |  | 3,088      |
| Other financial assets              |   | 313,169                  |   |                                     |  | 313,169    |
| Trade and other receivables         |   | 6,759,519                |   |                                     |  | 6,759,519  |
|                                     | 3,088   | 9,801,463                |   | 133                                 |  | 9,804,684  |
| <b>Non-current assets</b>           |   |                          |   |                                     |  |            |
| <b>Non-current financial assets</b> |   |                          |   |                                     |  |            |
| Available-for-sale financial assets |   |                          | 1,232,732                                     |                                     |  | 1,232,732  |
| Held-to-maturity investments        |   |                          |   | 2,072                               |  | 2,072      |
| Derivative assets                   | 13,104  |                          |   |                                     | 96,242   | 109,346    |
| Other financial assets              |   | 573,571                  |   |                                     |  | 573,571    |
| Trade and other receivables         |   | 1,665,489                |   |                                     |  | 1,665,489  |
|                                     | 13,104  | 2,239,060                | 1,232,732                                     | 2,072                               | 96,242   | 3,583,210  |
|                                     | 16,192  | 12,040,523               | 1,232,732                                     | 2,205                               | 96,242   | 13,387,894 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(1) Classification of financial assets as of March 31, 2014 and December 31, 2013 are as follows, continued:**

*In millions of won*

|                                     | Financial assets at fair value through profit or loss |            | December 31, 2013     |                                     |                              | Total      |
|-------------------------------------|---|------------|-----------------------|-------------------------------------|------------------------------|------------|
|                                     |   |            | Loans and receivables | Available-for-sale financial assets | Held-to-maturity investments |            |
| <b>Current assets</b>               |   |            |                       |                                     |                              |            |
| Cash and cash equivalents           |   | 2,232,313  |                       |                                     |                              | 2,232,313  |
| <b>Current financial assets</b>     |   |            |                       |                                     |                              |            |
| Held-to-maturity investments        |   |            |                       | 168                                 |                              | 168        |
| Derivative assets                   | 1,437   |            |                       |                                     |                              | 1,437      |
| Other financial assets              |   | 434,608    |                       |                                     |                              | 434,608    |
| Trade and other receivables         |   | 7,526,311  |                       |                                     |                              | 7,526,311  |
|                                     | 1,437   | 10,193,232 |                       | 168                                 |                              | 10,194,837 |
| <b>Non-current assets</b>           |   |            |                       |                                     |                              |            |
| Non-current financial assets        |   |            |                       |                                     |                              |            |
| Available-for-sale financial assets |   |            | 1,256,765             |                                     |                              | 1,256,765  |
| Held-to-maturity investments        |   |            |                       | 2,117                               |                              | 2,117      |
| Derivative assets                   | 2,681   |            |                       |                                     | 82,376                       | 85,057     |
| Other financial assets              |   | 559,013    |                       |                                     |                              | 559,013    |
| Trade and other receivables         |   | 1,644,333  |                       |                                     |                              | 1,644,333  |
|                                     | 2,681   | 2,203,346  | 1,256,765             | 2,117                               | 82,376                       | 3,547,285  |
|                                     | 4,118   | 12,396,578 | 1,256,765             | 2,285                               | 82,376                       | 13,742,122 |





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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(2) Classification of financial liabilities as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won***March 31, 2014**

|                                | <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                     |   | 1,730,223   |  | 1,730,223    |
| Debt securities                |   | 6,445,966   |  | 6,445,966    |
| Derivative liabilities         | 241,493   |   | 28,822   | 270,315      |
| Trade and other payables       |   | 5,502,731   |  | 5,502,731    |
|                                | 241,493   | 13,678,920  | 28,822   | 13,949,235   |
| <b>Non-current liabilities</b> |   |   |  |              |
| Borrowings                     |   | 4,473,227   |  | 4,473,227    |
| Debt securities                |   | 48,922,710  |  | 48,922,710   |
| Derivative liabilities         | 125,046   |   | 131,264  | 256,310      |
| Trade and other payables       |   | 3,977,897   |  | 3,977,897    |
|                                | 125,046   | 57,373,834  | 131,264  | 57,630,144   |
|                                | 366,539   | 71,052,754  | 160,086  | 71,579,379   |

*In millions of won***December 31, 2013****Total**

|                                | <b>Financial liabilities<br/>at fair value through<br/>profit or loss</b> | <b>Financial liabilities<br/>recognized at<br/>amortized cost</b> | <b>Derivative liabilities<br/>(using hedge<br/>accounting)</b> |            |
|--------------------------------|---|---|--|------------|
| <b>Current liabilities</b>     |   |   |  |            |
| Borrowings                     |   | 1,470,862   |  | 1,470,862  |
| Debt securities                |   | 6,616,636   |  | 6,616,636  |
| Derivative liabilities         | 304,699   |   | 33,034   | 337,733    |
| Trade and other payables       |   | 5,892,763   |  | 5,892,763  |
|                                | 304,699   | 13,980,261  | 33,034   | 14,317,994 |
| <b>Non-current liabilities</b> |   |   |  |            |
| Borrowings                     |   | 4,538,390   |  | 4,538,390  |
| Debt securities                |   | 48,262,262  |  | 48,262,262 |
| Derivative liabilities         | 186,336   |   | 176,406  | 362,742    |
| Trade and other payables       |   | 3,971,519   |  | 3,971,519  |
|                                | 186,336   | 56,772,171  | 176,406  | 57,134,913 |
|                                | 491,035   | 70,752,432  | 209,440  | 71,452,907 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(3) **Classification of comprehensive income (loss) from financial instruments for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>                             | <b>March 31, 2014</b>                                  | <b>March 31, 2013</b> |           |
|---|--|-----------------------|-----------|
| Cash and cash equivalents                             | Interest income  | 12,242                | 15,889    |
| Available-for-sale financial assets                   | Dividends income                                       | 12,525                | 11,239    |
|   | Interest income  | 108                   | 527       |
|   | Loss on disposal of financial assets                   | (2)                   |           |
| Held-to-maturity investments                          | Interest income  | 17                    | 16        |
| Loans and receivables                                 | Interest income  | 6,020                 | 12,691    |
| Trade and other receivables                           | Interest income  | 25,466                | 15,412    |
| Other financial assets                                | Interest income  | 305                   | 7         |
| Short-term financial instruments                      | Interest income  | 3,927                 | 6,115     |
| Long-term financial instruments                       | Interest income  | 110                   | 5         |
| Financial assets at fair value through profit or loss | Gain on valuation of derivatives                       | 9,379                 | 43,233    |
|   | Gain (loss) on transaction of derivatives              | (9,563)               | 7,431     |
|   | Gain on valuation of derivatives                       | 35,908                | 79,722    |
| Derivative assets (using hedge accounting)            | Loss on valuation of derivatives (equity, before tax)* | (5,732)               | (6,407)   |
|   | Gain (loss) on transaction of derivatives              | (1,585)               | 5,220     |
|   | Interest expense of borrowings and debt securities     | (427,547)             | (428,335) |
| Financial liabilities carried at amortized cost       | Interest expense of trade and other payables           | (22,376)              | (26,222)  |
|   | Interest expense of others                             | (147,123)             | (140,725) |
|   | Loss on foreign currency transactions and translations | (145,391)             | (408,665) |

|  |  |         |         |
|--|--|---------|---------|
| Financial liabilities at fair value through profit or loss | Gain on valuation of derivatives                       | 68,839  | 116,063 |
|  | Gain on transaction of derivatives                     | 28,595  | 132     |
| Derivative liabilities (using hedge accounting)            | Gain on valuation of derivatives                       | 29,520  | 49,980  |
|  | Gain on valuation of derivatives (equity, before tax)* | 6,690   | 3,662   |
|  | Gain (loss) on transaction of derivatives              | (5,311) | 2,015   |

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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**6. Restricted Deposits**

Restricted deposits as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>        |  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|----------------------------------|--|-----------------------|--------------------------|
| Cash and cash equivalents        | Escrow accounts  | 76,541                | 61,873                   |
|                                  | Deposits for government project  | 16,652                | 17,807                   |
|                                  | Collateral provided for lawsuit  | 189                   |                          |
|                                  | Collateral for borrowings  | 10,306                |                          |
| Short-term financial instruments | Restriction on withdrawal related to win-win growth program for small and medium enterprises | 5,000                 |                          |
| Long-term financial instruments  | Guarantee deposits for checking account  | 5                     | 5                        |
|                                  | Guarantee deposits for banking accounts at oversea branches                                  | 304                   | 300                      |
|                                  | Collateral provided for lawsuit  | 330                   | 330                      |
|                                  |  | <b>109,327</b>        | <b>80,315</b>            |

**7. Cash and Cash Equivalents**

Cash and cash equivalents as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------|-----------------------|--------------------------|
| Cash                      | 103                   | 56                       |

|   |           |           |
|---|-----------|-----------|
| Cash equivalents                                      | 1,147,795 | 1,141,202 |
| Short-term deposits classified as cash equivalents    | 1,236,497 | 1,073,789 |
| Short-term investments classified as cash equivalents | 344,380   | 17,266    |
|   | 2,728,775 | 2,232,313 |

## 8. Trade and Other Receivables

(1) Trade and other receivables as of March 31, 2014 and December 31, 2013 are as follows:

*In millions of won*

|                           | <b>March 31, 2014</b> |  |                               |                   |
|---------------------------|-----------------------|--|-------------------------------|-------------------|
|                           | <b>Gross amount</b>   | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Current assets</b>     |                       |  |                               |                   |
| Trade receivables         | 6,251,671             | (63,179)                               | (91)                          | 6,188,401         |
| Other receivables         | 616,916               | (43,697)                               | (2,101)                       | 571,118           |
|                           | 6,868,587             | (106,876)                              | (2,192)                       | 6,759,519         |
| <b>Non-current assets</b> |                       |  |                               |                   |
| Trade receivables         | 420,868               |  |                               | 420,868           |
| Other receivables         | 1,288,979             | (37,472)                               | (6,886)                       | 1,244,621         |
|                           | 1,709,847             | (37,472)                               | (6,886)                       | 1,665,489         |
|                           | 8,578,434             | (144,348)                              | (9,078)                       | 8,425,008         |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**8. Trade and Other Receivables, Continued****1) Trade and other receivables as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

|                           |                     | <b>December 31, 2013</b>               |                               |                   |
|---------------------------|---------------------|--|-------------------------------|-------------------|
|                           | <b>Gross amount</b> | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Current assets</b>     |                     |  |                               |                   |
| Trade receivables         | 7,076,303           | (65,024)                               | (136)                         | 7,011,143         |
| Other receivables         | 559,958             | (42,729)                               | (2,061)                       | 515,168           |
|                           | 7,636,261           | (107,753)                              | (2,197)                       | 7,526,311         |
| <b>Non-current assets</b> |                     |  |                               |                   |
| Trade receivables         | 421,949             |  | (8)                           | 421,941           |
| Other receivables         | 1,255,724           | (27,158)                               | (6,174)                       | 1,222,392         |
|                           | 1,677,673           | (27,158)                               | (6,182)                       | 1,644,333         |
|                           | 9,313,934           | (134,911)                              | (8,379)                       | 9,170,644         |

**(2) Other receivables as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

|                       |                     | <b>March 31, 2014</b>                  |                               |                   |
|-----------------------|---------------------|--|-------------------------------|-------------------|
|                       | <b>Gross amount</b> | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Current assets</b> |                     |  |                               |                   |
| Non-trade receivables | 297,097             | (43,697)                               |                               | 253,400           |
| Accrued income        | 38,198              |  |                               | 38,198            |

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|                           |         |          |         |         |
|---------------------------|---------|----------|---------|---------|
| Deposits                  | 166,431 |          | (2,101) | 164,330 |
| Finance lease receivables | 5,356   |          |         | 5,356   |
| Others                    | 109,834 |          |         | 109,834 |
|                           | 616,916 | (43,697) | (2,101) | 571,118 |

**Non-current assets**

|                           |           |          |         |           |
|---------------------------|-----------|----------|---------|-----------|
| Non-trade receivables     | 100,091   | (17,829) |         | 82,262    |
| Accrued income            | 7,910     |          |         | 7,910     |
| Deposits                  | 239,212   |          | (6,886) | 232,326   |
| Finance lease receivables | 853,594   |          |         | 853,594   |
| Others                    | 88,172    | (19,643) |         | 68,529    |
|                           | 1,288,979 | (37,472) | (6,886) | 1,244,621 |
|                           | 1,905,895 | (81,169) | (8,987) | 1,815,739 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**8. Trade and Other Receivables, Continued****(2) Other receivables as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

|                           |                     | <b>December 31, 2013</b>               |                               |                   |
|---------------------------|---------------------|--|-------------------------------|-------------------|
|                           | <b>Gross amount</b> | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Current assets</b>     |                     |  |                               |                   |
| Non-trade receivables     | 233,714             | (42,729)                               |                               | 190,985           |
| Accrued income            | 47,310              |  |                               | 47,310            |
| Deposits                  | 162,730             |  | (2,061)                       | 160,669           |
| Finance lease receivables | 4,569               |  |                               | 4,569             |
| Others                    | 111,635             |  |                               | 111,635           |
|                           | 559,958             | (42,729)                               | (2,061)                       | 515,168           |
| <b>Non-current assets</b> |                     |  |                               |                   |
| Non-trade receivables     | 102,254             | (8,608)                                |                               | 93,646            |
| Deposits                  | 230,083             |  | (6,174)                       | 223,909           |
| Finance lease receivables | 845,712             |  |                               | 845,712           |
| Accrued income            | 7,052               |  |                               | 7,052             |
| Others                    | 70,623              | (18,550)                               |                               | 52,073            |
|                           | 1,255,724           | (27,158)                               | (6,174)                       | 1,222,392         |
|                           | 1,815,682           | (69,887)                               | (8,235)                       | 1,737,560         |

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 for the duration between the billing date and the payment due dates. Once trade receivables are overdue, the Company imposes a 2.0% interest rate 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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**8. Trade and Other Receivables, Continued****(3) Aging analysis of trade receivables as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>                      | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|-----------------------|--------------------------|
| Trade receivables: (not overdue, not impaired) | 6,476,872             | 7,350,705                |
| Trade receivables: (overdue, not impaired)     | 972                   | 292                      |
| Less than 60 days                              | 972                   | 292                      |
| Trade receivables: (impairment reviewed)       | 194,695               | 147,255                  |
| 60 ~ 90 days                                   | 69,137                | 36,707                   |
| 90 ~ 120 days                                  | 11,639                | 18,214                   |
| 120 days ~ 1year                               | 60,799                | 38,066                   |
| Over 1 year                                    | 53,120                | 54,268                   |
|  | 6,672,539             | 7,498,252                |
| Less allowance for doubtful accounts           | (63,179)              | (65,024)                 |
| Less present value discount                    | (91)                  | (144)                    |
|  | 6,609,269             | 7,433,084                |

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 overdue 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, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>                      | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|-----------------------|--------------------------|
| Other receivables: (not overdue, not impaired) | 1,701,581             | 1,667,837                |
| Other receivables: (overdue, not impaired)     | 60,009                | 24,878                   |
| Less than 60 days                              | 60,009                | 24,878                   |
| Other receivables: (impairment reviewed)       | 144,305               | 122,967                  |
| 60 ~ 90 days                                   | 11,610                | 17,507                   |
| 90 ~ 120 days                                  | 2,745                 | 1,880                    |
| 120 days ~ 1year                               | 42,678                | 23,996                   |
| Over 1 year                                    | 87,272                | 79,584                   |
|  | 1,905,895             | 1,815,682                |
| Less allowance for doubtful accounts           | (81,169)              | (69,887)                 |
| Less present value discount                    | (8,987)               | (8,235)                  |
|  | 1,815,739             | 1,737,560                |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (5) **Changes in the allowance for doubtful accounts for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b>    |                          | <b>December 31, 2013</b> |                          |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                           | <b>Trade receivables</b> | <b>Other receivables</b> | <b>Trade receivables</b> | <b>Other receivables</b> |
| <b>Beginning balance</b>  | 65,024                   | 69,887                   | 47,312                   | 225,078                  |
| Bad debt expense          | 501                      | 11,870                   | 40,446                   | 8,665                    |
| Write-offs                | (2,346)                  | (2,091)                  | (22,734)                 | (4,227)                  |
| Reversals                 |                          |                          |                          |                          |
| Others (*)                |                          | 1,503                    |                          | (159,629)                |
| <b>Ending balance</b>     | <b>63,179</b>            | <b>81,169</b>            | <b>65,024</b>            | <b>69,887</b>            |

- (\*) The allowance against loans to equity method investments which were reversed when the loans were converted to investment in associates.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

Available-for-sale financial assets as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>  | <b>Ownership</b> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|------------------|-----------------------|--------------------------|
| <b>Equity securities</b>   |                  |                       |                          |
| <b>Listed</b>  |                  |                       |                          |
| Kwanglim Co., Ltd.(*1)   | 0.44%            | 159                   | 150                      |
| Sungjee Construction Co., Ltd.(*1)                                     | 0.01%            | 8                     | 7                        |
| Korea District Heating Corp.   | 19.55%           | 154,183               | 194,710                  |
| Ssangyong Motor Co., Ltd.(*1)  | 0.03%            | 337                   | 291                      |
| LG Uplus Corporation   | 8.80%            | 401,377               | 412,901                  |
| Fission Uranium Corp.(formerly named Fission)                          | 0.52%            | 1,300                 | 848                      |
| Denison Mines Corp.  | 12.62%           | 91,866                | 74,498                   |
| Energy Fuels INC   | 9.06%            | 17,054                | 10,307                   |
| PT Adaro Energy Tbk  | 1.50%            | 44,406                | 45,204                   |
| Cockatoo Coal Limited (*2)   | 1.20%            | 1,825                 | 1,875                    |
| Namkwang Engineering & Construction Co., Ltd                           | 0.01%            | 5                     | 5                        |
| Byucksan Engineering & Construction Co., Ltd                           | 0.00%            | 1                     | 1                        |
| Dongyang Engineering & Construction Corp.                              | 0.01%            | 4                     | 5                        |
| Pumyang Construction Co., Ltd.   | 0.00%            | 2                     | 3                        |
| Korea Line Corp.   | 0.00%            |                       |                          |
|  |                  | 712,527               | 740,805                  |
| <b>Unlisted</b>  |                  |                       |                          |
| Construction Guarantee   | 0.02%            | 781                   | 790                      |
| Global Dynasty Overseas Resource Development<br>Private<br>Equity Firm | 7.46%            | 1,681                 | 1,517                    |
| Plant & Mechanical Contractors Financial Cooperative<br>of Korea       | 0.01%            | 36                    | 36                       |
| Dongnam Co., Ltd.  | 0.46%            | 72                    | 72                       |
| Mobo Co., Ltd.   | 0.00%            | 14                    | 14                       |

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|  |        |        |        |
|--|--------|--------|--------|
| Fire Guarantee   | 0.02%  | 20     | 20     |
| Korea Software Financial Cooperative                     | 0.18%  | 301    | 301    |
| Woobang ENC Co., Ltd.                                    | 0.00%  | 22     | 22     |
| Women s Venture Fund                                     | 10.00% | 780    | 780    |
| Engineering Financial Cooperative                        | 0.11%  | 60     | 60     |
| Intellectual Discovery, Ltd.                             | 9.13%  | 5,000  | 5,000  |
| Electric Contractors Financial Cooperative               | 0.03%  | 152    | 152    |
| Korea Specialty Contractor Financial Cooperative         | 0.01%  | 417    | 417    |
| Information & Communication Financial Cooperative        | 0.03%  | 10     | 10     |
| Troika Overseas Resource Development Private Equity Firm | 3.66%  | 11,104 | 10,664 |
| Poonglim Industrial Co., Ltd.                            | 0.01%  | 78     | 78     |
| Woori Ascon Co., Ltd.                                    | 0.34%  | 10     | 10     |
| HANKOOK Silicon Co., Ltd.                                | 11.82% | 7,513  | 7,513  |
| LIG E&C Co., Ltd.  | 0.00%  | 5      | 5      |
| Miju Steel Mfg Co., Ltd.                                 | 0.23%  | 51     | 51     |
| Ginseng K Co., Ltd.                                      | 0.08%  | 8      | 8      |
| Dae Kwang Semiconductor Co., Ltd.                        | 0.07%  | 6      | 6      |
| Sanbon Department Store                                  | 0.01%  | 124    | 124    |
| SAMBO AUTO. Co., Ltd.                                    | 0.02%  | 38     | 38     |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

Available-for-sale financial assets as of March 31, 2014 and December 31, 2013 are as follows, continued:

| <i>In millions of won</i>  | <b>Ownership</b> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|------------------|-----------------------|--------------------------|
| Korea Bio Fuel Co., Ltd.   | 15.00%           | 1,500                 | 1,500                    |
| Korea Electric Engineers Association   | 0.26%            | 61                    | 61                       |
| Korea Investment Korea EXIM Bank CERs Private Special Asset Investment Trust | 14.18%           | 6,803                 | 6,803                    |
| Hanwha Electric Power Venture Fund   | 16.40%           | 1,804                 | 1,804                    |
| Hwan Young Steel Co., Ltd.   | 0.14%            | 97                    | 97                       |
| IBK-AUCTUS Green Growth Private Equity Firm                                  | 6.30%            | 6,054                 | 6,054                    |
| K&C- Gyeongnam Youth Job Creation Investment Fund                            | 10.00%           | 1,340                 | 1,340                    |
| Areva Nc Expansion   | 13.49%           | 250,528               | 248,292                  |
| Green & Sustainable Energy Investment Corp.                                  | 19.58%           | 13                    | 13                       |
| Kanan Hydroelectric Power Corp.  | 19.58%           | 18                    | 17                       |
| Set Holding  | 2.50%            | 170,514               | 170,514                  |
| Siam Solar Power   | 10.00%           | 945                   | 933                      |
| 3i Powergen Inc.   | 15.00%           | 1,492                 | 1,486                    |
| PT. Kedap Saayq  | 10.00%           | 18,540                | 18,540                   |
| Navanakorn Electric Co., Ltd. (*3)   | 29.00%           | 16,370                | 16,163                   |
| Pumyang Assetmanagement Co. Ltd.   | 0.00%            | 3                     |                          |
| BnB Sungwon Co., Ltd   | 0.01%            | 15                    |                          |
| Hana   | 0.00%            | 1                     |                          |
|  |                  | <b>504,381</b>        | <b>501,305</b>           |
| <b>Debt securities</b>   |                  |                       |                          |
| Ambre Energy Limited   |                  | 15,824                | 14,655                   |



1,232,732

1,256,765

- (\*1) It has been determined that available-for-sale financial assets were impaired because the fair values of the securities of Kwanglim Co., Ltd., Ssangyong Motor Co., Ltd. and Sungjee Construction Co., Ltd. declined below their respective acquisition costs during the prior year. As such, cumulative losses of 415 million previously recognized in other comprehensive loss were reclassified to impairment losses on available-for-sale financial assets for the year ended March 31, 2014.
- (\*2) The fair value of Cockatoo Coal Limited securities declined significantly below the acquisition cost and the cumulative losses of 12,177 million previously recognized in other comprehensive loss were reclassified to impairment loss on available-for-sale financial assets for the the year ended March 31, 2014.
- (\*3) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.

Book values of unlisted equity securities held by the Company that were measured at cost as of March 31, 2014 and December 31, 2013 are 333,086 million and 330,001 million, respectively, as a quoted market price does not exist in an active market and its fair value cannot be measured reliably.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**10. Held-to-maturity Investments**

Held-to-maturity investments as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>                 | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|---|-----------------------|--------------------|--------------------------|--------------------|
|   | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Government and municipal bonds and others | 133                   | 2,072              | 168                      | 2,117              |

**11. Derivatives**

(1) Derivatives as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>     | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|-------------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                               | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| <b>Derivative assets</b>      |                       |                    |                          |                    |
| Currency option               | 2,402                 |                    | 963                      |                    |
| Currency forward              | 686                   | 30                 | 474                      | 206                |
| Currency swap                 |                       | 108,096            |                          | 83,003             |
| Interest rate swap            |                       | 1,220              |                          | 1,848              |
|                               | 3,088                 | 109,346            | 1,437                    | 85,057             |
| <b>Derivative liabilities</b> |                       |                    |                          |                    |
| Currency option               | 3,341                 |                    | 42,144                   |                    |
| Currency forward              | 244                   | 1                  | 2,166                    |                    |
| Currency swap                 | 265,076               | 196,316            | 291,476                  | 289,819            |
| Interest rate swap            | 1,654                 | 59,993             | 1,947                    | 72,923             |
|                               | 270,315               | 256,310            | 337,733                  | 362,742            |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued****(2) Currency option contracts which are not designated as hedge instruments as of March 31, 2014 are as follows:****(i) Target Redemption Forward***In won and thousands of U.S. dollars*

| <b>Financial institution</b> | <b>Contract year</b>    | <b>Position</b> | <b>Contract amount</b> | <b>Contract exchange rate</b> | <b>Target profit</b> |
|------------------------------|-------------------------|-----------------|------------------------|-------------------------------|----------------------|
| Standard Chartered           | 2014.01.09 ~ 2015.01.02 | SELL            | USD 6,000              | 1,087.10                      | 250                  |
| Barclays Bank PLC            | 2014.01.10 ~ 2015.01.02 | SELL            | USD 3,000              | 1,086.40                      | 250                  |
| Credit Suisse                | 2014.01.08 ~ 2014.12.31 | SELL            | USD 5,000              | 1,086.70                      | 250                  |
| Morgan Stanley               | 2013.09.11 ~ 2014.05.07 | BUY             | USD 10,000             | 1,072.90                      | 50                   |
| Morgan Stanley               | 2013.10.21 ~ 2014.12.29 | BUY             | USD 3,000              | 1,047.00                      | 50                   |
| Morgan Stanley               | 2013.08.19 ~ 2014.08.18 | BUY             | USD 3,000              | 1,089.40                      | 200                  |

The Company enters into currency option contracts to buy or sell currency at a specified exchange rate during a specified period of time to hedge currency exchange risk from flaming coal purchase payments. Every week, the Company compares the target profit to the accumulated total profit or loss from the difference between the contract exchange rate and average exchange rate. When the target profits are achieved, the contracts will be automatically terminated.

**(ii) European Knock-Out***In millions of won and thousands of U.S. dollars*

| <b>Financial institution</b> | <b>Contract year</b>    | <b>Contract amount</b> |                | <b>Contract exchange rate</b> | <b>Barrier</b> |
|------------------------------|-------------------------|------------------------|----------------|-------------------------------|----------------|
|                              |                         | <b>Pay</b>             | <b>Receive</b> |                               |                |
| Barclays Bank PLC            | 2013.10.11 ~ 2014.04.07 | 9,884                  | USD 9,317      | 1,060.90                      | 1,130.00       |
| Barclays Bank PLC            | 2013.10.29 ~ 2014.04.24 | 11,250                 | USD 10,689     | 1,052.50                      | 1,100.00       |
| Barclays Bank PLC            | 2013.12.13 ~ 2014.05.08 | 8,472                  | USD 8,121      | 1,043.20                      | 1,100.00       |
| Barclays Bank PLC            | 2014.01.14 ~ 2014.06.11 | 4,309                  | USD 4,094      | 1,052.70                      | 1,110.00       |
| Barclays Bank PLC            | 2014.01.20 ~ 2014.07.02 | 12,780                 | USD 12,048     | 1,060.80                      | 1,120.00       |
| Barclays Bank PLC            | 2014.01.20 ~ 2014.06.12 | 11,180                 | USD 10,561     | 1,058.60                      | 1,120.00       |

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|                     |                         |        |            |          |          |
|---------------------|-------------------------|--------|------------|----------|----------|
| Barclays Bank PLC   | 2014.01.20 ~ 2014.04.15 | 13,129 | USD 12,344 | 1,063.60 | 1,120.00 |
| Barclays Bank PLC   | 2014.01.20 ~ 2014.07.02 | 4,644  | USD 4,395  | 1,056.60 | 1,120.00 |
| Korea Exchange Bank | 2013.10.22 ~ 2014.04.17 | 5,816  | USD 5,516  | 1,054.40 | 1,110.00 |
| Korea Exchange Bank | 2013.12.16 ~ 2014.06.11 | 18,335 | USD 17,664 | 1,038.00 | 1,100.00 |
| Korea Exchange Bank | 2014.01.14 ~ 2014.07.10 | 11,661 | USD 11,121 | 1,048.60 | 1,110.00 |
| Korea Exchange Bank | 2014.01.15 ~ 2014.06.11 | 10,906 | USD 10,343 | 1,054.40 | 1,110.00 |
| Korea Exchange Bank | 2014.01.20 ~ 2014.07.16 | 17,392 | USD 16,488 | 1,054.80 | 1,110.00 |
| Credit Suisse       | 2013.10.28 ~ 2014.04.24 | 10,142 | USD 9,619  | 1,054.40 | 1,110.00 |
| RBS                 | 2013.11.23 ~ 2014.04.21 | 5,853  | USD 5,546  | 1,055.20 | 1,110.00 |
| RBS                 | 2014.01.21 ~ 2014.06.18 | 14,414 | USD 13,596 | 1,060.20 | 1,120.00 |

Contracts are entered to hedge the currency risk arising from foreign short-term borrowings. The contracts will be automatically cancelled if the market average exchange rate at maturity date is above the barrier.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued****(3) Currency forward contracts which are not designated as hedge instruments, as of March 31, 2014 are as follows:***In millions of won and thousands of foreign currencies*

| Counterparty            | Contract Date | Maturity date | Contract amounts |           | Contract exchange rate |
|-------------------------|---------------|---------------|------------------|-----------|------------------------|
|                         |               |               | Pay              | Receive   |                        |
| Korea Exchange Bank     | 2014.03.13    | 2014.04.17    | 13,771           | 12,879    | 1,069.27               |
| Korea Exchange Bank     | 2014.03.06    | 2014.04.10    | 4,059            | 3,803     | 1,067.35               |
| The Bank of Nova Scotia | 2014.03.27    | 2014.04.30    | 5,369            | 5,000     | 1,073.70               |
| The Bank of Nova Scotia | 2014.03.27    | 2014.04.21    | 10,748           | 10,000    | 1,074.75               |
| The Bank of Nova Scotia | 2014.03.31    | 2014.04.03    | 3,218,710        | 3,022     | 1,064.95               |
| Standard Chartered      | 2014.03.27    | 2014.04.21    | USD 10,000       | 10,747    | 1,074.65               |
| RBS                     | 2014.03.27    | 2014.04.21    | USD 10,000       | 10,747    | 1,074.65               |
| Barclays Bank PLC       | 2014.03.27    | 2014.04.21    | USD 8,000        | 8,582     | 1,072.80               |
| Barclays Bank PLC       | 2014.03.31    | 2014.04.01    | USD 2,175        | 2,319     | 1,066.05               |
| Citibank                | 2014.03.31    | 2014.04.21    | USD 5,000        | 5,333     | 1,066.69               |
| RBS                     | 2014.03.28    | 2014.04.03    | 5,341            | USD 5,000 | 1,068.21               |
| RBS                     | 2014.03.31    | 2014.04.10    | 5,331            | USD 5,000 | 1,066.26               |
| Deutsche Bank           | 2014.03.31    | 2014.04.10    | 5,333            | USD 5,000 | 1,066.55               |
| Korea Exchange Bank     | 2014.03.31    | 2014.04.18    | 5,330            | USD 5,000 | 1,066.00               |
| The Bank of Nova Scotia | 2014.03.31    | 2014.04.03    | 5,328            | USD 5,000 | 1,065.65               |
| Barclays Bank PLC       | 2014.03.06    | 2014.04.10    | 5,341            | USD 5,000 | 1,068.15               |
| Barclays Bank PLC       | 2014.03.06    | 2014.04.10    | 5,338            | USD 5,000 | 1,067.55               |
| Barclays Bank PLC       | 2014.03.06    | 2014.04.10    | 1,335            | USD 1,252 | 1,066.65               |
| Barclays Bank PLC       | 2014.03.28    | 2014.05.02    | 5,341            | USD 5,000 | 1,068.10               |
| Barclays Bank PLC       | 2014.03.31    | 2014.05.02    | 4,265            | USD 4,000 | 1,066.20               |
| BNP Paribas             | 2014.03.06    | 2014.04.10    | 5,338            | USD 5,000 | 1,067.55               |
| BNP Paribas             | 2014.03.06    | 2014.04.10    | 5,333            | USD 5,000 | 1,066.65               |
| Credit Agricole         | 2014.03.06    | 2014.04.10    | 5,333            | USD 5,000 | 1,066.65               |

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|                         |            |                         |            |            |                  |
|-------------------------|------------|-------------------------|------------|------------|------------------|
| Credit Agricole         | 2014.03.06 | 2014.04.10              | 5,338      | USD 5,000  | 1,067.55         |
| Credit Agricole         | 2014.03.27 | 2014.04.30              | 10,706     | USD 10,000 | 1,070.60         |
| Citibank                | 2014.03.06 | 2014.04.10              | 5,332      | USD 5,000  | 1,066.35         |
| Citibank                | 2014.03.27 | 2014.04.02              | 5,357      | USD 5,000  | 1,071.42         |
| Citibank                | 2014.03.31 | 2014.05.02              | 5,335      | USD 5,000  | 1,067.07         |
| Credit Suisse           | 2014.03.07 | 2014.04.11              | 10,629     | USD 10,000 | 1,062.90         |
| Credit Suisse           | 2014.03.31 | 2014.05.02              | 5,334      | USD 5,000  | 1,066.70         |
| Goldman Sachs           | 2014.03.31 | 2014.05.02              | 5,332      | USD 5,000  | 1,066.35         |
| Goldman Sachs           | 2014.03.28 | 2014.05.02              | 3,204      | USD 3,000  | 1,068.10         |
| HSBC                    | 2014.03.31 | 2014.05.02              | 5,333      | USD 5,000  | 1,066.55         |
| HSBC                    | 2014.03.31 | 2014.05.02              | 5,316      | USD 5,000  | 1,063.10         |
| Morgan Stanley          | 2014.03.06 | 2014.04.10              | 3,617      | USD 3,385  | 1,068.35         |
| The Bank of Nova Scotia | 2014.03.06 | 2014.04.10              | 5,341      | USD 5,000  | 1,068.15         |
| The Bank of Nova Scotia | 2014.03.06 | 2014.04.10              | 559        | USD 524    | 1,067.65         |
| The Bank of Nova Scotia | 2014.03.27 | 2014.04.02              | 5,348      | USD 5,000  | 1,069.50         |
| The Bank of Nova Scotia | 2014.03.31 | 2014.05.02              | 5,323      | USD 5,000  | 1,064.60         |
| The Bank of Nova Scotia | 2014.03.31 | 2014.05.02              | 5,316      | USD 5,000  | 1,063.10         |
| RBS                     | 2014.03.06 | 2014.04.10              | 5,333      | USD 5,000  | 1,066.65         |
| RBS                     | 2014.03.06 | 2014.04.10              | 529        | USD 495    | 1,068.25         |
| Societe Generale        | 2014.03.28 | 2014.05.02              | 5,341      | USD 5,000  | 1,068.10         |
| Standard Chartered      | 2011.08.08 | 2014.04.28 ~ 2015.12.28 | USD 17,593 | 19,339     | 1,093.10~1103.10 |
| Hana Bank               | 2013.12.27 | 2014.04.07 ~ 2014.06.20 | JPY 25,900 | 261        | 10.08~10.10      |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued****(4) Currency swap contracts which are not designated as hedge instruments as of March 31, 2014 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 (%)    |                        |
| Shinhan Bank          | 2010~2014     | 84,615          | USD 75,000     | 6.83%                  | 5.50%          | 1,128.20               |
| RBS                   | 2010~2014     | 141,125         | USD 125,000    | 6.78%                  | 5.50%          | 1,129.00               |
| Morgan Stanley        | 2010~2014     | 112,320         | USD 100,000    | 6.71%                  | 5.50%          | 1,123.20               |
| HSBC                  | 2010~2014     | 112,320         | USD 100,000    | 6.71%                  | 5.50%          | 1,123.20               |
| Bank of America       | 2011~2014     | 110,310         | USD 100,000    | 6.93%                  | 5.50%          | 1,103.10               |
| UBS                   | 2011~2015     | 220,356         | USD 200,000    | 3.90%                  | 3.00%          | 1,101.78               |
| 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         | 2010~2015     | 156,643         | USD 140,000    | 3.92%                  | 3.00%          | 1,118.88               |
| Deutsche Bank         | 2012~2018     | 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       | 2012~2018     | 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               |
| Morgan Stanley        | 2010~2015     | 118,800         | USD 100,000    | 4.61%                  | 3M Libor+1.64% | 1,188.00               |
| M-UFJ                 | 2010~2015     | 116,100         | USD 100,000    | 4.00%                  | 3M Libor+1.00% | 1,161.00               |
| DBS                   | 2011~2014     | 56,150          | USD 50,000     | 4.21%                  | 3M Libor+1.00% | 1,123.00               |
| SMBC                  | 2011~2014     | 56,150          | USD 50,000     | 4.21%                  | 3M Libor+1.00% | 1,123.00               |
| Mizuho Corporate Bank | 2011~2014     | 112,800         | USD 100,000    | 3.86%                  | 3M Libor+0.80% | 1,128.00               |
| DBS                   | 2011~2014     | 109,500         | USD 100,000    | 3.80%                  | 3M Libor+0.85% | 1,095.00               |
| Deutsche Bank         | 2009~2014     | 126,610         | USD 100,000    | 5.39%                  | 6.25%          | 1,266.10               |
| Nomura                | 2009~2014     | 126,610         | USD 100,000    | 5.35%                  | 6.25%          | 1,266.10               |
| Nomura                | 2009~2014     | 126,610         | USD 100,000    | 5.33%                  | 6.25%          | 1,266.10               |
| Morgan Stanley        | 2009~2014     | 126,610         | USD 100,000    | 5.32%                  | 6.25%          | 1,266.10               |
| Morgan Stanley        | 2010~2014     | 126,610         | USD 100,000    | 5.30%                  | 6.25%          | 1,266.10               |



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|                    |           |         |             |       |                |          |
|--------------------|-----------|---------|-------------|-------|----------------|----------|
| Barclays Bank PLC  | 2010~2014 | 126,610 | USD 100,000 | 5.29% | 6.25%          | 1,266.10 |
| Citibank           | 2010~2014 | 126,610 | USD 100,000 | 5.27% | 6.25%          | 1,266.10 |
| JP Morgan          | 2010~2014 | 126,610 | USD 100,000 | 4.93% | 6.25%          | 1,266.10 |
| Deutsche Bank      | 2010~2014 | 126,610 | USD 100,000 | 4.93% | 6.25%          | 1,266.10 |
| RBS                | 2010~2014 | 126,610 | USD 100,000 | 4.93% | 6.25%          | 1,266.10 |
| 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 |
| 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 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued****(5) Currency swap contracts which are designated as hedge instruments as of March 31, 2014 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               |
| HSBC               | 2012~2014     | 45,264          | USD 40,000  | 3.25%                  | 3M Libor+1.50% | 1,131.60               |
| Citibank           | 2012~2014     | 33,948          | USD 30,000  | 3.25%                  | 3M Libor+1.50% | 1,131.60               |
| RBS                | 2012~2014     | 22,632          | USD 20,000  | 3.25%                  | 3M Libor+1.50% | 1,131.60               |
| UOB                | 2012~2014     | 33,948          | USD 30,000  | 3.25%                  | 3M Libor+1.50% | 1,131.60               |
| DBS                | 2012~2014     | 56,580          | USD 50,000  | 3.20%                  | 3M Libor+1.50% | 1,131.60               |
| ANZ                | 2012~2014     | 22,632          | USD 20,000  | 3.20%                  | 3M Libor+1.50% | 1,131.60               |
| Citibank           | 2012~2014     | 20,369          | USD 18,000  | 3.20%                  | 3M Libor+1.50% | 1,131.60               |
| Credit Suisse      | 2012~2014     | 45,264          | USD 40,000  | 2.77%                  | 3M Libor+1.50% | 1,131.60               |
| RBS                | 2012~2014     | 58,843          | USD 52,000  | 2.77%                  | 3M Libor+1.50% | 1,131.60               |
| 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               |

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|                    |           |         |     |         |              |                |          |
|--------------------|-----------|---------|-----|---------|--------------|----------------|----------|
| UBS AG             | 2006~2016 | 98,100  | USD | 100,000 | 5.48%        | 5.50%          | 981      |
| Credit Suisse      | 2006~2016 | 98,100  | USD | 100,000 | 5.48%        | 5.50%          | 981      |
| 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%          | 958.51   |
| Deutsche Bank AG   | 2006~2016 | 71,888  | USD | 75,000  | 4.81%        | 5.50%          | 958.51   |
| 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 |
| Barclays Bank PLC  | 2004~2014 | 172,875 | USD | 150,000 | 5.10%        | 5.75%          | 1,152.50 |
| Barclays Bank PLC  | 2013~2018 | 81,188  | USD | 75,000  | 2.65%        | 1.88%          | 1,082.50 |
| 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+1.50% | 1,084.10 |
| Credit Agricole    | 2014~2017 | 54,205  | USD | 50,000  | 2.93%        | 3M Libor+1.50% | 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 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued**

- (5) **Currency swap contracts which are designated as hedge instruments as of March 31, 2014 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 (%) |                        |
| Societe Generale   | 2013~2018     | 106,190         | USD 100,000 | 3.48%                  | 2.50%       | 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               |

- (6) **Interest rate swap contracts which are not designated as hedge instruments as of March 31, 2014 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% |

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|                     |           |         |       |             |
|---------------------|-----------|---------|-------|-------------|
| 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 | 2011~2014 | 100,000 | 3.89% | 3M CD+0.05% |
| Korea Exchange Bank | 2011~2014 | 200,000 | 3.66% | 3M CD+0.24% |
| Korea Exchange Bank | 2012~2015 | 100,000 | 3.58% | 3M CD+0.15% |
| Korea Exchange Bank | 2012~2015 | 200,000 | 3.65% | 3M CD+0.10% |
| 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% |

- (7) Interest rate swap contracts which are designated as hedge instruments, as of of March 31, 2014 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 108,633     | 4.16%                            | 6M USD Libor |
| KFW                      | 2009~2027     | USD 108,633     | 4.16%                            | 6M USD Libor |
| CA-CIB (Credit Agricole) | 2013~2033     | USD 106,684     | 3.98% ~ 4.10%                    | 6M USD Libor |
| SMBC                     | 2013~2033     | USD 139,510     | 4.05% ~ 4.18%                    | 6M USD Libor |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**11. Derivatives, Continued**

- (8) **Gain and loss on valuation and transaction of derivatives for the three-month periods ended March 31, 2014 and 2013 are as follows and included in finance income and costs in the accompanying consolidated statements of comprehensive income:**

| <i>In millions of won</i> | Net income effects of<br>valuation gain |                   | Net income effects<br>of<br>transaction gain |                   | Accumulated<br>other<br>comprehensive<br>income<br>(loss) (*) |                   |
|---------------------------|---|-------------------|--|-------------------|---|-------------------|
|                           | March 31,<br>2014                       | March 31,<br>2013 | March 31,<br>2014                            | March 31,<br>2013 | March 31,<br>2014   | March 31,<br>2013 |
| Currency option           | (940)                                   |                   | 22,106                                       |                   |   |                   |
| Currency forward          | 42                                      | 205               | 1,534  | 7,067             |   | 4,004             |
| Currency swap             | 147,651                                 | 292,129           | (8,552)                                      | 4,612             | (5,563)   | (6,745)           |
| Interest rate swap        | (3,107)                                 | (3,336)           | (1,342)                                      | (3,182)           | 6,521   | (4)               |
| Other derivatives         |   |                   | (1,610)                                      | 6,301             |   |                   |
|                           | 143,646                                 | 288,998           | 12,136                                       | 14,798            | 958   | (2,745)           |

(\*) As of March 31, 2014, the accumulated net gain on valuation of derivatives using cash flow hedge accounting of 3,325 million, net of tax, is included in accumulated other comprehensive income.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**12. Other Financial Assets****(1) Other financial assets as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>                  | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|--|-----------------------|--------------------|--------------------------|--------------------|
|  | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Loans and receivables                      | 52,704                | 632,801            | 51,503                   | 616,389            |
| Present value discount                     | (1,177)               | (60,424)           | (1,094)                  | (58,559)           |
| Long-term/short-term financial instruments | 261,642               | 1,194              | 384,199                  | 1,183              |
|  | 313,169               | 573,571            | 434,608                  | 559,013            |

**(2) Loans and receivables as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>               | <b>March 31, 2014</b> |                               |                   |
|---|-----------------------|-------------------------------|-------------------|
|   | <b>Face value</b>     | <b>Present value discount</b> | <b>Book value</b> |
| <b>Short-term loans and receivables</b> |                       |                               |                   |
| Loans for tuition                       | 26,868                | (1,177)                       | 25,691            |
| Loans for housing                       | 12,409                |                               | 12,409            |
| Loans for related parties               | 933                   |                               | 933               |
| Fisheries loan                          | 11,000                |                               | 11,000            |
| Other loans                             | 1,494                 |                               | 1,494             |
|   | 52,704                | (1,177)                       | 51,527            |
| <b>Long-term loans and receivables</b>  |                       |                               |                   |
| Loans for tuition                       | 372,949               | (59,015)                      | 313,934           |
| Loans for housing                       | 105,519               |                               | 105,519           |
| Loans for related parties               | 140,238               |                               | 140,238           |
| Fisheries loan                          | 13,760                | (1,409)                       | 12,351            |

|             |         |          |         |
|-------------|---------|----------|---------|
| Other loans | 335     |          | 335     |
|             | 632,801 | (60,424) | 572,377 |
|             | 685,505 | (61,601) | 623,904 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**12. Other Financial Assets, Continued****(2) Loans and receivables as of March 31, 2014 and December 31, 2013 are as follows, continued:**

| <i>In millions of won</i>               | <b>December 31, 2013</b> |                               |                   |
|---|--------------------------|-------------------------------|-------------------|
|   | <b>Face value</b>        | <b>Present value discount</b> | <b>Book value</b> |
| <b>Short-term loans and receivables</b> |                          |                               |                   |
| Loans for tuition                       | 25,296                   | (1,094)                       | 24,202            |
| Loans for housing                       | 12,505                   |                               | 12,505            |
| Loans for related parties               | 890                      |                               | 890               |
| Fisheries loan                          | 6,000                    |                               | 6,000             |
| Other loans                             | 6,812                    |                               | 6,812             |
|   | 51,503                   | (1,094)                       | 50,409            |
| <b>Long-term loans and receivables</b>  |                          |                               |                   |
| Loans for tuition                       | 352,554                  | (56,956)                      | 295,598           |
| Loans for housing                       | 108,564                  |                               | 108,564           |
| Loans for related parties               | 141,191                  |                               | 141,191           |
| Fisheries loan                          | 13,760                   | (1,603)                       | 12,157            |
| Other loans                             | 320                      |                               | 320               |
|   | 616,389                  | (58,559)                      | 557,830           |
|   | 667,892                  | (59,653)                      | 608,239           |

**(3) Long-term and short-term financial instruments as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|---------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |

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|                                     |         |       |         |       |
|-------------------------------------|---------|-------|---------|-------|
| Time deposits                       | 135,606 | 447   | 256,173 | 453   |
| Installment deposits                |         | 108   |         | 93    |
| Deposit for treasury stock in trust | 60,779  |       | 64,940  |       |
| Special money in trust              | 55,298  |       | 30,086  |       |
| Repurchase agreement                |         |       | 18,000  |       |
| CD                                  |         |       | 10,000  |       |
| CP                                  | 4,959   |       |         |       |
| Others                              | 5,000   | 639   | 5,000   | 637   |
|                                     | 261,642 | 1,194 | 384,199 | 1,183 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**13. Inventories**

Inventories as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i> | <b>March 31, 2014</b>   |                            | <b>Book value</b> |
|---------------------------|-------------------------|----------------------------|-------------------|
|                           | <b>Acquisition cost</b> | <b>Valuation allowance</b> |                   |
| Raw materials             | 3,066,231               | (46)                       | 3,066,185         |
| Merchandises              | 374                     |                            | 374               |
| Work-in-progress          | 103,190                 |                            | 103,190           |
| Finished goods            | 40,901                  |                            | 40,901            |
| Supplies                  | 721,113                 | (4,100)                    | 717,013           |
| Inventories in transit    | 420,419                 |                            | 420,419           |
| Other inventories         | 11,682                  |                            | 11,682            |
|                           | 4,363,910               | (4,146)                    | 4,359,764         |

| <i>In millions of won</i> | <b>December 31, 2013</b> |                            | <b>Book value</b> |
|---------------------------|--------------------------|----------------------------|-------------------|
|                           | <b>Acquisition cost</b>  | <b>Valuation allowance</b> |                   |
| Raw materials             | 2,904,722                | (46)                       | 2,904,676         |
| Merchandises              | 373                      |                            | 373               |
| Work-in-progress          | 89,883                   |                            | 89,883            |
| Finished goods            | 55,056                   |                            | 55,056            |
| Supplies                  | 683,699                  | (4,089)                    | 679,610           |
| Inventories in transit    | 541,154                  |                            | 541,154           |
| Other inventories         | 8,841                    |                            | 8,841             |
|                           | 4,283,728                | (4,135)                    | 4,279,593         |

The reversal of the allowance for loss on inventory valuation due from increases in the net realizable value of inventory and fluctuations in foreign exchange rates deducted from cost of sales were 228 million and 687 million, for the three-month period ended March 31, 2014 and for the year ended December 31, 2013, respectively. The amounts of loss from inventory valuation included in cost of sales for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 were 239 million and 261 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and December 31, 2013 are as follows and included in current and non-current trade and other receivables, net, in the accompanying consolidated statements of financial position:**

| <i>In millions of won</i> | <b>March 31, 2014</b>         |  | <b>December 31, 2013</b>      |  |
|---------------------------|-------------------------------|--|-------------------------------|--|
|                           | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> |
| Less than 1 year          | 84,918                        | 5,356  | 81,484                        | 4,569  |
| 1 ~ 5 years               | 362,880                       | 38,414   | 356,874                       | 36,710   |
| More than 5 years         | 1,698,865                     | 815,180  | 1,782,639                     | 809,002  |
|                           | 2,146,663                     | 858,950  | 2,220,997                     | 850,281  |

**(3) There are no impaired finance lease receivables as of March 31, 2014 and December 31, 2013.**

**(4) There are no changes in valuation allowance for finance lease receivables for the three-month period ended March 31, 2014 and for the year ended December 31, 2013.**

**15. Non-Financial Assets**

Non-financial assets as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i> | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|---------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance payment           | 301,965               | 12,630             | 110,541                  | 12,760             |
| Prepaid expenses          | 173,059               | 103,020            | 150,852                  | 102,823            |
| Others (*)                | 152,810               | 12,897             | 309,452                  | 15,928             |
|                           | 627,834               | 128,547            | 570,845                  | 131,511            |

(\*) Details of others as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>     | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|-------------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                               | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Tax refund receivables        | 48,521                | 1,366              | 228,857                  | 1,349              |
| Other quick assets and others | 104,289               | 11,531             | 80,595                   | 14,579             |
|                               | 152,810               | 12,897             | 309,452                  | 15,928             |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries****(1) Investments in subsidiaries as of March 31, 2014 and December 31, 2013 are as follows:**

| Subsidiaries  | Key operation activities                               | Location | Percentage of ownership (%) |                   |
|---|--|----------|-----------------------------|-------------------|
|   |  |          | March 31, 2014              | December 31, 2013 |
| 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    | 71.16%                      | 70.86%            |
| KEPCO Plant Service & Engineering Co., Ltd.         | Utility plant maintenance and Others                   | KOREA    | 63.00%                      | 63.00%            |
| 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%           |
|   | Power generation                                       | KOREA    | 49.00%                      | 49.00%            |

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|  |   |             |         |         |
|--|---|-------------|---------|---------|
| Garorim Tidal Power Plant Co., Ltd. (*2)     |   |             |         |         |
| Korea Engineering & Power Services Co., Ltd. | Operation and maintenance of utility plant  | KOREA       | 52.43%  | 52.43%  |
| KEPCO International Hong Kong 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% |
| KEPCO Philippines Holdings Inc.              | Holding company                             | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Philippines Corporation                | Construction and 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% |
|  | Resources development                       | CANADA      | 79.64%  | 79.64%  |



|   |   |             |         |         |
|---|---|-------------|---------|---------|
| Korea Waterbury Uranium Limited Partnership         |   |             |         |         |
| 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% |
| KEPCO Netherlands S3 B.V.                           | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| PT. KOMIPO  |   |             |         |         |
| Pembangkitan Jawa Bali                              | Operation of utility plant                  | INDONESIA   | 51.00%  | 51.00%  |
| PT. Cirebon Power Service (*2)                      | Operation of utility plant                  | INDONESIA   | 27.50%  | 27.50%  |
| KOWEPO International Corporation                    | Operation of utility plant                  | PHILIPPINES | 99.99%  | 99.99%  |
| KOSPO Jordan LLC                                    | Operation of utility plant                  | JORDAN      | 100.00% | 100.00% |
| EWP Philippines Corporation                         | Operation of utility plant                  | PHILIPPINES | 100.00% | 100.00% |
| EWP Philippine Holdings Corporation                 | Holding company                             | 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, LLC                             | Power generation                            | USA         | 100.00% | 100.00% |
| DG Kings Plaza Holdings, LLC                        | Holding company                             | USA         | 100.00% | 100.00% |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(1) Investments in subsidiaries as of March 31, 2014 and December 31, 2013 are as follows, continued:**

| Subsidiaries                    | Key operation activities            | Location  | Percentage of ownership (%) |                   |
|---------------------------------|-------------------------------------|-----------|-----------------------------|-------------------|
|                                 |                                     |           | March 31, 2014              | December 31, 2013 |
| DG Kings Plaza, LLC             | Power generation                    | USA       | 100.00%                     | 100.00%           |
| DG Kings Plaza II, LLC          | Holding company                     | USA       | 100.00%                     | 100.00%           |
| 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 Resources 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       | 75.00%                      | 75.00%            |
| 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%           |
|                                 |                                     | USA       | 100.00%                     | 100.00%           |

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|  |                                      |             |         |         |
|--|--------------------------------------|-------------|---------|---------|
| KOWEPO America LLC.                    | Solar photovoltaic power generation  |             |         |         |
| 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% |
| Global Energy Pioneer B.V.             | Holding company                      | NETHERLANDS | 100.00% | 100.00% |
| KOSEP Wind Power, LLC. (*3)            | Power generation                     | USA         |         | 100.00% |
| Mira Power Limited (*4)                | Power generation                     | PAKISTAN    | 76.00%  | 76.00%  |
| KOSEP Material Co., Ltd.               | Power generation                     | KOREA       | 77.04%  | 77.04%  |
| 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% |

(\*1) The percentage of ownership has been increased due to the acquisition of treasury stocks for the three-month period ended March 31, 2014.

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

(\*3) KOSEP Wind Power, LLC was merged into KOSEP USA, INC. and excluded from consolidation for the three-month period ended March 31, 2014.

(\*4) As of reporting date, the reporting period end of all subsidiaries ends in December 31, except for Mira Power Limited.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(2) Subsidiaries newly included in or excluded from consolidation for the three-month period ended March 31, 2014 are as follows:**

- (i) Subsidiaries excluded from consolidation

| Subsidiary            | Reason |
|-----------------------|--------|
| KOSEP Wind Power, LLC | Merged |

**(3) Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:***In millions of won*

| Subsidiaries                                   | March 31, 2014 |                   |           |                              |
|--|----------------|-------------------|-----------|------------------------------|
|  | Total assets   | Total liabilities | Sales     | Profit (loss) for the period |
| Korea Hydro & Nuclear Power Co., Ltd.          | 47,574,590     | 26,739,548        | 2,448,121 | 609,200                      |
| Korea South-East Power Co., Ltd.               | 8,762,230      | 4,962,659         | 1,202,924 | 179,174                      |
| Korea Midland Power Co., Ltd.                  | 6,339,818      | 3,379,810         | 1,569,755 | 51,554                       |
| Korea Western Power Co., Ltd.                  | 7,298,879      | 4,130,034         | 1,519,573 | 50,837                       |
| Korea Southern Power Co., Ltd.                 | 8,034,001      | 4,595,954         | 1,823,061 | 15,545                       |
| Korea East-West Power Co., Ltd.                | 7,635,476      | 4,141,059         | 1,313,355 | 66,339                       |
| KEPCO Engineering & Construction Company, Inc. | 770,399        | 391,548           | 177,314   | 13,954                       |
| KEPCO Plant Service & Engineering Co., Ltd.    | 863,208        | 285,991           | 219,415   | 27,165                       |
| KEPCO Nuclear Fuel Co., Ltd.                   | 515,619        | 223,338           | 72,806    | 11,831                       |
| KEPCO KDN Co.,Co., Ltd.                        | 339,056        | 106,793           | 84,945    | (2,119)                      |
| Garorim Tidal Power Plant Co., Ltd.            | 42,467         | 2,553             |           | (327)                        |
| Korea Engineering & Power Services Co., Ltd.   | 12,739         | 6,629             | 5,150     | (1,663)                      |

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|   |         |         |        |        |
|---|---------|---------|--------|--------|
| KEPCO International HongKong Ltd.                   | 203,902 |         |        | 1,774  |
| KEPCO International Philippines Inc.                | 103,163 | 864     |        | (6)    |
| KEPCO Gansu International Ltd.                      | 15,888  | 492     |        | (1)    |
| KEPCO Philippines Holdings Inc.                     | 114,904 | 10      |        | (13)   |
| KEPCO Philippines Corporation                       | 13,974  | 127     |        | (274)  |
| KEPCO Ilijan Corporation                            | 741,344 | 84,094  | 33,123 | 21,091 |
| KEPCO Lebanon SARL                                  | 6,910   | 9,655   |        | (131)  |
| KEPCO Neimenggu International Ltd.                  | 183,968 |         |        | (6)    |
| KEPCO Shanxi International Ltd.                     | 497,969 | 230,376 |        | (937)  |
| KOMIPO Global Pte Ltd.                              | 141,994 | 31      |        | 2,046  |
| KEPCO Canada Energy Ltd.                            | 91,873  | 11,996  |        | (33)   |
| KEPCO Netherlands B.V.                              | 212,274 | 25      |        | (33)   |
| KOREA Imouraren Uranium Investment Corp.            | 250,596 | 232     |        | (12)   |
| KEPCO Australia Pty., Ltd.                          | 592,059 | 1,815   | 863    | 94     |
| KOSEP Australia Pty., Ltd.                          | 20,503  | 1,106   | 1,489  | 809    |
| KOMIPO Australia Pty., Ltd.                         | 20,505  | 1,117   | 1,489  | 808    |
| KOWEPO Australia Pty., Ltd.                         | 20,643  | 1,104   | 1,489  | 809    |
| KOSPO Australia Pty., Ltd.                          | 20,711  | 1,105   | 1,489  | 809    |
| KEPCO Middle East Holding Company                   | 110,262 | 102,030 |        | 1,024  |
| Qatrana Electric Power Company                      | 533,731 | 446,412 | 4,338  | 6,032  |
| KHNP Canada Energy Ltd.                             | 49,315  | 32      |        | (7)    |
| KEPCO Bylong Australia Pty., Ltd.                   | 218,261 | 173,408 |        | 2,922  |
| Korea Waterbury Uranium Limited Partnership         | 22,514  | 24      |        | (11)   |
| KEPCO Canada Uranium Investment Limited Partnership | 104,279 | 15      |        | (5)    |
| Korea Electric Power Nigeria Ltd.                   | 442     | 165     | 1,106  | (128)  |
| KEPCO Holdings de Mexico                            | 10      | 12      |        | (2)    |
| KST Electric Power Company                          | 530,092 | 508,092 | 3,923  | (83)   |
| KEPCO Energy Service Company                        | 717     | 184     | 1,130  | 243    |
| KEPCO Netherlands S3 B.V.                           | 60,007  | 35      |        | (27)   |
| PT. KOMIPO Pembangkitan Jawa Bali                   | 18,181  | 5,891   | 8,009  | 5,878  |
| PT. Cirebon Power Service                           | 1,414   | 526     | 1,520  | 52     |
| KOWEPO International Corporation                    | 1,904   | 31      |        |        |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Subsidiaries                           | March 31, 2014 |                   |        |                              |
|--|----------------|-------------------|--------|------------------------------|
|  | Total assets   | Total liabilities | Sales  | Profit (loss) for the period |
| KOSPO Jordan, LLC.                     | 17,129         | 9,928             | 7,765  | 989                          |
| EWP Philippines Corporation            | 7,122          | 269               |        | (114)                        |
| EWP Philippine Holdings Corporation    | 212            | 1                 |        |                              |
| EWP America Inc. (*)                   | 104,393        | 78,215            | 12,289 | (1,250)                      |
| KNF Canada Energy Limited              | 2,265          | 25                |        | (12)                         |
| PT KEPCO Resources Indonesia           | 1,562          |                   | 1      | (67)                         |
| EWP Barbados 1 SRL                     | 290,381        | 237               | 668    | 2,544                        |
| Gyeonggi Green Energy Co., Ltd.        | 337,479        | 265,787           | 25,949 | (3,094)                      |
| PT. Tanggamus Electric Power           | 17,122         | 379               |        | (1,083)                      |
| Gyeongju Wind Power Co., Ltd.          | 47,984         | 31,763            | 1,789  | 467                          |
| KOMIPO America Inc.                    | 7,701          | 6                 |        |                              |
| Boulder Solar Power, LLC.              | 6,697          | 6                 |        | (111)                        |
| KOSEP USA, INC.                        | 32,120         | 626               | 301    | (113)                        |
| PT. EWP Indonesia                      | 703            | 14                |        | (82)                         |
| KOWEPO America, LLC.                   | 5,855          | 31                |        | (289)                        |
| KEPCO Netherlands J3 B.V.              | 103,590        | 57                |        | (23)                         |
| Korea Offshore Wind Power Co., Ltd.    | 12,529         | 309               |        | (680)                        |
| Global One Pioneer B.V.                | 38             | 13                |        | (1)                          |
| Global Energy Pioneer B.V.             | 40             | 13                |        | (1)                          |
| Mira Power Limited                     | 14,322         | 82                |        | (318)                        |
| KOSEP Material Co., Ltd                | 12,861         | 81                |        | (288)                        |
| Commerce and Industry Energy Co., Ltd. | 104,491        | 87,015            | 6,779  | 296                          |
| KEPCO Singapore Holding Pte., Ltd.     | 464            |                   |        | (6)                          |
| KOWEPO India Private Limited           | 1,292          | 31                |        | (161)                        |
| KEPCO KPS Philippines Corp.            | 5,230          | 3,870             | 1,540  | 370                          |
| KOSPO Chile SpA                        | 4,044          | 4,234             |        | (189)                        |

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Subsidiaries  | December 31, 2013 |                      |           | Profit (loss)<br>for the period |
|---|-------------------|----------------------|-----------|---------------------------------|
|   | Total<br>assets   | Total<br>liabilities | Sales     |                                 |
| Korea Hydro & Nuclear Power Co., Ltd.                 | 46,717,706        | 26,482,646           | 6,378,280 | (180,160)                       |
| Korea South-East Power Co., Ltd.                      | 8,294,384         | 4,634,288            | 4,157,175 | 116,001                         |
| Korea Midland Power Co., Ltd.                         | 6,189,836         | 3,266,269            | 5,658,612 | 40,815                          |
| Korea Western Power Co., Ltd.                         | 7,160,956         | 4,010,759            | 5,762,386 | 106,829                         |
| Korea Southern Power Co., Ltd.                        | 7,360,191         | 3,906,329            | 7,120,621 | 102,670                         |
| Korea East-West Power Co., Ltd.                       | 7,449,723         | 4,014,477            | 5,368,299 | 27,021                          |
| KEPCO Engineering & Construction<br>Company, Inc.     | 760,504           | 378,454              | 755,484   | 34,407                          |
| KEPCO Plant Service & Engineering<br>Co., Ltd.        | 839,067           | 217,404              | 1,121,717 | 151,524                         |
| KEPCO Nuclear Fuel Co., Ltd.                          | 509,057           | 221,023              | 233,638   | 15,401                          |
| KEPCO KDN Co., Ltd.                                   | 354,577           | 115,604              | 372,830   | 8,561                           |
| Garorim Tidal Power Plant Co., Ltd.                   | 43,592            | 3,350                |           | (2,502)                         |
| Korea Power Engineering & Power<br>Services Co., Ltd. | 15,555            | 4,781                | 29,066    | 5,764                           |
| KEPCO International HongKong Ltd.                     | 243,898           |                      |           | 12,746                          |
| KEPCO International Philippines Inc.                  | 101,832           | 819                  |           | 705                             |
| KEPCO Gansu International Ltd.                        | 15,689            | 486                  |           | (10)                            |
| KEPCO Philippines Holdings Inc.                       | 116,825           | 13                   |           | 2,861                           |
| KEPCO Philippines Corporation                         | 14,226            | 150                  |           | 493                             |
| KEPCO Ilijan Corporation                              | 705,425           | 76,329               | 140,782   | 71,194                          |
| KEPCO Lebanon SARL                                    | 6,836             | 9,417                |           | (895)                           |
| KEPCO Neimenggu International Ltd.                    | 177,649           |                      |           | 1,255                           |
| KEPCO Shanxi International Ltd.                       | 491,681           | 226,543              |           | (4,526)                         |
| KOMIPO Global Pte Ltd.                                | 131,874           | 30                   |           | 14,423                          |
| KEPCO Canada Energy Ltd.                              | 75,197            | 12,358               |           | (164)                           |



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|   |         |         |        |           |
|---|---------|---------|--------|-----------|
| KEPCO Netherlands B.V.                            | 209,885 | 21      |        | 2,844     |
| KOREA Imouraren Uranium Investment Corp.          | 248,300 | 161     |        | (45)      |
| KEPCO Australia Pty., Ltd.                        | 498,742 | 2,173   | 4,979  | 162,325   |
| KOSEP Australia Pty., Ltd.                        | 18,592  | 931     | 4,728  | 1,578     |
| KOMIPO Australia Pty., Ltd.                       | 18,190  | 537     | 4,728  | 1,574     |
| KOWEPO Australia Pty., Ltd.                       | 18,724  | 929     | 4,728  | 1,577     |
| KOSPO Australia Pty., Ltd.                        | 18,789  | 929     | 4,728  | 1,578     |
| KEPCO Middle East Holding Company                 | 107,802 | 100,742 |        | 4,190     |
| Qatrana Electric Power Company                    | 516,637 | 436,210 | 17,471 | 20,850    |
| KHNP Canada Energy Ltd.                           | 50,314  | 23      |        | (51)      |
| KEPCO Bylong Australia Pty., Ltd.                 | 145,704 | 169,014 |        | (136,027) |
| Korea Waterbury Uranium Limited Partnership       | 20,380  | 21      |        | (70)      |
| KEPCO Canada Uranium Investment Corp. Partnership | 81,945  | 25      |        | (46)      |
| Korea Electric Power Nigeria Ltd.                 | 1,859   | 1,449   | 3,602  | 427       |
| KEPCO Holdings de Mexico                          | 10      | 9       |        | (14)      |
| KST Electric Power Company                        | 498,705 | 483,339 | 456    | 4,616     |
| KEPCO Energy Service Company                      | 835     | 437     | 3,733  | 407       |
| KEPCO Netherlands S3 B.V.                         | 514     | 18      |        | (64)      |
| PT. KOMIPO Pembangkitan Jawa Bali                 | 14,884  | 5,548   | 20,162 | 6,143     |
| PT. Cirebon Power Service                         | 1,646   | 642     | 7,143  | 406       |
| KOWEPO International Corporation                  | 1,897   | 31      |        |           |
| KOSPO Jordan, LLC.                                | 15,938  | 9,790   | 7,817  | 2,389     |
| EWP Philippines Corporation                       | 7,067   | 290     | 212    | (914)     |
| EWP Philippine Holdings Corporation               | 211     | 1       |        | (2)       |
| EWP America Inc. (*)                              | 104,186 | 77,105  | 53,087 | (3,184)   |
| KNF Canada Energy Limited                         | 2,254   | 19      |        | (71)      |
| PT KEPCO Resources Indonesia                      | 1,609   |         |        | (84)      |
| EWP Barbados 1 SRL                                | 284,111 | 145     | 2,738  | (21,771)  |
| Gyeonggi Green Energy Co., Ltd.                   | 338,394 | 263,608 | 26,944 | (161)     |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Subsidiaries                           | December 31, 2013 |                   |        |                              |
|--|-------------------|-------------------|--------|------------------------------|
|  | Total assets      | Total liabilities | Sales  | Profit (loss) for the period |
| PT. Tanggamus Electric Power           | 9,784             | 626               |        | (3,640)                      |
| Gyeongju Wind Power Co., Ltd.          | 49,264            | 32,580            | 7,440  | 2,507                        |
| KOMIPO America Inc.                    | 7,604             | 6                 |        |                              |
| Boulder Solar Power, LLC.              | 7,639             | 6                 |        | (2,131)                      |
| KOSEP USA, INC.                        | 31,121            | 233               |        | (757)                        |
| PT. EWP Indonesia                      | 771               | 14                |        | (334)                        |
| KOWEPO America, LLC.                   | 6,057             | 21                |        | (1,295)                      |
| KEPCO Netherlands J3 B.V.              | 102,295           | 31                |        | (86)                         |
| Korea Offshore Wind Power Co., Ltd.    | 4,052             | 1,598             |        | (2,436)                      |
| Global One Pioneer B.V.                | 46                | 19                |        | (44)                         |
| Global Energy Pioneer B.V.             | 47                | 19                |        | (42)                         |
| KOSEP Wind Power, LLC.                 | 1,219             | 688               | 2,053  | 332                          |
| Mira Power Limited                     | 13,607            | 244               |        | (742)                        |
| KOSEP Material Co., Ltd                | 13,349            | 280               |        | (431)                        |
| Commerce and Industry Energy Co., Ltd. | 104,739           | 87,628            | 13,450 | (2,959)                      |
| KEPCO Singapore Holding Pte., Ltd.     |                   | 11                |        | (11)                         |
| KOWEPO India Private Limited           | 1,370             | 4                 |        | (377)                        |
| KEPCO KPS Philippines Corp.            | 4,396             | 3,409             | 5,923  | 659                          |
| KOSPO Chile SpA                        | 4,180             | 4,180             |        |                              |

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(4) Significant restrictions on its abilities to subsidiaries are as follows:**

| <b>Company</b>                  | <b>Nature and extent of any significant restrictions</b>   |
|---------------------------------|--|
| 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. |

**(5) Details of non-controlling interest prior to inter-group eliminations as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:***In millions of won*

| Description                                  | March 31, 2014           |   |  |                                     |             | Total       |
|--|--------------------------|---|--|-------------------------------------|-------------|-------------|
|  | KEPCO Ilijan Corporation | KEPCO Plant Service & Engineering Co., Ltd. | KEPCO Engineering & Construction Company, Inc. | Garorim Tidal Power Plant Co., Ltd. | Others      |             |
| Percentage of ownership                      | 49.00%                   | 37.00%                                      | 28.84%   | 51.00%                              |             |             |
| Current assets                               | 286,046                  | 453,072                                     | 476,430  | 5,642                               | 542,162     | 1,763,352   |
| Non-current assets                           | 455,298                  | 410,136                                     | 293,969  | 36,825                              | 1,638,313   | 2,834,541   |
| Current liabilities                          | (50,223)                 | (240,873)                                   | (346,935)                                      | (2,475)                             | (259,919)   | (900,425)   |
| Non-current liabilities                      | (33,871)                 | (45,119)                                    | (44,614)                                       | (78)                                | (1,320,106) | (1,443,788) |
| Net assets                                   | 657,250                  | 577,216                                     | 378,850  | 39,914                              | 600,450     | 2,253,680   |
| Book value of non-controlling interest       | 322,053                  | 213,570                                     | 109,261  | 20,356                              | 604,865     | 1,270,105   |
| Sales  | 33,123                   | 219,415                                     | 177,314  |                                     | 128,820     | 558,672     |
| Profit (loss) for the period                 | 21,091                   | 27,165                                      | 13,954   | (327)                               | 18,266      | 80,149      |
| Profit (loss) for the period attributable to | 10,334                   | 10,051                                      | 4,024  | (167)                               | 2,348       | 26,590      |

|   |         |          |         |         |          |          |
|---|---------|----------|---------|---------|----------|----------|
| non-controlling interest  |         |          |         |         |          |          |
| Cash flows from operating activities  | 46,305  | 16,989   | 5,347   | (1,005) | 71,619   | 139,255  |
| Cash flows from investing activities  | (3,415) | 21,630   | 13,561  | (242)   | (8,087)  | 23,447   |
| Cash flows from financing activities before dividends to non-controlling interest |         |          | (3,795) |         | (26,063) | (29,858) |
| Dividends to non-controlling interest   |         | (25,308) | (4,905) |         | (7,540)  | (37,753) |
| Effect of exchange rate fluctuation   | 2,162   | (220)    | (99)    | (27)    | 1,103    | 2,919    |
| Net increase (decrease) of cash and cash equivalents                              | 45,052  | 13,091   | 10,109  | (1,274) | 31,032   | 98,010   |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

(5) Details of non-controlling interest prior to inter-group eliminations as of and for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:

*In millions of won*

| Description   | December 31, 2013        |  |                                   |  |                                     | Others      | Total       |
|---|--------------------------|--|-----------------------------------|--|-------------------------------------|-------------|-------------|
|   | KEPCO Ilijan Corporation | KEPCO Plan Service & Engineering Co., Ltd. | Dongducheon Dream Power Co., Ltd. | KEPCO Engineering & Construction Company, Inc. | Garorim Tidal Power Plant Co., Ltd. |             |             |
| Percentage of ownership   | 49.00%                   | 37.00%                                     | 51.00%                            | 28.95%   | 51.00%                              |             |             |
| Current assets  | 251,147                  | 438,272                                    |                                   | 478,851  | 7,002                               | 476,286     | 1,651,558   |
| Non-current assets  | 454,278                  | 400,794                                    |                                   | 281,653  | 36,591                              | 1,644,436   | 2,817,752   |
| Current liabilities   | (44,046)                 | (182,871)                                  |                                   | (336,046)                                      | (3,272)                             | (243,826)   | (810,061)   |
| Non-current liabilities   | (32,282)                 | (34,533)                                   |                                   | (42,407)                                       | (78)                                | (1,296,242) | (1,405,542) |
| Net assets  | 629,097                  | 621,662                                    |                                   | 382,051  | 40,243                              | 580,654     | 2,253,707   |
| Book value of non-controlling interest                                | 308,257                  | 230,015                                    |                                   | 110,603  | 20,523                              | 599,434     | 1,268,832   |
| Sales   | 140,782                  | 1,121,717                                  |                                   | 755,484  |                                     | 361,692     | 2,379,675   |
| Profit (loss) for the period  | 71,194                   | 151,524                                    |                                   | 34,407   | (2,502)                             | 55,763      | 310,386     |
| Profit (loss) for the period attributable to non-controlling interest | 34,885                   | 45,457                                     |                                   | 8,650  | (1,276)                             | 33,989      | 121,705     |
| Cash flows from   | 57,785                   | 40,805                                     |                                   | 11,367   | (665)                               | (4,871)     | 104,421     |

|   |          |          |          |          |       |           |           |
|---|----------|----------|----------|----------|-------|-----------|-----------|
| operating activities  |          |          |          |          |       |           |           |
| Cash flows from investing activities  | (2,524)  | (21,412) | (20,006) | 4,854    | (186) | (126,946) | (166,220) |
| Cash flows from financing activities before dividends to non-controlling interest | (22,735) | 2,657    |          | 1,716    | 3,475 | 189,313   | 174,426   |
| Dividends to non-controlling interest   |          | (19,440) |          | (18,564) |       | (20,037)  | (58,041)  |
| Effect of exchange rate fluctuation   | (1,953)  | (220)    |          | (33)     |       | (2,529)   | (4,735)   |
| Net increase (decrease) of cash and cash equivalents                              | 30,573   | 2,390    | (20,006) | (660)    | 2,624 | 34,930    | 49,851    |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(6) Business combination**

On April 29, 2013, the Company has obtained control of Commerce and Industry Energy Co., Ltd. which engages in the integrated commerce and industry energy business, by acquiring an additional 29.5% of its equity shares. As a result, the Company's ownership for Commerce and Industry Energy Co., Ltd. has increased from 29.5% to 59.0%. The acquisition was accounted for as follows:

*In millions of won*

|  | <b>Amount</b> |
|--|---------------|
| <b>I. Fair value of consideration transferred</b>                                      |               |
| Carrying value of the equity method investees previously owned                         | 5,829         |
| Fair value adjustment (*1)   | (1,022)       |
| Cash and cash equivalents paid   | 2             |
| Fair value of related commitments (*2)   | 4,806         |
|  | 9,615         |
| <b>II. Fair value of non-controlling interest (*3)</b>                                 |               |
|  | 4,882         |
|  | 14,497        |
| <b>III. Recognized amounts of identifiable assets acquired and liabilities assumed</b> |               |
| <Assets>   |               |
| Cash and cash equivalents  | 7,292         |
| Trade and other receivables  | 1,631         |
| Inventories  | 515           |
| Property people & equipment  | 82,733        |
| Other assets   | 3,460         |
| <Liabilities>  |               |



|                          |          |
|--------------------------|----------|
| Trade and other payables | (1,777)  |
| Borrowings               | (81,752) |
| Other liabilities        | (187)    |

|                          |        |
|--------------------------|--------|
| Fair value of net assets | 11,915 |
|--------------------------|--------|

|                     |              |
|---------------------|--------------|
| <b>IV. Goodwill</b> | <b>2,582</b> |
|---------------------|--------------|

- (\*1) Prior to business combination, 29.5% of the Company's equity shares re-measured to fair value. As a result, the differences incurred from the re-measurement amounted to 1,022 million is recognized as a loss on the disposal of its interest in associates and joint ventures.
- (\*2) The Company guarantees a certain rate of return on investment to Hana Power Co., Ltd. and one other investor, the financial investors of Commerce and Industry Energy Co., Ltd., holding 39.3% of the 2,260,000 shares of equity in Commerce and Industry Energy Co., Ltd. The investors may request the Company to purchase their investment shares after 58 months have elapsed from the date of investment. The Company has included the fair value valuation of the purchase commitment in consideration transferred.
- (\*3) Non-controlling interest is measured by proportionate share of non-controlling of the identifiable net assets. If the Company had acquired the equity shares of Commerce and Industry Energy Co., Ltd. on January 1, 2013, the sales and loss for the prior year period would have been 54,044,024 million and 182,218 million, respectively. From the date of the acquisition, the subsidiary incurred sales and loss for the period 13,450 million and 2,959 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

The net cash outflows from the business combination are as follows:

|   |         |
|---|---------|
| <i>In millions of won</i>                 |         |
| Consideration paid in cash                | 2       |
| Less : acquired cash and cash equivalents | (7,292) |
|   | (7,290) |

**(7) Goodwill**

(i) Details of goodwill as of March 31, 2014 and December 31, 2013 are as follows:

|                           |                       |                          |
|---------------------------|-----------------------|--------------------------|
| <i>In millions of won</i> |                       |                          |
|                           | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
| Acquisition cost          | 2,582                 | 2,582                    |
| Accumulated impairment    |                       |                          |
| Carrying book value       | 2,582                 | 2,582                    |

(ii) Changes in goodwill for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

|                           |                       |                          |
|---------------------------|-----------------------|--------------------------|
| <i>In millions of won</i> |                       |                          |
|                           | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
| Beginning balance         | 2,582                 |                          |

Changes

|                  |       |       |
|------------------|-------|-------|
| Newly recognized |       | 2,582 |
| Ending balance   | 2,582 | 2,582 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

| Investees   | Key operation activities                             | Location    | Percentage of ownership | March 31, 2014   |            |
|---|--|-------------|-------------------------|------------------|------------|
|   |  |             |                         | Acquisition cost | Book value |
| <b>&lt;Associates&gt;</b>                             |  |             |                         |                  |            |
| Daegu Green Power Co., Ltd.                           | Power generation                                     | KOREA       | 48%                     | 76,193           | 73,883     |
| Korea Gas Corporation                                 | Importing and wholesaling LNG                        | KOREA       | 20%                     | 94,500           | 2,019,889  |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering                                 | KOREA       | 29%                     | 4,727            | 20,500     |
| YTN Co., Ltd.   | Broadcasting   | KOREA       | 21%                     | 59,000           | 36,352     |
| Cheongna Energy Co., Ltd.                             | Generating and distributing vapor and hot/cold water | KOREA       | 44%                     | 43,900           | 29,060     |
| Gangwon Wind Power Co., Ltd. (*1)                     | Wind power generation                                | KOREA       | 15%                     | 5,725            | 11,315     |
| Hyundai Green Power Co., Ltd.                         | Power generation                                     | KOREA       | 29%                     | 88,885           | 105,236    |
| Korea Power Exchange (*5)                             | Management of power market                           | KOREA       | 100%                    | 127,839          | 196,104    |
| AMEC Partners Korea (*2)                              | Resources development                                | KOREA       | 19%                     | 707              | 208        |
| Hyundai Energy Co., Ltd. (*8)                         | Power generation                                     | KOREA       | 29%                     | 71,070           | 42,042     |
| Ecollite Co., Ltd.                                    | Artificial light-weight aggregate                    | KOREA       | 36%                     | 1,516            |            |
| Taebaek Wind Power Co., Ltd.                          | Power generation                                     | KOREA       | 25%                     | 3,810            | 4,998      |
| Alternergy Philippine Investments Corporation         | Power generation                                     | PHILIPPINES | 50%                     | 3,881            | 1,497      |
| Muju Wind Power Co., Ltd.                             | Power generation                                     | KOREA       | 25%                     | 2,850            | 2,708      |
| Pyeongchang Wind Power Co., Ltd.                      | Power generation                                     | KOREA       | 25%                     | 638              | 587        |
| Daeryun Power Co., Ltd.                               | Power generation                                     | KOREA       | 20%                     | 25,477           | 24,569     |

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|   |   |             |     |         |         |
|---|---|-------------|-----|---------|---------|
| JinanJangsu Wind Power Co., Ltd.              | Power generation                                    | KOREA       | 25% | 100     | 77      |
| Changjuk Wind Power Co., Ltd.                 | Power generation                                    | KOREA       | 30% | 3,801   | 5,674   |
| KNH Solar Co., Ltd.                           | Power generation                                    | KOREA       | 27% | 1,296   | 1,326   |
| SPC Power Corporation                         | Power generation                                    | PHILIPPINES | 38% | 20,635  | 46,322  |
| Gemeng International Energy Co., Ltd.         | Power generation                                    | CHINA       | 34% | 413,153 | 609,016 |
| PT. Cirebon Electric Power                    | Power generation                                    | INDONESIA   | 28% | 39,217  | 36,621  |
| KNOC Nigerian East Oil Co., Ltd. (*3)         | Resources development                               | NIGERIA     | 15% | 12      |         |
| KNOC Nigerian West Oil Co., Ltd. (*3)         | Resources development                               | NIGERIA     | 15% | 12      |         |
| Dolphin Property Limited (*3)                 | Rental company                                      | NIGERIA     | 15% | 12      |         |
| E-Power S.A.                                  | Operation of utility plant and sales of electricity | HAITI       | 30% | 3,779   | 5,771   |
| PT Wampu Electric Power                       | Power generation                                    | INDONESIA   | 46% | 18,935  | 14,387  |
| PT. Bayan Resources TBK                       | Resources development                               | INDONESIA   | 20% | 615,860 | 573,510 |
| S-Power Co., Ltd.                             | Power generation                                    | KOREA       | 40% | 108,000 | 107,138 |
| Pioneer Gas Power Limited (*7)                | Power generation                                    | INDIA       | 40% | 48,709  | 44,814  |
| Eurasia Energy Holdings                       | Power generation and resources development          | RUSSIA      | 40% | 461     |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.             | Power generation                                    | LAOS        | 25% | 18,928  | 18,535  |
| Busan Solar Co., Ltd. (*2)                    | Power generation                                    | KOREA       | 20% | 793     | 585     |
| Hadong Mineral Fiber Co., Ltd.                | Recycling fly ashes                                 | KOREA       | 25% | 50      | 3       |
| Green Biomass Co., Ltd.                       | Power generation                                    | KOREA       | 34% | 714     | 76      |
| Gumi-Ochang Photovoltaic Power Co., Ltd. (*1) | Power generation                                    | KOREA       | 10% | 288     | 359     |
| Chungbuk Photovoltaic Power Co., Ltd. (*1)    | Power generation                                    | KOREA       | 10% | 166     | 180     |
| Cheonan Photovoltaic Power Co., Ltd. (*1)     | Power generation                                    | KOREA       | 10% | 122     | 132     |
| PT. Mutiara Jawa                              | Manufacturing and operating floating coal terminal  | INDONESIA   | 29% | 2,978   | 1,908   |
| Hyundai Asan Solar Power Co., Ltd.(*1)        | Power generation                                    | KOREA       | 10% | 471     | 395     |
| Heang Bok Do Si Photovoltaic Power Co., Ltd.  | Power generation                                    | KOREA       | 28% | 92      | 90      |
| Jeonnam Solar Co., Ltd.(*1)                   | Power generation                                    | KOREA       | 10% | 700     | 696     |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

| Investees                            | Key operation activities | Location | March 31, 2014          |                  |            |
|--------------------------------------|--------------------------|----------|-------------------------|------------------|------------|
|                                      |                          |          | Percentage of ownership | Acquisition cost | Book value |
| DS POWER Co., Ltd.(*1)               | Power generation         | KOREA    | 11%                     | 17,900           | 17,865     |
| D Solarenergy Co., Ltd(*1)           | Power generation         | KOREA    | 10%                     | 400              | 434        |
| Dongducheon Dream Power Co., Ltd.    | Power generation         | KOREA    | 44%                     | 140,079          | 131,708    |
| KS Solar Corp. Ltd.(*2)              | Power generation         | KOREA    | 19%                     | 637              | 474        |
| KOSCON Photovoltaic Co., Ltd(*1)     | Power generation         | KOREA    | 19%                     | 245              | 351        |
| Yeongwol Energy Station Co., Ltd(*1) | Power generation         | KOREA    | 13%                     | 1,862            | 1,672      |
| Yeonan Photovoltaic Co., Ltd(*1)     | Power generation         | KOREA    | 19%                     | 157              | 122        |
| Q1 Solar Co., Ltd                    | Power generation         | KOREA    | 28%                     | 1,005            | 1,006      |
| Jimbhuvish Power Generation (*1)     | Power generation         | INDIA    | 5%                      | 9,000            | 8,632      |
| Best Solar Energy Co., Ltd.          | Power generation         | KOREA    | 23%                     | 1,242            | 962        |
| Seokcheon Solar Power Co., Ltd.(*1)  | Power generation         | KOREA    | 10%                     | 970              | 1,063      |
| SE Green Energy Co., Ltd.            | Power generation support | KOREA    | 48%                     | 3,821            | 3,686      |
| Daegu Photovoltaic Co., Ltd.         | Power generation         | KOREA    | 29%                     | 1,230            | 1,302      |
| Jeongam Wind Power Co., Ltd.         | Power generation         | KOREA    | 40%                     | 800              | 192        |
| Korea Power Engineering              | Construction and service | KOREA    | 29%                     | 290              | 727        |

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|  |   |              |     |           |           |
|--|---|--------------|-----|-----------|-----------|
| Service Co., Ltd.  |   |              |     |           |           |
| Golden Route J Solar Power Co., Ltd. (*1)                                    | Photovoltaic power generation               | KOREA        | 10% | 82        | 77        |
|  |   |              |     | 2,089,722 | 4,206,836 |
| <b>&lt;Joint ventures&gt;</b>  |   |              |     |           |           |
| KEPCO-Uhde Inc. (*6)   | Power generation                            | KOREA        | 66% | 11,355    | 9,392     |
| Eco Biomass Energy Sdn. Bhd. (*6)  | Power generation                            | MALAYSIA     | 62% | 9,661     |           |
| Datang Chaoyang Renewable Power Co., Ltd.                                    | Power generation                            | CHINA        | 40% | 27,660    | 27,458    |
| Shuweihaat Asia Power Investment B.V.  | Holding company                             | NETHERLANDS  | 49% | 60,083    | 23,355    |
| Shuweihaat Asia Operation & Maintenance Company (*6)                         | Maintenance of utility plant                | CAYMAN       | 55% | 30        | 29        |
| Waterbury Lake Uranium L.P.  | Resources development                       | CANADA       | 40% | 25,839    | 22,487    |
| ASM-BG Investicii AD   | Power generation                            | BULGARIA     | 50% | 16,101    | 20,505    |
| RES Technology AD  | Power generation                            | BULGARIA     | 50% | 15,595    | 16,114    |
| KV Holdings, Inc.  | Power generation                            | PHILIPPINES  | 40% | 2,103     | 1,849     |
| KEPCO SPC Power Corporation (*6)   | Construction and operation of utility plant | PHILIPPINES  | 75% | 94,579    | 148,993   |
| Canada Korea Uranium Limited Partnership (*4)                                | Resources development                       | CANADA       | 13% | 5,404     |           |
| KEPCO Energy Resource Nigeria Limited  | Holding company                             | NIGERIA      | 30% | 8,463     |           |
| Gansu Datang Yumen Wind Power Co., Ltd.                                      | Power generation                            | CHINA        | 40% | 16,621    | 18,338    |
| Datang Chifeng Renewable Power Co., Ltd.                                     | Power generation                            | CHINA        | 40% | 121,928   | 166,458   |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.                              | Power generation                            | CHINA        | 40% | 10,858    | 10,470    |
| Rabigh Electricity Company   | Construction of utility plant               |              |     |           |           |
|  | and sales of electricity                    | SAUDI ARABIA | 40% | 109,743   |           |
| Rabigh Operation & Maintenance Company                                       | Maintenance of utility plant                | SAUDI ARABIA | 40% | 70        | 4,894     |
| Jamaica Public Service Company Limited                                       | Power generation                            | JAMAICA      | 40% | 301,910   | 275,824   |
| KW Nuclear Components Co., Ltd.  | R&D   | KOREA        | 45% | 833       | 1,814     |
| Busan shinho Solar power Co., Ltd.   | Power generation                            | KOREA        | 25% | 2,100     | 3,060     |
| GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.) | Power generation                            | KOREA        | 49% | 225,400   | 222,505   |

|                              |                  |       |     |        |        |
|------------------------------|------------------|-------|-----|--------|--------|
| YEONGAM Wind Power Co., Ltd. | Power generation | KOREA | 49% | 11,584 | 11,513 |
|------------------------------|------------------|-------|-----|--------|--------|



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

| Investees   | Key operation activities   | Location  | March 31, 2014          |                             |
|---|--|-----------|-------------------------|-----------------------------|
|   |  |           | Percentage of ownership | Acquisition cost Book value |
| Global Trade Of Power System Co., Ltd.            | Exporting products and technology of small or medium sized business by proxy | KOREA     | 29%                     | 290 238                     |
| Expressway Solar-light Power Generation Co., Ltd. | Power generation   | KOREA     | 29%                     | 3,132 3,197                 |
| KODE NOVUS 1 LLC.                                 | Power generation   | USA       | 50%                     | 19,213 14,082               |
| KODE NOVUS 2 LLC.                                 | Power generation   | USA       | 49%                     | 12,498 9,155                |
| Daejung Offshore Wind Power Co., Ltd.             | Power generation   | KOREA     | 50%                     | 4,990 4,002                 |
| Arman Asia Electric Power Company (*6)            | Power generation   | JORDAN    | 60%                     | 104,721 115,119             |
| KEPCO-ALSTOM Power Electronics Systems, Inc. (*6) | R&D  | KOREA     | 51%                     | 5,629 4,454                 |
| Dongbu Power Dangjin Corporation                  | Power generation   | KOREA     | 40%                     | 40,000 38,685               |
| Honam Wind Power Co., Ltd.                        | Power generation   | KOREA     | 29%                     | 3,600 2,639                 |
| Nepal Water & Energy Development Company Pty Ltd. | Power generation   | NEPAL     | 44%                     | 10,550 10,271               |
| Kelar S.A (*6)                                    | Power generation   | CHILE     | 65%                     | 4,180 4,044                 |
| PT. Tanjung Power Indonesia                       | Power generation   | INDONESIA | 35%                     | 388 359                     |
| Incheon New Power Co., Ltd.                       | Power generation   | KOREA     | 29%                     | 461 436                     |
| Seokmun Energy Co., Ltd.                          | Integrated energy business   | KOREA     | 34%                     | 680 325                     |

1,288,252 1,192,064

3,377,974 5,398,900

- (\*1) 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.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*3) 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 with the associate which can affect its influence on the entity.
- (\*4) The Company has joint control on 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.
- (\*5) 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.
- (\*6) According to the shareholder 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.
- (\*7) As of reporting date, the reporting period end of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:**

(\*8) As of March 31, 2014, 16% 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 45% of ownership.

*In millions of won*

| Investees   | Key operation activities                             | December 31, 2013 |                         | Acquisition cost | Book value |
|---|--|-------------------|-------------------------|------------------|------------|
|   |  | Location          | Percentage of ownership |                  |            |
| <b>&lt;Associates&gt;</b>                             |  |                   |                         |                  |            |
| Daegu Green Power Co., Ltd.                           | Power generation                                     | KOREA             | 48%                     | 76,193           | 74,878     |
| Korea Gas Corporation                                 | Importing and wholesaling LNG                        | KOREA             | 20%                     | 94,500           | 1,926,800  |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering                                 | KOREA             | 29%                     | 4,727            | 22,450     |
| YTN Co., Ltd.   | Broadcasting   | KOREA             | 21%                     | 59,000           | 38,426     |
| Cheongna Energy Co., Ltd.                             | Generating and distributing vapor and hot/cold water | KOREA             | 44%                     | 43,900           | 28,114     |
| Gangwon Wind Power Co., Ltd. (*1)                     | Wind power generation                                | KOREA             | 15%                     | 5,725            | 13,185     |
| Hyundai Green Power Co., Ltd.                         | Power generation                                     | KOREA             | 29%                     | 88,885           | 110,157    |

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|   |   |             |      |         |         |
|---|---|-------------|------|---------|---------|
| Korea Power Exchange (*5)                     | Management of power market                          | KOREA       | 100% | 127,839 | 189,544 |
| AMEC Partners Korea (*2)                      | Resources development                               | KOREA       | 19%  | 707     | 189     |
| Hyundai Energy Co., Ltd. (*8)                 | Power generation                                    | KOREA       | 29%  | 71,070  | 43,386  |
| Ecollite Co., Ltd.                            | Artificial light-weight aggregate                   | KOREA       | 36%  | 1,516   |         |
| Taebaek Wind Power Co., Ltd.                  | Power generation                                    | KOREA       | 25%  | 3,810   | 5,553   |
| Alternergy Philippine Investments Corporation | Power generation                                    | PHILIPPINES | 50%  | 3,881   | 1,500   |
| Muju Wind Power Co., Ltd.                     | Power generation                                    | KOREA       | 25%  | 2,850   | 2,707   |
| Pyeongchang Wind Power Co., Ltd.              | Power generation                                    | KOREA       | 25%  | 638     | 600     |
| Daeryun Power Co., Ltd.                       | Power generation                                    | KOREA       | 20%  | 25,477  | 24,599  |
| JinanJangsu Wind Power Co., Ltd.              | Power generation                                    | KOREA       | 25%  | 100     | 77      |
| Changjuk Wind Power Co., Ltd.                 | Power generation                                    | KOREA       | 30%  | 3,801   | 6,344   |
| KNH Solar Co., Ltd.                           | Power generation                                    | KOREA       | 27%  | 1,296   | 1,372   |
| SPC Power Corporation                         | Power generation                                    | PHILIPPINES | 38%  | 20,635  | 47,661  |
| Gemeng International Energy Co., Ltd.         | Power generation                                    | CHINA       | 34%  | 413,153 | 608,674 |
| PT. Cirebon Electric Power                    | Power generation                                    | INDONESIA   | 28%  | 39,217  | 32,826  |
| KNOC Nigerian East Oil Co., Ltd. (*3)         | Resources development                               | NIGERIA     | 15%  | 12      |         |
| KNOC Nigerian West Oil Co., Ltd. (*3)         | Resources development                               | NIGERIA     | 15%  | 12      |         |
| Dolphin Property Limited (*3)                 | Rental company                                      | NIGERIA     | 15%  | 12      |         |
| E-Power S.A.                                  | Operation of utility plant and sales of electricity | HAITI       | 30%  | 3,779   | 5,284   |
| PT Wampu Electric Power                       | Power generation                                    | INDONESIA   | 46%  | 18,935  | 15,121  |
| PT. Bayan Resources TBK                       | Resources development                               | INDONESIA   | 20%  | 615,860 | 579,534 |
| S-Power Co., Ltd.                             | Power generation                                    | KOREA       | 40%  | 108,000 | 107,264 |
| Pioneer Gas Power Limited (*7)                | Power generation                                    | INDIA       | 40%  | 48,709  | 43,666  |
| Eurasia Energy Holdings                       | Power generation and resources development          | RUSSIA      | 40%  | 461     |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.             | Power generation                                    | LAOS        | 25%  | 18,928  | 18,058  |
| Busan Solar Co., Ltd. (*2)                    | Power generation                                    | KOREA       | 20%  | 793     | 741     |
| Hadong Mineral Fiber Co., Ltd.                | Recycling fly ashes                                 | KOREA       | 25%  | 50      | 3       |

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|  |                  |       |     |     |     |
|--|------------------|-------|-----|-----|-----|
| Green Biomass Co., Ltd.<br>Gumi-ochang<br>Photovoltaic Power Co.,<br>Ltd. (*1) | Power generation | KOREA | 34% | 714 | 171 |
| Chungbuk Photovoltaic<br>Power Co., Ltd. (*1)                                  | Power generation | KOREA | 10% | 288 | 389 |
| Cheonan Photovoltaic<br>Power Co., Ltd. (*1)                                   | Power generation | KOREA | 10% | 166 | 184 |
|  | Power generation | KOREA | 10% | 122 | 148 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

| Investees                                    | Key operation activities                           | Location  | December 31, 2013       |                  |            |
|--|--|-----------|-------------------------|------------------|------------|
|  |  |           | Percentage of ownership | Acquisition cost | Book value |
| PT. Mutiara Jawa                             | Manufacturing and operating floating coal terminal | INDONESIA | 29%                     | 2,978            | 1,666      |
| Hyundai Asan Solar Power Co., Ltd.(*1)       | Power generation                                   | KOREA     | 10%                     | 471              | 462        |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | Power generation                                   | KOREA     | 28%                     | 92               | 91         |
| Jeonnam Solar Co., Ltd. (*1)                 | Power generation                                   | KOREA     | 10%                     | 700              | 696        |
| DS POWER Co., Ltd. (*1)                      | Power generation                                   | KOREA     | 11%                     | 17,900           | 17,900     |
| D Solarenergy Co., Ltd(*1)                   | Power generation                                   | KOREA     | 10%                     | 400              | 364        |
| Dongducheon Dream Power Co., Ltd.            | Power generation                                   | KOREA     | 44%                     | 140,079          | 134,398    |
| KS Solar Corp. Ltd.(*2)                      | Power generation                                   | KOREA     | 19%                     | 637              | 537        |
| KOSCON Photovoltaic Co., Ltd(*1)             | Power generation                                   | KOREA     | 19%                     | 245              | 315        |
| Yeongwol Energy Station Co., Ltd(*1)         | Power generation                                   | KOREA     | 13%                     | 1,862            | 908        |
| Yeonan Photovoltaic Co., Ltd(*1)             | Power generation                                   | KOREA     | 19%                     | 157              | 123        |
| Q1 Solar Co., Ltd                            | Power generation                                   | KOREA     | 28%                     | 1,005            | 983        |
| Jimbhuvish Power Generation (*1)             | Power generation                                   | INDIA     | 5%                      | 9,000            | 8,495      |

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|   |                               |       |     |           |           |
|---|-------------------------------|-------|-----|-----------|-----------|
| Best Solar Energy Co., Ltd.               | Power generation              | KOREA | 23% | 1,242     | 898       |
| Seokcheon Solar Power Co., Ltd.(*1)       | Power generation              | KOREA | 10% | 970       | 1,046     |
| SE Green Energy Co., Ltd.                 | Power generation support      | KOREA | 48% | 3,821     | 3,745     |
| Daegu Photovoltaic Co., Ltd.              | Power generation              | KOREA | 29% | 1,230     | 1,334     |
| Jeongam Wind Power Co., Ltd.              | Power generation              | KOREA | 40% | 800       | 324       |
| Korea Power Engineering Service Co., Ltd. | Construction and service      | KOREA | 29% | 290       | 585       |
| Golden Route J Solar Power Co., Ltd. (*1) | Photovoltaic power generation | KOREA | 10% | 82        | 99        |
|   |                               |       |     | 2,089,722 | 4,124,574 |

**<Joint ventures>**

|  |   |              |     |         |         |
|--|---|--------------|-----|---------|---------|
| KEPCO-Uhde Inc. (*6)                                 | Power generation                            | KOREA        | 66% | 11,355  | 9,537   |
| Eco Biomass Energy Sdn. Bhd. (*6)                    | Power generation                            | MALAYSIA     | 62% | 9,661   |         |
| Datang Chaoyang Renewable Power Co., Ltd.            | Power generation                            | CHINA        | 40% | 27,660  | 28,161  |
| Shuweihaat Asia Power Investment B.V.                | Holding company                             | NETHERLANDS  | 49% | 507     | 64      |
| Shuweihaat Asia Operation & Maintenance Company (*6) | Maintenance of utility plant                | CAYMAN       | 55% | 30      | 29      |
| Waterbury Lake Uranium L.P.                          | Power generation                            | CANADA       | 40% | 25,839  | 23,042  |
| ASM-BG Investicii AD                                 | Power generation                            | BULGARIA     | 50% | 16,101  | 20,088  |
| RES Technology AD                                    | Power generation                            | BULGARIA     | 50% | 15,595  | 16,045  |
| KV Holdings, Inc.                                    | Power generation                            | PHILIPPINES  | 40% | 2,103   | 1,842   |
| KEPCO SPC Power Corporation (*6)                     | Construction and operation of utility plant | PHILIPPINES  | 75% | 94,579  | 143,294 |
| Canada Korea Uranium Limited Partnership (*4)        | Resources development                       | CANADA       | 13% | 5,404   |         |
| KEPCO Energy Resource Nigeria Limited                | Holding company                             | NIGERIA      | 30% | 8,463   | 2,202   |
| Gansu Datang Yumen Wind Power Co., Ltd.              | Power generation                            | CHINA        | 40% | 16,621  | 19,237  |
| Datang Chifeng Renewable Power Co., Ltd.             | Power generation                            | CHINA        | 40% | 121,928 | 166,330 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.      | Power generation                            | CHINA        | 40% | 10,858  | 10,604  |
|  | Sales of electricity                        | SAUDI ARABIA | 40% | 109,743 |         |

Rabigh Electricity  
Company

|   |                                 |              |     |    |       |
|---|---------------------------------|--------------|-----|----|-------|
| Rabigh Operation &<br>Maintenance Company | Maintenance of<br>utility plant | SAUDI ARABIA | 40% | 70 | 4,082 |
|---|---------------------------------|--------------|-----|----|-------|



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

| Investees  | Key operation activities   | December 31, 2013 |                         | Acquisition cost | Book value |
|--|--|-------------------|-------------------------|------------------|------------|
|  |  | Location          | Percentage of ownership |                  |            |
| Jamaica Public Service Company Limited                                       | Power generation   | JAMAICA           | 40%                     | 301,910          | 268,022    |
| KW Nuclear Components Co., Ltd.  | R&D  | KOREA             | 45%                     | 833              | 2,476      |
| Busan shinho Solar power Co., Ltd.   | Power generation   | KOREA             | 25%                     | 2,100            | 2,871      |
| GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.) | Power generation   | KOREA             | 49%                     | 176,400          | 173,915    |
| YEONGAM Wind Power Co., Ltd.   | Power generation   | KOREA             | 49%                     | 11,584           | 11,424     |
| Global Trade Of Power System Co., Ltd.                                       | Exporting products and technology of small or medium business by proxy | KOREA             | 29%                     | 290              | 249        |
| Expressway Solar-light Power Generation Co., Ltd                             | Power generation   | KOREA             | 29%                     | 3,132            | 1,863      |
| KODE NOVUS 1 LLC.  | Power generation   | USA               | 50%                     | 19,213           | 14,237     |
| KODE NOVUS 2 LLC.  | Power generation   | USA               | 49%                     | 12,498           | 9,510      |
| Daejung Offshore Wind Power Co., Ltd.  | Power generation   | KOREA             | 50%                     | 4,990            | 4,135      |
| Arman Asia Electric Power Company (*6)                                       | Power generation   | JORDAN            | 60%                     | 104,721          | 111,315    |
| KEPCO-ALSTOM Power Electronics   | R&D  | KOREA             | 51%                     | 5,629            | 4,758      |

|   |                            |           |     |           |           |
|---|----------------------------|-----------|-----|-----------|-----------|
| Systems, Inc. (*6)                                |                            |           |     |           |           |
| Dongbu Power Dangjin Corporation                  | Power generation           | KOREA     | 40% | 40,000    | 39,102    |
| Honam Wind Power Co., Ltd.                        | Power generation           | KOREA     | 46% | 3,600     | 1,933     |
| Nepal Water & Energy Development Company Pty Ltd. | Power generation           | NEPAL     | 44% | 10,550    | 10,409    |
| Kelar S.A (*6)                                    | Power generation           | CHILE     | 65% | 4,180     | 4,180     |
| PT. Tanjung Power Indonesia                       | Power generation           | INDONESIA | 35% | 388       | 361       |
| Incheon New Power Co., Ltd.                       | Power generation           | KOREA     | 29% | 461       | 449       |
| Seokmun Energy Co., Ltd.                          | Integrated energy business | KOREA     | 34% | 680       | 415       |
|   |                            |           |     | 1,179,676 | 1,106,181 |
|   |                            |           |     | 3,269,398 | 5,230,755 |

- (\*1) 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.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*3) 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 with the associate which can affect its influence on the entity.
- (\*4) The Company has joint control on 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.
- (\*5) 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.
- (\*6) According to the shareholder 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.
- (\*7) As of reporting date, the reporting period end of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows, continued:**

(\*8) As of December 31, 2013, 16% 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 45% of ownership.

**(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, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>                             |                       |                          |
|---|-----------------------|--------------------------|
| <b>Investees</b>                                      | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
| <b>&lt;Associates&gt;</b>                             |                       |                          |
| Korea Electric Power Industrial Development Co., Ltd. | 41,409                | 39,423                   |
| Korea Gas Corporation                                 | 1,175,580             | 1,258,740                |
| YTN Co., Ltd.   | 31,365                | 25,110                   |
| PT. Bayan Resources TBK                               | 530,097               | 489,600                  |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

| Investees   | March 31, 2014    |             |          |                    |                                      |                            | Ending balance |
|---|-------------------|-------------|----------|--------------------|--------------------------------------|----------------------------|----------------|
|   | Beginning balance | Acquisition | Disposal | Dividends received | Share of comprehensive income (loss) | Other income (loss) Others |                |
| <b>&lt;Associates&gt;</b>                             |                   |             |          |                    |                                      |                            |                |
| Daegu Green Power Co., Ltd.                           | 74,878            |             |          |                    | (995)                                |                            | 73,883         |
| Korea Gas Corporation                                 | 1,926,800         |             |          |                    | 91,086                               | 1,973 30                   | 2,019,889      |
| Korea Electric Power Industrial Development Co., Ltd. | 22,450            |             |          | (1,872)            | 141                                  | (219)                      | 20,500         |
| YTN Co., Ltd.   | 38,426            |             |          | (90)               | (1,943)                              | (17) (24)                  | 36,352         |
| Cheongna Energy Co., Ltd.                             | 28,114            |             |          |                    | 946                                  |                            | 29,060         |
| Gang won Wind Power Co., Ltd.                         | 13,185            |             |          | (1,988)            | 118                                  |                            | 11,315         |
| Hyundai Green Power Co., Ltd.                         | 110,157           |             |          | (8,889)            | 3,968                                |                            | 105,236        |
| Korea Power Exchange                                  | 189,544           |             |          |                    | 7,228                                | (668)                      | 196,104        |
| AMEC Partners Korea                                   | 189               |             |          |                    | 19                                   |                            | 208            |
| Hyundai Energy Co., Ltd.                              | 43,386            |             |          |                    | (1,344)                              |                            | 42,042         |
| Ecollite Co., Ltd.                                    |                   |             |          |                    |                                      |                            |                |
| Taebaek Wind Power Co., Ltd.                          | 5,553             |             |          |                    | (555)                                |                            | 4,998          |
| Alternergy Philippine Investments Corporation         | 1,500             |             |          |                    | (7)                                  | 4                          | 1,497          |
| Muju Wind Power Co., Ltd.                             | 2,707             |             |          |                    | 1                                    |                            | 2,708          |
| Pyeongchang Wind Power Co., Ltd.                      | 600               |             |          |                    | (13)                                 |                            | 587            |
| Daeryun Power Co., Ltd.                               | 24,599            |             |          |                    | (35)                                 | 5                          | 24,569         |

|  |         |         |         |     |         |
|--|---------|---------|---------|-----|---------|
| JinanJangsu Wind Power Co., Ltd.             | 77      |         |         |     | 77      |
| Changjuk Wind Power Co., Ltd.                | 6,344   | (670)   |         |     | 5,674   |
| KNH Solar Co., Ltd.                          | 1,372   | (46)    |         |     | 1,326   |
| SPC Power Corporation                        | 47,661  | (1,811) | 477     | (5) | 46,322  |
| Gemeng International Energy Co., Ltd.        | 608,674 | 6,808   | (6,466) |     | 609,016 |
| PT. Cirebon Electric Power                   | 32,826  | 2,255   | 1,381   | 159 | 36,621  |
| KNOC Nigerian East Oil Co., Ltd.             |         |         |         |     |         |
| KNOC Nigerian West Oil Co., Ltd.             |         |         |         |     |         |
| Dolphin Property Limited                     |         |         |         |     |         |
| E-Power S.A                                  | 5,284   | 432     | 55      |     | 5,771   |
| PT Wampu Electric Power                      | 15,121  | (927)   |         | 193 | 14,387  |
| PT. Bayan Resources TBK                      | 579,534 | (5,087) | (937)   |     | 573,510 |
| S-Power Co., Ltd.                            | 107,264 | (126)   |         |     | 107,138 |
| Pioneer Gas Power Limited                    | 43,666  | (11)    | 1,159   |     | 44,814  |
| Eurasia Energy Holdings                      |         |         |         |     |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 18,058  | 309     | 168     |     | 18,535  |
| Busan Solar Co., Ltd.                        | 741     | (156)   |         |     | 585     |
| Hadong Mineral Fiber Co., Ltd.               | 3       |         |         |     | 3       |
| Green Biomass Co., Ltd.                      | 171     | (95)    |         |     | 76      |
| Gumi-Ochang Photovoltaic Power Co., Ltd.     | 389     | (14)    | (16)    |     | 359     |
| Chungbuk Photovoltaic Power Co., Ltd         | 184     | (4)     |         |     | 180     |
| Cheonan Photovoltaic Power Co., Ltd i        | 148     | (16)    |         |     | 132     |
| PT. Mutiara Jawa                             | 1,666   | 96      | 146     |     | 1,908   |
| Hyundai Asan Solar Power Co., Ltd.           | 462     | (67)    |         |     | 395     |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 91      | (1)     |         |     | 90      |
| Jeonnam Solar Co., Ltd.                      | 696     |         |         |     | 696     |
| DS POWER Co., Ltd.                           | 17,900  | (35)    |         |     | 17,865  |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Investees                            | Beginning<br>balance | March 31, 2014 |          | Other<br>Share of comprehensive<br>income |         |         | Ending<br>balance |
|--------------------------------------|----------------------|----------------|----------|---|---------|---------|-------------------|
|                                      |                      | Acquisition    | Disposal | received                                  | (loss)  | (loss)  |                   |
| D Solarenergy Co., Ltd.              | 364                  |                |          |   | 70      |         | 434               |
| Dongducheon Dream<br>Power Co., Ltd. | 134,398              |                |          |   | (2,690) |         | 131,708           |
| KS Solar Corp. Ltd.                  | 537                  |                |          |   | (78)    | 15      | 474               |
| KOSCON Photovoltaic<br>Co., Ltd.     | 315                  |                |          |   | 36      |         | 351               |
| Yeongwol Energy<br>Station Co., Ltd. | 908                  |                |          |   | 740     | (33) 57 | 1,672             |
| Yeonan Photovoltaic<br>Co., Ltd.     | 123                  |                |          |   | (1)     |         | 122               |
| Q1 Solar Co., Ltd.                   | 983                  |                |          |   | 23      |         | 1,006             |
| Jinbhuvish Power<br>Generation       | 8,495                |                |          |   |         | 137     | 8,632             |
| Best Solar Energy Co.,<br>Ltd.       | 898                  |                |          |   | 64      |         | 962               |
| Seokcheon Solar Power<br>Co., Ltd.   | 1,046                |                |          |   | 22      | (5)     | 1,063             |
| SE Green Energy Co.,<br>Ltd.         | 3,745                |                |          |   | (59)    |         | 3,686             |
| Daegu Photovoltaic<br>Co., Ltd.      | 1,334                |                |          |   | (32)    |         | 1,302             |
| Jeongam Wind Power<br>Co., Ltd.      | 324                  |                |          |   | (132)   |         | 192               |
| Korea Power<br>Engineering Service   | 585                  |                |          |   | 142     |         | 727               |

Co., Ltd.

|                                      |    |  |      |  |  |    |
|--------------------------------------|----|--|------|--|--|----|
| Golden Route J Solar Power Co., Ltd. | 99 |  | (22) |  |  | 77 |
|--------------------------------------|----|--|------|--|--|----|

|           |  |          |        |         |       |           |
|-----------|--|----------|--------|---------|-------|-----------|
| 4,124,574 |  | (12,853) | 97,530 | (2,080) | (335) | 4,206,836 |
|-----------|--|----------|--------|---------|-------|-----------|

**<Joint ventures>**

|                 |       |  |       |  |  |       |
|-----------------|-------|--|-------|--|--|-------|
| KEPCO-Uhde Inc. | 9,537 |  | (145) |  |  | 9,392 |
|-----------------|-------|--|-------|--|--|-------|

Eco Biomass Energy Sdn. Bhd.

|   |        |  |       |       |  |        |
|---|--------|--|-------|-------|--|--------|
| Datang Chaoyang Renewable Power Co., Ltd. | 28,161 |  | (422) | (281) |  | 27,458 |
|---|--------|--|-------|-------|--|--------|

|                                     |    |        |     |          |       |        |
|-------------------------------------|----|--------|-----|----------|-------|--------|
| Shuweiha Asia Power Investment B.V. | 64 | 59,576 | (6) | (36,045) | (234) | 23,355 |
|-------------------------------------|----|--------|-----|----------|-------|--------|

|   |    |  |  |  |  |    |
|---|----|--|--|--|--|----|
| Shuweiha Asia Operation & Maintenance Company | 29 |  |  |  |  | 29 |
|---|----|--|--|--|--|----|

|                             |        |  |  |       |       |        |
|-----------------------------|--------|--|--|-------|-------|--------|
| Waterbury Lake Uranium L.P. | 23,042 |  |  | (441) | (114) | 22,487 |
|-----------------------------|--------|--|--|-------|-------|--------|

|                      |        |  |     |     |  |        |
|----------------------|--------|--|-----|-----|--|--------|
| ASM-BG Investicii AD | 20,088 |  | 180 | 237 |  | 20,505 |
|----------------------|--------|--|-----|-----|--|--------|

|                   |        |  |       |     |  |        |
|-------------------|--------|--|-------|-----|--|--------|
| RES Technology AD | 16,045 |  | (120) | 189 |  | 16,114 |
|-------------------|--------|--|-------|-----|--|--------|

|                   |       |  |  |   |  |       |
|-------------------|-------|--|--|---|--|-------|
| KV Holdings, Inc. | 1,842 |  |  | 7 |  | 1,849 |
|-------------------|-------|--|--|---|--|-------|

|                             |         |  |       |     |    |         |
|-----------------------------|---------|--|-------|-----|----|---------|
| KEPCO SPC Power Corporation | 143,294 |  | 5,314 | 360 | 25 | 148,993 |
|-----------------------------|---------|--|-------|-----|----|---------|

Canada Korea Uranium Limited Partnership

|                                       |       |  |         |      |  |  |
|---------------------------------------|-------|--|---------|------|--|--|
| KEPCO Energy Resource Nigeria Limited | 2,202 |  | (2,189) | (13) |  |  |
|---------------------------------------|-------|--|---------|------|--|--|

|   |        |  |       |       |  |        |
|---|--------|--|-------|-------|--|--------|
| Gansu Datang Yumen Wind Power Co., Ltd. | 19,237 |  | (718) | (181) |  | 18,338 |
|---|--------|--|-------|-------|--|--------|

|  |         |  |       |         |   |         |
|--|---------|--|-------|---------|---|---------|
| Datang Chifeng Renewable Power Co., Ltd. | 166,330 |  | 1,867 | (1,743) | 4 | 166,458 |
|--|---------|--|-------|---------|---|---------|

|   |        |  |      |       |  |        |
|---|--------|--|------|-------|--|--------|
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 10,604 |  | (26) | (108) |  | 10,470 |
|---|--------|--|------|-------|--|--------|

|                            |  |  |       |         |       |  |
|----------------------------|--|--|-------|---------|-------|--|
| Rabigh Electricity Company |  |  | 2,700 | (9,313) | 6,613 |  |
|----------------------------|--|--|-------|---------|-------|--|

|  |       |  |     |    |  |       |
|--|-------|--|-----|----|--|-------|
| Rabigh Operation & Maintenance Company | 4,082 |  | 759 | 53 |  | 4,894 |
|--|-------|--|-----|----|--|-------|

|  |         |  |       |       |  |         |
|--|---------|--|-------|-------|--|---------|
| Jamaica Public Service Company Limited | 268,022 |  | 4,419 | 3,383 |  | 275,824 |
|--|---------|--|-------|-------|--|---------|

|                                 |       |  |         |     |  |       |
|---------------------------------|-------|--|---------|-----|--|-------|
| KW Nuclear Components Co., Ltd. | 2,476 |  | (1,452) | 790 |  | 1,814 |
|---------------------------------|-------|--|---------|-----|--|-------|

|                                    |       |  |  |     |  |       |
|------------------------------------|-------|--|--|-----|--|-------|
| Busan shinho Solar power Co., Ltd. | 2,871 |  |  | 189 |  | 3,060 |
|------------------------------------|-------|--|--|-----|--|-------|

|                                     |         |        |       |       |  |         |
|-------------------------------------|---------|--------|-------|-------|--|---------|
| GS Donghae Electric Power Co., Ltd. | 173,915 | 49,000 | (174) | (236) |  | 222,505 |
|-------------------------------------|---------|--------|-------|-------|--|---------|

(Formerly, STX  
Electric Power Co.,  
Ltd.)

|  |        |      |        |
|--|--------|------|--------|
| YEONGAM Wind<br>Power Co., Ltd.          | 11,424 | 89   | 11,513 |
| Global Trade Of Power<br>System Co., Ltd | 249    | (11) | 238    |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Investees   | March 31, 2014    |             |          |                    |                        |                                   |        | Ending balance |
|---|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|--------|----------------|
|   | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others |                |
| Expressway Solar-light Power Generation Co., Ltd  | 1,863             |             |          | (237)              | 1,571                  |                                   |        | 3,197          |
| KODE NOVUS 1 LLC.                                 | 14,237            |             |          |                    | (276)                  | 121                               |        | 14,082         |
| KODE NOVUS 2 LLC.                                 | 9,510             |             |          |                    | (477)                  | 122                               |        | 9,155          |
| Daejung Offshore Wind Power Co., Ltd.             | 4,135             |             |          |                    | (133)                  |                                   |        | 4,002          |
| Arman Asia Electric Power Company                 | 111,315           |             |          |                    | 2,601                  | 1,203                             |        | 115,119        |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 4,758             |             |          |                    | (304)                  |                                   |        | 4,454          |
| Dongbu Power Dangjin Corporation                  | 39,102            |             |          |                    | (418)                  |                                   | 1      | 38,685         |
| Honam Wind Power Co., Ltd.                        | 1,933             |             | (120)    |                    | (446)                  | 1,272                             |        | 2,639          |
| Nepal Water & Energy Development Company Pty Ltd. | 10,409            |             |          |                    | (309)                  | 171                               |        | 10,271         |
| Kelar S.A   | 4,180             |             |          |                    |                        |                                   | (136)  | 4,044          |
| PT. Tanjung Power Indonesia                       | 361               |             |          |                    | (8)                    |                                   | 6      | 359            |
| Incheon New Power Co., Ltd.                       | 449               |             |          |                    | (13)                   |                                   |        | 436            |
| Seokmun Energy Co., Ltd.                          | 415               |             |          |                    | (90)                   |                                   |        | 325            |
|   | 1,106,181         | 108,576     | (120)    | (1,689)            | 14,194                 | (41,243)                          | 6,165  | 1,192,064      |
|   | 5,230,755         | 108,576     | (120)    | (14,542)           | 111,724                | (43,323)                          | 5,830  | 5,398,900      |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows, continued:

*In millions of won*

| Investees   | December 31, 2013 |             |          |                    |                        |  | Ending balance |           |
|---|-------------------|-------------|----------|--------------------|------------------------|--|----------------|-----------|
|   | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) Others |                |           |
| <b>&lt;Associates&gt;</b>                             |                   |             |          |                    |                        |  |                |           |
| Daegu Green Power Co., Ltd.                           | 56,007            | 18,833      |          |                    | 160                    | (91)                                     | (31)           | 74,878    |
| Korea Gas Corporation                                 | 2,049,340         |             |          | (30,996)           | (26,848)               | 1,541                                    | (66,237)       | 1,926,800 |
| Korea Electric Power Industrial Development Co., Ltd. | 18,936            |             |          | (255)              | 3,477                  |  | 292            | 22,450    |
| YTN Co., Ltd.   | 37,876            |             |          | (90)               | 472                    | 40                                       | 128            | 38,426    |
| Cheongna Energy Co., Ltd.                             | 33,379            |             |          |                    | (5,217)                |  | (48)           | 28,114    |
| Gangwon Wind Power Co., Ltd.                          | 12,113            |             |          | (1,988)            | 3,005                  | 55                                       |                | 13,185    |
| Hyundai Green Power Co., Ltd.                         | 110,346           |             |          | (8,107)            | 8,038                  |  | (120)          | 110,157   |
| Korea Power Exchange                                  | 176,264           |             |          |                    | 10,283                 |  | 2,997          | 189,544   |
| AMEC Partners Korea                                   | 141               |             |          |                    | 48                     |  |                | 189       |
| Hyundai Energy Co., Ltd.                              | 49,463            | 13,920      |          |                    | (19,834)               |  | (163)          | 43,386    |
| Ecollite Co., Ltd. (*1)                               | 1,266             | 1,349       |          |                    | (896)                  |  | (1,719)        |           |
| Taebaek Wind Power Co., Ltd.                          | 3,728             |             |          |                    | 1,825                  |  |                | 5,553     |
| Alternergy Philippine Investments Corporation         | 1,600             | 569         |          |                    | (508)                  | (161)                                    |                | 1,500     |
| Muju Wind Power Co., Ltd.                             | 2,711             |             |          |                    | (4)                    |  |                | 2,707     |
|   | 613               |             |          |                    | (13)                   |  |                | 600       |

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|  |         |         |          |         |         |         |
|--|---------|---------|----------|---------|---------|---------|
| Pyeongchang Wind Power Co., Ltd.             |         |         |          |         |         |         |
| Daeryun Power Co., Ltd.                      | 25,017  |         | (270)    | (19)    | (129)   | 24,599  |
| JinanJangsu Wind Power Co., Ltd.             | 78      |         | (1)      |         |         | 77      |
| Changjuk Wind Power Co., Ltd.                | 3,926   |         | 2,418    |         |         | 6,344   |
| Commerce and industry energy Co., Ltd        | 7,066   |         | (1,237)  |         | (5,829) |         |
| KNH Solar Co., Ltd.                          | 1,089   |         | 290      |         | (7)     | 1,372   |
| SPC Power Corporation                        | 36,760  |         | 15,599   | (4,501) | (197)   | 47,661  |
| Gemeng International Energy Co., Ltd.        | 549,730 |         | 53,120   | 5,824   |         | 608,674 |
| PT. Cirebon Electric Power                   | 17,022  |         | 10,300   | 6,361   | (857)   | 32,826  |
| KNOC Nigerian East Oil Co., Ltd.             |         |         | (348)    | 127     | 221     |         |
| KNOC Nigerian West Oil Co., Ltd.             |         |         | (933)    | 113     | 820     |         |
| Dolphin Property Limited                     |         |         | 344      | (3)     | (341)   |         |
| E-Power S.A.                                 | 5,646   | (1,878) | (359)    | (28)    | 1,903   | 5,284   |
| PT Wampu Electric Power                      | 15,644  |         | (303)    |         | (220)   | 15,121  |
| PT. Bayan Resources TBK (*2)                 | 642,636 |         | (54,399) | (8,703) |         | 579,534 |
| S-Power Co., Ltd.                            | 81,679  | 26,000  | (158)    | (125)   | (132)   | 107,264 |
| Pioneer Gas Power Limited                    | 37,875  | 8,811   | 377      | (3,316) | (81)    | 43,666  |
| Eurasia Energy Holdings                      |         |         | (171)    | 57      | 114     |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd             | 27      | 18,898  | (363)    | (504)   |         | 18,058  |
| Busan Solar Co., Ltd.                        | 546     | 150     | 45       |         |         | 741     |
| Hadong Mineral Fiber Co., Ltd.               | 5       |         | (1)      |         | (1)     | 3       |
| Green Biomass Co., Ltd.                      | 637     |         | (466)    |         |         | 171     |
| Gumi-ochang Photovoltaic Power Co., Ltd.     | 282     |         | 107      |         |         | 389     |
| Chungbuk Photovoltaic Power Co., Ltd.        | 159     |         | 25       |         |         | 184     |
| Cheonan Photovoltaic Power Co., Ltd.         | 109     |         | 39       |         |         | 148     |
| PT. Mutiara Jawai                            | 2,624   |         | (573)    | (456)   | 71      | 1,666   |
| Hyundai Asan Solar Power Co., Ltd.           |         | 471     | (9)      |         |         | 462     |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. |         | 92      | 1        | (2)     |         | 91      |
| Jeonnam Solar Co., Ltd.                      |         | 700     |          | (4)     |         | 696     |
| DS POWER Co., Ltd.                           |         | 17,900  |          |         |         | 17,900  |
| D Solarenergy Co., Ltd.                      |         | 400     | (36)     |         |         | 364     |
| Dongducheon Dream Power Co., Ltd.            |         |         | (5,677)  | 52      | 140,023 | 134,398 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Investees                            | Beginning<br>balance | December 31, 2013 |          |                       |                              |  | Ending<br>balance |
|--------------------------------------|----------------------|-------------------|----------|-----------------------|------------------------------|--|-------------------|
|                                      |                      | Acquisition       | Disposal | Dividends<br>received | Share of<br>income<br>(loss) | Other<br>comprehensive<br>income<br>(loss)<br>Others |                   |
| KS Solar Corp.<br>Ltd.               |                      | 637               |          |                       | (100)                        |  | 537               |
| KOSCON<br>Photovoltaic Co.,<br>Ltd.  |                      | 245               |          |                       | 70                           |  | 315               |
| Yeongwol Energy<br>Station Co., Ltd. |                      | 1,862             |          |                       | (926)                        | (28)   | 908               |
| Yeonan<br>Photovoltaic Co.,<br>Ltd.  |                      | 157               |          |                       | (34)                         |  | 123               |
| Q1 Solar Co., Ltd.                   |                      | 1,005             |          |                       | (10)                         | (12)   | 983               |
| Jinbhuvish Power<br>Generation       |                      | 9,000             |          |                       | (145)                        | (360)  | 8,495             |
| Best Solar Energy<br>Co., Ltd.       |                      | 1,242             |          |                       | (344)                        |  | 898               |
| Seokcheon Solar<br>Power Co., Ltd.   |                      | 970               |          |                       | 76                           |  | 1,046             |
| SE Green Energy<br>Co., Ltd.         |                      | 3,821             |          |                       | (57)                         | (19)   | 3,745             |
| Daegu<br>Photovoltaic Co.,<br>Ltd.   |                      | 1,230             |          |                       | 111                          | (7)  | 1,334             |
| Jeongam Wind<br>Power Co., Ltd.      |                      | 800               |          |                       | (476)                        |  | 324               |

|   |           |         |          |          |         |           |           |
|---|-----------|---------|----------|----------|---------|-----------|-----------|
| Korea Power Engineering Service Co., Ltd.       | 290       |         | 295      |          |         |           | 585       |
| Golden Route J Solar Power Co., Ltd.            | 82        |         | 17       |          |         |           | 99        |
|   | 3,982,340 | 129,434 | (43,314) | (10,174) | (4,157) | 70,445    | 4,124,574 |
| <b>&lt;Joint ventures&gt;</b>                   |           |         |          |          |         |           |           |
| KEPCO-Uhde Inc.                                 | 10,269    |         | (751)    |          |         | 19        | 9,537     |
| Eco Biomass Energy Sdn. Bhd.                    |           |         |          |          |         |           |           |
| Datang Chaoyang Renewable Power Co., Ltd.       | 28,705    |         | (1,300)  | 549      | 395     | (188)     | 28,161    |
| Shuweihat Asia Power Investment B.V.            | 109       |         | (42)     | (7)      |         | 4         | 64        |
| Shuweihat Asia Operation & Maintenance Company  | 29        |         |          |          |         |           | 29        |
| Waterbury Lake Uranium L.P.                     | 24,906    |         |          |          | (1,374) | (490)     | 23,042    |
| ASM-BG Investicii AD                            | 16,024    | 1,371   |          | 2,301    | 392     |           | 20,088    |
| RES Technology AD                               | 14,637    | 897     |          | 157      | 354     |           | 16,045    |
| KV Holdings, Inc.                               | 2,023     |         | (319)    | 307      | (169)   |           | 1,842     |
| KEPCO SPC Power Corporation                     | 121,737   |         | (2,304)  | 20,196   | 3,665   |           | 143,294   |
| Canada Korea Uranium Limited Partnership (*3)   | 5,083     |         |          |          |         | (5,083)   |           |
| KEPCO Energy Resource Nigeria Limited           | 5,663     |         | (3,386)  | (75)     |         |           | 2,202     |
| Gansu Datang Yumen Wind Power Co., Ltd.         | 20,381    |         | (1,365)  | 221      |         |           | 19,237    |
| Datang Chifeng Renewable Power Co., Ltd.        | 156,449   |         | (3,545)  | 11,837   | 1,838   | (249)     | 166,330   |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 10,125    |         | (506)    | 893      | 155     | (63)      | 10,604    |
| Rabigh Electricity Company (*4)                 | 108,385   |         |          | 15,539   | 41,458  | (165,382) |           |

|   |         |        |         |         |         |          |
|---|---------|--------|---------|---------|---------|----------|
| Rabigh<br>Operation &<br>Maintenance<br>Company   | 814     |        | (1,831) | 5,188   | (89)    | 4,082    |
| Jamaica Public<br>Service Company<br>Limited (*5)   | 293,007 |        |         | (2,242) | (3,544) | (19,199) |
| KW Nuclear<br>Components Co.,<br>Ltd.   | 1,222   |        | (457)   | 1,711   |         | 2,476    |
| Busan shinho Solar<br>power Co., Ltd.   | 2,056   |        |         | 815     |         | 2,871    |
| GS Donghae<br>Electric Power<br>Co., Ltd.<br>(Formerly, STX<br>Electric Power<br>Co., Ltd.) | 96,698  | 78,400 |         | (806)   | (377)   | 173,915  |
| YEONGAM Wind<br>Power Co., Ltd.   | 11,563  |        |         | (76)    |         | (63)     |
| Global Trade Of<br>Power System Co.<br>, Ltd  | 213     |        |         | 36      |         | 249      |
| Expressway<br>Solar-light Power<br>Generation Co.,<br>Ltd.                                  | 3,132   |        |         | (1,257) | (12)    | 1,863    |
| Yeongam F1 Solar<br>Power Plant   | 1,673   |        | (2,002) | 329     |         |          |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Investees  | Beginning<br>balance | December 31, 2013 |          | Dividends<br>received | Other<br>Share of comprehensive<br>income (loss) |                  | Others  | Ending<br>balance |
|--|----------------------|-------------------|----------|-----------------------|--|------------------|---------|-------------------|
|  |                      | Acquisition       | Disposal |                       | income<br>(loss)                                 | income<br>(loss) |         |                   |
| KODE NOVUS 1<br>LLC.                                       | 17,691               |                   |          |                       | (3,661)  | (64)             | 271     | 14,237            |
| KODE NOVUS 2<br>LLC.                                       | 11,550               |                   |          |                       | (1,940)  | (100)            |         | 9,510             |
| Daejung Offshore<br>Wind Power Co.,<br>Ltd.                | 4,844                |                   |          |                       | (709)  |                  |         | 4,135             |
| Arman Asia Electric<br>Power Company                       | 687                  | 103,740           |          |                       | (1,501)  | 10,685           | (2,296) | 111,315           |
| KEPCO-ALSTOM<br>Power Electronics<br>Systems, Inc.         | 5,629                |                   |          |                       | (871)  |                  |         | 4,758             |
| Dongbu Power<br>Dangjin Corporation                        | 40,000               |                   |          |                       | (980)  |                  | 82      | 39,102            |
| Honam Wind Power<br>Co., Ltd.                              | 1,783                | 1,817             |          |                       | (395)  | (1,272)          |         | 1,933             |
| Nepal Water &<br>Energy<br>Development<br>Company Pty Ltd. |                      |                   |          |                       | (10)   | (131)            | 10,550  | 10,409            |
| Kelar S.A  |                      | 4,180             |          |                       |  |                  |         | 4,180             |
| PT. Tanjung Power<br>Indonesia                             |                      | 388               |          |                       | (9)  | (18)             |         | 361               |
|  |                      | 461               |          |                       | (4)  | (23)             | 15      | 449               |

|                             |           |         |         |          |        |        |           |           |
|-----------------------------|-----------|---------|---------|----------|--------|--------|-----------|-----------|
| Incheon New Power Co., Ltd. |           |         |         |          |        |        |           |           |
| Seokmun Energy Co., Ltd.    | 680       |         | (265)   |          |        |        |           | 415       |
|                             | 908,593   | 300,428 | (2,002) | (10,262) | 39,588 | 51,908 | (182,072) | 1,106,181 |
|                             | 4,890,933 | 429,862 | (2,002) | (53,576) | 29,414 | 47,751 | (111,627) | 5,230,755 |

- (\*1) The Company recognized the difference between the carrying amount and the recoverable amount of 1,719 million as impairment losses on investments in associates and joint ventures due to discontinued operation during the prior year.
- (\*2) In accordance with the interpretation, the Company has applied it prospectively beginning January 1, 2013. However PT Bayan Resources TBK (PT Bayan), one of the equity method investments of the Company, has retrospectively applied the interpretation and has restated its comparative financial statements to adjust the stripping activity costs that do not meet the criteria for asset recognition in the interpretation. The Company reflected this adjustment of W31,529 million due to the change in accounting policy as a loss on its equity method investment during the prior year.
- (\*3) Canada Korea Uranium Limited Partnership could not find a mining area in which the economic feasibility was proven and seeks an exit strategy. As a result, the Company recognizes impairment losses on investments in associates and joint ventures of 4,680 million as profit or loss during the prior year.
- (\*4) During the prior year, partial of the loans to Rabigh Electricity Company was converted to equity, causing the investment to increase by 108,385 million.
- (\*5) It has been determined that there is objective evidence of impairment as a result of one or more events 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, 2013, as a result of the impairment test, the recoverable amount of JPS is less than its carrying amount and an impairment loss of 19,199 million is recognized as profit or loss. The recoverable amount of JPS is based on value in use calculated based on the most recent financial budget of future cash flow for a period of 9 years approved by management and the discount rate used to calculate the value in use is 10.27%.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

| Investees   | March 31, 2014 |                   | Sales      | Profit (loss) for the period |
|---|----------------|-------------------|------------|------------------------------|
|   | Total assets   | Total liabilities |            |                              |
| <b>&lt;Associates&gt;</b>                             |                |                   |            |                              |
| Daegu Green Power Co., Ltd.                           | 515,601        | 361,336           | 364        | (2,080)                      |
| Korea Gas Corporation                                 | 45,764,827     | 36,400,484        | 12,548,577 | 422,280                      |
| Korea Electric Power Industrial Development Co., Ltd. | 142,587        | 71,899            | 72,517     | 5,759                        |
| YTN Co., Ltd.   | 413,697        | 243,968           | 22,908     | (9,252)                      |
| Cheongna Energy Co., Ltd.                             | 442,210        | 381,900           | 20,763     | 2,060                        |
| Gangwon Wind Power Co., Ltd.                          | 129,359        | 54,250            | 8,197      | 4,793                        |
| Hyundai Green Power Co., Ltd.                         | 1,184,069      | 821,188           | 121,714    | 13,910                       |
| Korea Power Exchange                                  | 216,643        | 20,539            | 22,178     | 7,243                        |
| AMEC Partners Korea                                   | 1,443          | 347               | 253        | 102                          |
| Hyundai Energy Co., Ltd.                              | 548,535        | 452,941           | 24,859     | (2,924)                      |
| Ecollite Co., Ltd.                                    | 4,983          | 3,098             |            | (99)                         |
| Taebaek Wind Power Co., Ltd.                          | 60,895         | 40,241            | 4,518      | 2,411                        |
| Alternergy Philippine Investments Corporation         | 3,136          | 143               |            | (67)                         |
| Muju Wind Power Co., Ltd.                             | 10,832         |                   | 6          | 2                            |
| Pyeongchang Wind Power Co., Ltd.                      | 2,357          | 8                 | 5          | (50)                         |
| Daeryun Power Co., Ltd.                               | 632,281        | 508,194           | 199        | (152)                        |
| JinanJangsu Wind Power Co., Ltd.                      | 309            |                   |            |                              |
| Changjuk Wind Power Co., Ltd.                         | 54,203         | 34,644            | 4,644      | 2,681                        |
| KNH Solar Co., Ltd.                                   | 28,581         | 23,468            | 904        | (31)                         |
| SPC Power Corporation                                 | 134,030        | 12,444            | 10,758     | 5,013                        |
| Gemeng International Energy Co., Ltd.                 | 5,756,199      | 3,964,975         | 389,881    | 35,196                       |
| PT. Cirebon Electric Power                            | 1,020,005      | 886,342           | 62,876     | 8,200                        |
| KNOC Nigerian East Oil Co., Ltd.                      | 240,875        | 296,552           |            | (1,730)                      |

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|  |           |           |         |         |
|--|-----------|-----------|---------|---------|
| KNOC Nigerian West Oil Co., Ltd.             | 146,397   | 197,546   |         | (1,542) |
| Dolphin Property Limited                     | 7,012     | 7,160     | 29      | (133)   |
| E-Power S.A.                                 | 68,725    | 52,791    | 8,468   | 1,419   |
| PT Wampu Electric Power                      | 132,790   | 101,513   | 416     | (2,015) |
| PT. Bayan Resources TBK                      | 1,532,197 | 1,213,883 | 243,307 | 11,557  |
| S-Power Co., Ltd.                            | 713,870   | 446,024   |         | (315)   |
| Pioneer Gas Power Limited                    | 211,181   | 144,183   | 135     | 38      |
| Eurasia Energy Holdings                      | 547       | 975       |         |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 178,250   | 123,620   | 15      | 1,236   |
| Busan Solar Co., Ltd.                        | 29,423    | 26,054    | 836     | (362)   |
| Hadong Mineral Fiber Co., Ltd.               | 12        | 1         |         |         |
| Green Biomass Co., Ltd.                      | 7,058     | 6,836     |         | (282)   |
| Gumi-ochang Photovoltaic Power Co., Ltd.     | 19,411    | 15,825    | 707     | (62)    |
| Chungbuk Photovoltaic Power Co., Ltd.        | 6,907     | 5,110     | 175     | (84)    |
| Cheonan Photovoltaic Power Co., Ltd.         | 5,361     | 4,041     | 115     | (72)    |
| PT. Mutiara Jawa                             | 18,078    | 11,739    |         | 332     |
| Hyundai Asan Solar Power Co., Ltd.           | 23,238    | 19,778    |         | (377)   |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 1,105     | 784       |         | (3)     |
| Jeonnam Solar Co., Ltd.                      | 7,591     | 632       |         |         |
| DS POWER Co., Ltd.                           | 223,850   | 100,474   | 12,654  | (287)   |
| D Solar Energy Co., Ltd                      | 27,844    | 23,513    | 900     | 515     |
| Dongducheon Dream Power Co., Ltd.            | 1,225,669 | 913,328   |         | (2,239) |
| KS Solar Corp. Ltd.                          | 26,009    | 23,641    | 496     | (493)   |
| KOSCON Photovoltaic Co., Ltd.                | 13,064    | 11,216    | 423     | 76      |
| Yeongwol Energy Station Co., Ltd.            | 101,768   | 89,345    | 86      | 5,567   |
| Yeonan Photovoltaic Co., Ltd.                | 7,912     | 7,271     | 206     | (7)     |
| Q1 Solar Co., Ltd                            | 25,691    | 22,097    | 925     | 40      |
| Jinhuvish Power Generation                   | 66,708    | 5,015     |         |         |
| Best Solar Energy Co., Ltd.                  | 25,812    | 21,629    | 816     | 278     |
| Seokcheon Solar Power Co., Ltd.              | 14,618    | 3,685     | 367     | 8       |
| SE Green Energy Co., Ltd.                    | 7,726     | 8         |         | (123)   |
| Daegu Photovoltaic Co., Ltd.                 | 22,127    | 17,639    | 616     | (225)   |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Investees                                     | March 31, 2014 |                   |        | Profit (loss) for the period |
|---|----------------|-------------------|--------|------------------------------|
|   | Total assets   | Total liabilities | Sales  |                              |
| Jeongam Wind Power Co., Ltd.                  | 483            | 3                 | 2      | (225)                        |
| Korea Power Engineering Service Co., Ltd.     | 3,044          | 536               | 2,592  | 946                          |
| Golden Route J Solar Power Co., Ltd.          | 5,398          | 4,631             | 129    | (63)                         |
| <b>&lt;Joint ventures&gt;</b>                 |                |                   |        |                              |
| KEPCO-Uhde Inc.                               | 16,277         | 2,047             |        | (268)                        |
| Eco Biomass Energy Sdn. Bhd.                  |                |                   |        |                              |
| Datang Chaoyang Renewable Power Co., Ltd.     | 164,847        | 96,203            | 3,568  | (841)                        |
| Shuweiha Asia Power Investment B.V.           | 47,679         | 16                |        | (12)                         |
| Shuweiha Asia Operation & Maintenance Company | 255            | 201               |        |                              |
| Waterbury Lake Uranium L.P.                   | 56,212         | 127               |        |                              |
| ASM-BG Investicii AD                          | 105,853        | 64,844            | 2,649  | 108                          |
| RES Technology AD                             | 96,599         | 64,370            | 1,858  | (392)                        |
| KV Holdings, Inc.                             | 4,623          |                   |        |                              |
| KEPCO SPC Power Corporation                   | 507,224        | 307,175           | 36,451 | 7,203                        |
| Canada Korea Uranium Limited Partnership      | 41,636         | 42                |        |                              |
| KEPCO Energy Resource Nigeria Limited         | 405,864        | 406,830           |        | (8,265)                      |
| Gansu Datang Yumen Wind Power Co., Ltd.       | 111,215        | 65,371            | 2,130  | (1,164)                      |
| Datang Chifeng Renewable Power Co., Ltd.      | 915,867        | 499,647           | 26,325 | 4,657                        |
|   | 69,494         | 43,319            | 1,690  | (64)                         |

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|  |           |           |         |         |
|--|-----------|-----------|---------|---------|
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.                              |           |           |         |         |
| Rabigh Electricity Company   | 2,661,956 | 2,469,237 | 68,723  | 10,097  |
| Rabigh Operation & Maintenance Company                                       |           |           |         |         |
|  | 16,607    | 4,372     | 5,281   | 1,954   |
| Jamaica Public Service Company Limited                                       |           |           |         |         |
|  | 1,212,409 | 744,320   | 280,718 | 7,620   |
| KW Nuclear Components Co., Ltd.  | 22,907    | 18,876    | 4,384   | 1,754   |
| Busan shinho Solar power Co., Ltd.   | 55,146    | 42,947    | 1,981   | 382     |
| GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.) |           |           |         |         |
|  | 474,707   | 20,614    |         | (347)   |
| YEONGAM Wind Power Co., Ltd.   | 126,186   | 102,689   | 3,230   | 2,736   |
| Global Trade Of Power System Co., Ltd.                                       | 1,156     | 336       | 736     | (40)    |
| Expressway Solar-light Power Generation Co., Ltd.                            |           |           |         |         |
|  | 24,994    | 13,968    | 233     | (549)   |
| KODE NOVUS 1 LLC.  | 116,009   | 97,308    | 2,385   | (552)   |
| KODE NOVUS 2 LLC.  | 57,292    | 38,609    | 769     | (974)   |
| Daejung Offshore Wind Power Co., Ltd.  | 8,044     | 25        | 1       | (267)   |
| Arman Asia Electric Power Company  | 657,978   | 466,114   |         | 4,306   |
| KEPCO-ALSTOM Power Electronics Systems, Inc.                                 |           |           |         |         |
|  | 9,384     | 650       |         | (595)   |
| Dongbu Power Dangjin Corporation   | 93,586    | 2,439     |         | (1,024) |
| Honam Wind Power Co., Ltd.i  | 38,229    | 29,239    |         | (1,618) |
| Nepal Water & Energy Development Company Pty Ltd.                            |           |           |         |         |
|  | 32,111    | 11,529    |         | (589)   |
| Kelar S.A  | 66,395    | 65,409    |         |         |
| PT. Tanjung Power Indonesia  | 1,052     | 27        |         | (22)    |
| Incheon New Power Co., Ltd.  | 4,474     | 2,971     |         | (44)    |
| Seokmun Energy Co., Ltd.   | 1,381     | 426       |         | (266)   |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Investees   | December 31, 2013 |                   | Sales      | Profit (loss) for the period |
|---|-------------------|-------------------|------------|------------------------------|
|   | Total assets      | Total liabilities |            |                              |
| <b>&lt;Associates&gt;</b>                             |                   |                   |            |                              |
| Daegu Green Power Co., Ltd.                           | 461,503           | 305,157           | 295        | (52)                         |
| Korea Gas Corporation                                 | 43,666,375        | 34,733,597        | 37,458,950 | (200,707)                    |
| Korea Electric Power Industrial Development Co., Ltd. | 139,764           | 62,350            | 289,085    | 12,658                       |
| YTN Co., Ltd.   | 410,384           | 230,977           | 120,124    | 3,090                        |
| Cheongna Energy Co., Ltd.                             | 429,095           | 370,940           | 44,455     | (11,278)                     |
| Gangwon Wind Power Co., Ltd.                          | 141,572           | 54,000            | 38,973     | 20,035                       |
| Hyundai Green Power Co., Ltd.                         | 1,217,193         | 837,339           | 339,567    | 29,580                       |
| Korea Power Exchange                                  | 214,012           | 24,469            | 84,257     | 13,592                       |
| AMEC Partners Korea                                   | 1,594             | 600               | 1,650      | 251                          |
| Hyundai Energy Co., Ltd.                              | 548,467           | 449,949           | 33,010     | (41,604)                     |
| Ecollite Co., Ltd.                                    | 5,085             | 2,005             |            | (2,663)                      |
| Taebaek Wind Power Co., Ltd.                          | 58,705            | 36,495            | 11,595     | 6,986                        |
| Alternergy Philippine Investments Corporation         | 3,088             | 89                |            | (664)                        |
| Muju Wind Power Co., Ltd.                             | 10,830            |                   |            | (13)                         |
| Pyeongchang Wind Power Co., Ltd.                      | 2,400             | 1                 |            | (55)                         |
| Daeryun Power Co., Ltd.                               | 608,267           | 484,032           |            | (1,321)                      |
| JinanJangsu Wind Power Co., Ltd.                      | 310               |                   |            | (1)                          |
| Changjuk Wind Power Co., Ltd.                         | 51,653            | 30,506            | 11,818     | 7,635                        |
| KNH Solar Co., Ltd.                                   | 29,530            | 24,449            | 4,940      | 1,073                        |
| SPC Power Corporation                                 | 140,236           | 15,138            | 53,862     | 29,730                       |
| Gemeng International Energy Co., Ltd.                 | 5,758,480         | 3,968,262         | 1,642,121  | 102,631                      |
| PT. Cirebon Electric Power                            | 1,004,891         | 885,522           | 300,011    | 37,466                       |
| KNOC Nigerian East Oil Co., Ltd.                      | 237,211           | 290,240           |            | (7,445)                      |

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|  |           |           |           |          |
|--|-----------|-----------|-----------|----------|
| KNOC Nigerian West Oil Co., Ltd.             | 143,874   | 191,302   |           | (5,363)  |
| Dolphin Property Limited                     | 6,173     | 7,053     | 558       | (159)    |
| E-Power S.A.                                 | 66,262    | 51,951    | 35,601    | 5,218    |
| PT Wampu Electric Power                      | 122,733   | 89,862    | 27,048    | (659)    |
| PT. Bayan Resources TBK                      | 1,525,745 | 1,194,968 | 1,256,526 | (19,401) |
| S-Power Co., Ltd.                            | 614,591   | 346,429   |           | (388)    |
| Pioneer Gas Power Limited                    | 199,974   | 135,845   | 135       | 65       |
| Eurasia Energy Holdings                      | 540       | 963       | 3,414     | (297)    |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 127,858   | 75,138    | 70        | (1,239)  |
| Busan Solar Co., Ltd.                        | 25,244    | 21,501    | 2,666     | 256      |
| Hadong Mineral Fiber Co., Ltd.               | 12        |           |           | (4)      |
| Green Biomass Co., Ltd.                      | 6,962     | 6,458     |           | (1,298)  |
| Gumi-ochang Photovoltaic Power Co., Ltd.     | 20,091    | 16,197    | 3,885     | 1,068    |
| Chungbuk Photovoltaic Power Co., Ltd.        | 7,553     | 5,709     | 1,133     | 20       |
| Cheonan Photovoltaic Power Co., Ltd.         | 6,032     | 4,554     | 1,024     | 228      |
| PT. Mutiara Jawa                             | 13,939    | 8,435     |           | (1,987)  |
| Hyundai Asan Solar Power Co., Ltd.           | 26,298    | 22,169    |           | (90)     |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 324       |           |           |          |
| Jeonnam Solar Co., Ltd.                      | 7,591     | 632       |           | (2)      |
| DS POWER Co., Ltd.                           | 184,783   | 61,135    | 6,831     | (352)    |
| D Solar Energy Co., Ltd.                     | 29,537    | 25,909    | 29        | (361)    |
| Dongducheon Dream Power Co., Ltd.            | 1,159,917 | 845,337   |           | (9,713)  |
| KS Solar Corp. Ltd.                          | 22,433    | 19,756    | 188       | (524)    |
| KOSCON Photovoltaic Co., Ltd.                | 13,213    | 11,556    | 1,411     | 367      |
| Yeongwol Energy Station Co., Ltd.            | 89,122    | 82,292    |           | (6,747)  |
| Yeonan Photovoltaic Co., Ltd.                | 8,111     | 7,463     | 411       | (178)    |
| Q1 Solar Co., Ltd.                           | 25,771    | 22,259    | 1,906     | (36)     |
| Jinbhuvish Power Generation                  | 63,830    | 4,798     |           |          |
| Best Solar Energy Co., Ltd.                  | 25,490    | 21,583    | 86        | (1,495)  |
| Seokcheon Solar Power Co., Ltd.              | 14,602    | 3,847     | 1,873     | 786      |
| SE Green Energy Co., Ltd.                    | 8,148     | 307       |           | (119)    |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

| Investees                                      | December 31, 2013 |                   |         | Profit (loss) for the period |
|--|-------------------|-------------------|---------|------------------------------|
|  | Total assets      | Total liabilities | Sales   |                              |
| Daegu Photovoltaic Co., Ltd.                   | 22,580            | 17,980            | 1,829   | 439                          |
| Jeongam Wind Power Co., Ltd.                   | 855               | 44                |         | (1,189)                      |
| Korea Power Engineering Service Co., Ltd.      | 2,123             | 107               | 4,658   | 1,016                        |
| Golden Route J Solar Power Co., Ltd.           | 5,623             | 4,637             | 711     | 171                          |
| <b>&lt;Joint ventures&gt;</b>                  |                   |                   |         |                              |
| KEPCO-Uhde Inc.                                | 16,136            | 1,686             |         | (1,137)                      |
| Eco Biomass Energy Sdn. Bhd.                   |                   |                   |         |                              |
| Datang Chaoyang Renewable Power Co., Ltd.      | 168,058           | 97,656            | 21,013  | 2,392                        |
| Shuweihat Asia Power Investment B.V.           | 152               | 23                |         | (70)                         |
| Shuweihat Asia Operation & Maintenance Company | 181               | 128               |         |                              |
| Waterbury Lake Uranium L.P.                    | 57,600            | 131               |         |                              |
| ASM-BG Investicii AD                           | 108,869           | 68,692            | 15,364  | 5,249                        |
| RES Technology AD                              | 100,140           | 68,050            | 10,110  | 699                          |
| KV Holdings, Inc.                              | 4,606             |                   |         | 768                          |
| KEPCO SPC Power Corporation                    | 499,241           | 308,691           | 170,681 | 26,856                       |
| Canada Korea Uranium Limited Partnership       | 41,636            | 42                |         |                              |
| KEPCO Energy Resource Nigeria Limited          | 416,632           | 409,294           |         | (11,328)                     |
| Gansu Datang Yumen Wind Power Co., Ltd.        | 113,565           | 65,472            | 10,397  | (3,245)                      |
| Datang Chifeng Renewable Power Co., Ltd.       | 932,146           | 516,236           | 115,588 | 26,302                       |

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|   |           |           |           |         |
|---|-----------|-----------|-----------|---------|
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.   | 71,338    | 44,827    | 9,755     | 2,316   |
| Rabigh Electricity Company                        | 2,684,208 | 2,486,086 | 237,775   | 34,116  |
| Rabigh Operation & Maintenance Company            | 17,857    | 7,651     | 25,636    | 13,243  |
| Jamaica Public Service Company Limited            | 1,270,886 | 762,970   | 1,194,263 | (784)   |
| KW Nuclear Components Co., Ltd.                   | 24,401    | 18,898    | 9,785     | 3,551   |
| Busan shinoh Solar power Co., Ltd.                | 56,191    | 44,746    | 8,944     | 3,025   |
| STX Electric Power Co., Ltd.                      | 367,307   | 12,378    |           | (1,646) |
| YEONGAM Wind Power Co., Ltd.                      | 94,823    | 71,509    | 939       | (144)   |
| Global Trade Of Power System Co., Ltd.            | 866       | 6         | 2,393     | 148     |
| Expressway Solar-light Power Generation Co., Ltd. | 21,435    | 15,009    | 2,804     | (4,293) |
| KODE NOVUS 1 LLC.                                 | 115,450   | 96,442    | 2,819     | (7,416) |
| KODE NOVUS 2 LLC.                                 | 57,931    | 38,523    | 1,530     | (3,959) |
| Daejung Offshore Wind Power Co., Ltd.             | 8,299     | 12        |           | (1,017) |
| Arman Asia Electric Power Company                 | 669,925   | 484,400   |           | (1,506) |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 9,972     | 643       | 387       | (1,649) |
| Dongbu Power Dangjin Corporation                  | 94,768    | 2,578     |           | (3,235) |
| Honam Wind Power Co., Ltd.                        | 25,887    | 19,519    |           | (1,310) |
| Nepal Water & Energy Development Company Pty Ltd. | 36,040    | 14,382    |           | (1,572) |
| Kelar S.A   | 1,019     |           |           | (1,573) |
| PT. Tanjung Power Indonesia                       | 1,061     | 27        |           | (22)    |
| Incheon New Power Co., Ltd.                       | 4,531     | 2,984     |           | (13)    |
| Seokmun Energy Co., Ltd.                          | 1,647     | 426       |           | (779)   |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and December 31, 2013 are as follows:

*In millions of won*

| Investees   | Net assets | March 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.                           | 154,266    | 47.80%                  | 73,739              | 144                     |                          |        | 73,883     |
| Korea Gas Corporation                                 | 9,364,343  | 21.57%                  | 2,019,889           |                         |                          |        | 2,019,889  |
| Korea Electric Power Industrial Development Co., Ltd. | 70,688     | 29.00%                  | 20,500              |                         |                          |        | 20,500     |
| YTN Co., Ltd.   | 169,729    | 21.43%                  | 36,373              |                         | (21)                     |        | 36,352     |
| Cheongna Energy Co., Ltd.                             | 60,310     | 43.90%                  | 26,476              | 2,584                   |                          |        | 29,060     |
| Gangwon Wind Power Co., Ltd.                          | 75,108     | 15.00%                  | 11,266              |                         |                          | 49     | 11,315     |
| Hyundai Green Power Co., Ltd.                         | 362,882    | 29.00%                  | 105,236             |                         |                          |        | 105,236    |
| Korea Power Exchange                                  | 196,104    | 100.00%                 | 196,104             |                         |                          |        | 196,104    |
| AMEC Partners Korea                                   | 1,096      | 19.00%                  | 208                 |                         |                          |        | 208        |
| Hyundai Energy Co., Ltd.                              | 95,595     | 45.23%                  | 43,237              |                         | (1,195)                  |        | 42,042     |
| Ecollite Co., Ltd.                                    | 1,885      | 36.10%                  | 680                 |                         |                          | (680)  |            |
| Taebaek Wind Power Co., Ltd.                          | 20,654     | 25.00%                  | 5,163               |                         | (165)                    |        | 4,998      |
| Alternergy Philippine Investments Corporation         | 2,994      | 50.00%                  | 1,497               |                         |                          |        | 1,497      |
| Muju Wind Power Co., Ltd.                             | 10,832     | 25.00%                  | 2,708               |                         |                          |        | 2,708      |
| Pyeongchang Wind Power Co., Ltd.                      | 2,349      | 25.00%                  | 587                 |                         |                          |        | 587        |
| Daeryun Power Co., Ltd.                               | 124,086    | 19.80%                  | 24,569              |                         |                          |        | 24,569     |
|   | 309        | 25.00%                  | 77                  |                         |                          |        | 77         |

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|  |           |        |         |         |              |
|--|-----------|--------|---------|---------|--------------|
| JinanJangsu Wind Power Co., Ltd.             |           |        |         |         |              |
| Changjuk Wind Power Co., Ltd.                | 19,559    | 30.00% | 5,868   | (194)   | 5,674        |
| KNH Solar Co., Ltd.                          | 5,113     | 27.00% | 1,380   | (54)    | 1,326        |
| SPC Power Corporation                        | 121,586   | 38.00% | 46,203  |         | 119 46,322   |
| Gemeng International Energy Co., Ltd.        | 1,791,224 | 34.00% | 609,016 |         | 609,016      |
| PT. Cirebon Electric Power                   | 133,663   | 27.50% | 36,757  |         | (136) 36,621 |
| KNOC Nigerian East Oil Co., Ltd.             | (55,676)  | 14.63% | (8,145) |         | 8,145        |
| KNOC Nigerian West Oil Co., Ltd.             | (51,149)  | 14.63% | (7,483) |         | 7,483        |
| Dolphin Property Limited                     | (148)     | 15.00% | (22)    |         | 22           |
| E-Power S.A.                                 | 15,934    | 30.00% | 4,780   | 991     | 5,771        |
| PT Wampu Electric Power                      | 31,276    | 46.00% | 14,387  |         | 14,387       |
| PT. Bayan Resources TBK                      | 318,314   | 20.00% | 63,663  | 509,847 | 573,510      |
| S-Power Co., Ltd.                            | 267,846   | 40.00% | 107,138 |         | 107,138      |
| Pioneer Gas Power Limited                    | 66,998    | 40.00% | 26,799  | 18,015  | 44,814       |
| Eurasia Energy Holdings                      | (429)     | 40.00% | (171)   |         | 171          |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 54,630    | 25.00% | 13,658  | 4,877   | 18,535       |
| Busan Solar Co., Ltd.                        | 3,369     | 19.80% | 667     | (82)    | 585          |
| Hadong Mineral Fiber Co., Ltd.               | 11        | 25.00% | 3       |         | 3            |
| Green Biomass Co., Ltd.                      | 222       | 34.00% | 76      |         | 76           |
| Gumi-ochang Photovoltaic Power Co., Ltd.     | 3,587     | 10.00% | 359     |         | 359          |
| Chungbuk Photovoltaic Power Co., Ltd.        | 1,796     | 10.00% | 180     |         | 180          |
| Cheonan Photovoltaic Power Co., Ltd.         | 1,320     | 10.00% | 132     |         | 132          |
| PT. Mutiara Jawa                             | 6,339     | 29.00% | 1,838   | 70      | 1,908        |
| Hyundai Asan Solar Power Co., Ltd.           | 3,460     | 10.00% | 346     | 49      | 395          |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 321       | 28.00% | 90      |         | 90           |
| Jeonnam Solar Co., Ltd.                      | 6,960     | 10.00% | 696     |         | 696          |
| DS POWER Co., Ltd.                           | 123,375   | 10.91% | 13,465  |         | 4,400 17,865 |
| D Solar Energy Co., Ltd                      | 4,331     | 10.00% | 433     | 1       | 434          |
| Dongducheon Dream Power Co., Ltd.            | 312,341   | 43.61% | 136,212 | (4,504) | 131,708      |
| KS Solar Corp. Ltd.                          | 2,368     | 19.00% | 450     | 24      | 474          |
| KOSCON Photovoltaic Co., Ltd.                | 1,849     | 19.00% | 351     |         | 351          |
| Yeongwol Energy Station Co., Ltd.            | 12,423    | 13.30% | 1,652   |         | 20 1,672     |
| Yeonan Photovoltaic Co., Ltd.                | 641       | 19.00% | 122     |         | 122          |
| Q1 Solar Co., Ltd                            | 3,594     | 28.00% | 1,006   |         | 1,006        |
| Jinbhuvish Power Generation                  | 61,693    | 5.16%  | 3,183   | 5,449   | 8,632        |
| Best Solar Energy Co., Ltd.                  | 4,184     | 23.00% | 962     |         | 962          |

|                                    |        |       |       |       |
|------------------------------------|--------|-------|-------|-------|
| Seokcheon Solar Power Co.,<br>Ltd. | 10,933 | 9.73% | 1,063 | 1,063 |
|------------------------------------|--------|-------|-------|-------|

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and December 31, 2013 are as follows, continued:**

*In millions of won*

| Investees                                       | March 31, 2014 |                         |                     |  | Investment differential | Intercompany transaction | Others | Book value |
|---|----------------|-------------------------|---------------------|--|-------------------------|--------------------------|--------|------------|
|   | Net assets     | Percentage of ownership | Share in net assets |  |                         |                          |        |            |
| SE Green Energy Co., Ltd.                       | 7,718          | 47.76%                  | 3,686               |  |                         |                          | 3,686  |            |
| Daegu Photovoltaic Co., Ltd.                    | 4,488          | 29.00%                  | 1,302               |  |                         |                          | 1,302  |            |
| Jeongam Wind Power Co., Ltd.                    | 479            | 40.00%                  | 192                 |  |                         |                          | 192    |            |
| Korea Power Engineering Service Co., Ltd.       | 2,508          | 29.00%                  | 727                 |  |                         |                          | 727    |            |
| Golden Route J Solar Power Co., Ltd.            | 767            | 10.00%                  | 77                  |  |                         |                          | 77     |            |
| <b>&lt;Joint ventures&gt;</b>                   |                |                         |                     |  |                         |                          |        |            |
| KEPCO-Uhde Inc.                                 | 14,231         | 66.00%                  | 9,392               |  |                         |                          | 9,392  |            |
| Eco Biomass Energy Sdn. Bhd.                    |                | 61.53%                  |                     |  |                         |                          |        |            |
| Datang Chaoyang Renewable Power Co., Ltd.       | 68,644         | 40.00%                  | 27,458              |  |                         |                          | 27,458 |            |
| Shuweihaat Asia Power Investment B.V.           | 47,663         | 49.00%                  | 23,355              |  |                         |                          | 23,355 |            |
| Shuweihaat Asia Operation & Maintenance Company | 53             | 55.00%                  | 29                  |  |                         |                          | 29     |            |
| Waterbury Lake Uranium L.P.                     | 56,085         | 40.00%                  | 22,434              |  |                         | 53                       | 22,487 |            |
| ASM-BG Investicii AD                            | 41,009         | 50.00%                  | 20,505              |  |                         |                          | 20,505 |            |
| RES Technology AD                               | 32,229         | 50.00%                  | 16,114              |  |                         |                          | 16,114 |            |
| KV Holdings, Inc.                               | 4,623          | 40.00%                  | 1,849               |  |                         |                          | 1,849  |            |

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|  |         |        |         |         |          |         |
|--|---------|--------|---------|---------|----------|---------|
| KEPCO SPC Power Corporation  | 200,049 | 75.20% | 150,437 |         | (1,444)  | 148,993 |
| Canada Korea Uranium Limited Partnership                                     | 41,594  | 12.50% | 5,199   |         | (5,199)  |         |
| KEPCO Energy Resource Nigeria Limited  | (967)   | 30.00% | (290)   |         | 290      |         |
| Gansu Datang Yumen Wind Power Co., Ltd.                                      | 45,844  | 40.00% | 18,338  |         |          | 18,338  |
| Datang Chifeng Renewable Power Co., Ltd.                                     | 416,220 | 40.00% | 166,488 |         | (30)     | 166,458 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.                              | 26,175  | 40.00% | 10,470  |         |          | 10,470  |
| Rabigh Electricity Company   | 192,719 | 40.00% | 77,087  |         | (77,087) |         |
| Rabigh Operation & Maintenance Company                                       | 12,235  | 40.00% | 4,894   |         |          | 4,894   |
| Jamaica Public Service Company Limited                                       | 468,089 | 40.00% | 187,236 | 130,726 | (42,138) | 275,824 |
| KW Nuclear Components Co., Ltd.  | 4,031   | 45.00% | 1,814   |         |          | 1,814   |
| Busan shinho Solar power Co., Ltd.   | 12,199  | 25.00% | 3,050   |         | 10       | 3,060   |
| GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.) | 454,093 | 49.00% | 222,505 |         |          | 222,505 |
| YEONGAM Wind Power Co., Ltd.   | 23,497  | 49.00% | 11,513  |         |          | 11,513  |
| Global Trade Of Power System Co., Ltd.                                       | 820     | 29.00% | 238     |         |          | 238     |
| Expressway Solar-light Power Generation Co., Ltd.                            | 11,026  | 29.00% | 3,197   |         |          | 3,197   |
| KODE NOVUS 1 LLC.  | 18,700  | 50.00% | 9,350   | 4,732   |          | 14,082  |
| KODE NOVUS 2 LLC.  | 18,683  | 49.00% | 9,155   |         |          | 9,155   |
| Daejung Offshore Wind Power Co., Ltd.  | 8,019   | 49.90% | 4,002   |         |          | 4,002   |
| Arman Asia Electric Power Company  | 191,864 | 60.00% | 115,119 |         |          | 115,119 |
| KEPCO-ALSTOM Power Electronics Systems, Inc.                                 | 8,734   | 51.00% | 4,454   |         |          | 4,454   |
| Dongbu Power Dangjin Corporation   | 91,148  | 40.00% | 36,459  | 2,226   |          | 38,685  |
| Honam Wind Power Co., Ltd.   | 8,990   | 29.00% | 2,607   | 32      |          | 2,639   |
| Nepal Water & Energy Development Company Pty Ltd.                            | 20,582  | 45.18% | 9,299   | 972     |          | 10,271  |
| Kelar S.A  | 986     | 65.00% | 641     | 3,517   | (114)    | 4,044   |
| PT. Tanjung Power Indonesia  | 1,025   | 35.00% | 359     |         |          | 359     |
| Incheon New Power Co., Ltd.  | 1,503   | 29.00% | 436     |         |          | 436     |

|                          |     |        |     |     |
|--------------------------|-----|--------|-----|-----|
| Seokmun Energy Co., Ltd. | 955 | 34.00% | 325 | 325 |
|--------------------------|-----|--------|-----|-----|



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and December 31, 2013 are as follows, continued:

*In millions of won*

| Investees   | December 31, 2013 |                         |                     |                         |                                 | Book value |
|---|-------------------|-------------------------|---------------------|-------------------------|---------------------------------|------------|
|   | Net assets        | Percentage of ownership | Share in net assets | Investment differential | Intercompany transaction Others |            |
| <b>&lt;Associates&gt;</b>                             |                   |                         |                     |                         |                                 |            |
| Daegu Green Power Co., Ltd.                           | 156,346           | 47.80%                  | 74,733              | 145                     |                                 | 74,878     |
| Korea Gas Corporation                                 | 8,932,779         | 21.57%                  | 1,926,800           |                         |                                 | 1,926,800  |
| Korea Electric Power Industrial Development Co., Ltd. | 77,414            | 29.00%                  | 22,450              |                         |                                 | 22,450     |
| YTN Co., Ltd.   | 179,407           | 21.43%                  | 38,447              |                         | (21)                            | 38,426     |
| Cheongna Energy Co., Ltd.                             | 58,155            | 43.90%                  | 25,530              | 2,584                   |                                 | 28,114     |
| Gangwon Wind Power Co., Ltd.                          | 87,572            | 15.00%                  | 13,136              |                         | 49                              | 13,185     |
| Hyundai Green Power Co., Ltd.                         | 379,853           | 29.00%                  | 110,157             |                         |                                 | 110,157    |
| Korea Power Exchange                                  | 189,544           | 100.00%                 | 189,544             |                         |                                 | 189,544    |
| AMEC Partners Korea                                   | 994               | 19.00%                  | 189                 |                         |                                 | 189        |
| Hyundai Energy Co., Ltd.                              | 98,518            | 45.26%                  | 44,589              |                         | (1,203)                         | 43,386     |
| Ecollite Co., Ltd.                                    | 3,080             | 36.10%                  | 1,112               |                         | (1,112)                         |            |
| Taebaek Wind Power Co., Ltd.                          | 22,210            | 25.00%                  | 5,553               |                         |                                 | 5,553      |
| Alternergy Philippine Investments Corporation         | 3,000             | 50.00%                  | 1,500               |                         |                                 | 1,500      |
| Muju Wind Power Co., Ltd.                             | 10,830            | 25.00%                  | 2,707               |                         |                                 | 2,707      |
| Pyeongchang Wind Power Co., Ltd.                      | 2,399             | 25.00%                  | 600                 |                         |                                 | 600        |
| Daeryun Power Co., Ltd.                               | 124,235           | 19.80%                  | 24,599              |                         |                                 | 24,599     |
|   | 309               | 25.00%                  | 77                  |                         |                                 | 77         |

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|  |           |        |         |         |         |
|--|-----------|--------|---------|---------|---------|
| JinanJangsu Wind Power Co., Ltd.             |           |        |         |         |         |
| Changjuk Wind Power Co., Ltd.                | 21,147    | 30.00% | 6,344   |         | 6,344   |
| KNH Solar Co., Ltd.                          | 5,081     | 27.00% | 1,372   |         | 1,372   |
| SPC Power Corporation                        | 125,098   | 38.00% | 47,537  | 124     | 47,661  |
| Gemeng International Energy Co., Ltd.        | 1,790,218 | 34.00% | 608,674 |         | 608,674 |
| PT. Cirebon Electric Power                   | 119,369   | 27.50% | 32,826  |         | 32,826  |
| KNOC Nigerian East Oil Co., Ltd.             | (53,029)  | 14.63% | (7,758) |         | 7,758   |
| KNOC Nigerian West Oil Co., Ltd.             | (47,429)  | 14.63% | (6,939) |         | 6,939   |
| Dolphin Property Limited                     | (880)     | 15.00% | (132)   |         | 132     |
| E-Power S.A.                                 | 14,311    | 30.00% | 4,293   | 991     | 5,284   |
| PT Wampu Electric Power                      | 32,871    | 46.00% | 15,121  |         | 15,121  |
| PT. Bayan Resources TBK                      | 330,776   | 20.00% | 66,155  | 513,379 | 579,534 |
| S-Power Co., Ltd.                            | 268,161   | 40.00% | 107,264 |         | 107,264 |
| Pioneer Gas Power Limited                    | 64,129    | 40.00% | 25,652  | 18,014  | 43,666  |
| Eurasia Energy Holdings                      | (423)     | 40.00% | (169)   |         | 169     |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 52,720    | 25.00% | 13,180  | 4,878   | 18,058  |
| Busan Solar Co., Ltd.                        | 3,743     | 19.80% | 741     |         | 741     |
| Hadong Mineral Fiber Co., Ltd.               | 12        | 25.00% | 3       |         | 3       |
| Green Biomass Co., Ltd.                      | 504       | 34.00% | 171     |         | 171     |
| Gumi-ochang Photovoltaic Power Co., Ltd.     | 3,894     | 10.00% | 389     |         | 389     |
| Chungbuk Photovoltaic Power Co., Ltd.        | 1,844     | 10.00% | 184     |         | 184     |
| Cheonan Photovoltaic Power Co., Ltd.         | 1,478     | 10.00% | 148     |         | 148     |
| PT. Mutiara Jawa                             | 5,504     | 29.00% | 1,596   | 70      | 1,666   |
| Hyundai Asan Solar Power Co., Ltd.           | 4,129     | 10.00% | 413     | 49      | 462     |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 324       | 28.00% | 91      |         | 91      |
| Jeonnam Solar Co., Ltd.                      | 6,960     | 10.00% | 696     |         | 696     |
| DS POWER Co., Ltd.                           | 123,648   | 10.91% | 13,495  |         | 4,405   |
| D Solar Energy Co., Ltd.                     | 3,627     | 10.00% | 363     | 1       | 364     |
| Dongducheon Dream Power Co., Ltd.            | 314,580   | 43.61% | 137,188 | (2,790) | 134,398 |
| KS Solar Corp. Ltd.                          | 2,677     | 19.00% | 509     | 28      | 537     |
| KOSCON Photovoltaic Co., Ltd.                | 1,657     | 19.00% | 315     |         | 315     |
| Yeongwol Energy Station Co., Ltd.            | 6,829     | 13.30% | 908     |         | 908     |
| Yeonan Photovoltaic Co., Ltd.                | 648       | 19.00% | 123     |         | 123     |
| Q1 Solar Co., Ltd.                           | 3,512     | 28.00% | 983     |         | 983     |
| Jinbhuvish Power Generation                  | 59,032    | 5.16%  | 3,046   | 5,449   | 8,495   |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and December 31, 2013 are as follows, continued:

*In millions of won*

| Investees   | Net<br>assets | December 31, 2013             |                        | Investment<br>differential | Intercompany<br>transaction | Others | Book value |
|---|---------------|-------------------------------|------------------------|----------------------------|-----------------------------|--------|------------|
|   |               | Percentage<br>of<br>ownership | Share in<br>net assets |                            |                             |        |            |
| Best Solar Energy Co., Ltd.                         | 3,906         | 23.00%                        | 898                    |                            |                             |        | 898        |
| Seokcheon Solar Power<br>Co., Ltd.                  | 10,755        | 9.73%                         | 1,046                  |                            |                             |        | 1,046      |
| SE Green Energy Co., Ltd.                           | 7,841         | 47.76%                        | 3,745                  |                            |                             |        | 3,745      |
| Daegu Photovoltaic Co.,<br>Ltd.                     | 4,600         | 29.00%                        | 1,334                  |                            |                             |        | 1,334      |
| Jeongam Wind Power Co.,<br>Ltd.                     | 811           | 40.00%                        | 324                    |                            |                             |        | 324        |
| Korea Power Engineering<br>Service Co., Ltd.        | 2,016         | 29.00%                        | 585                    |                            |                             |        | 585        |
| Golden Route J Solar Power<br>Co., Ltd.             | 987           | 10.00%                        | 99                     |                            |                             |        | 99         |
| <b>&lt;Joint ventures&gt;</b>                       |               |                               |                        |                            |                             |        |            |
| KEPCO-Uhde Inc.                                     | 14,450        | 66.00%                        | 9,537                  |                            |                             |        | 9,537      |
| Eco Biomass Energy Sdn.<br>Bhd.                     |               | 61.53%                        |                        |                            |                             |        |            |
| Datang Chaoyang<br>Renewable Power Co., Ltd.        | 70,402        | 40.00%                        | 28,161                 |                            |                             |        | 28,161     |
| Shuweiha Asia Power<br>Investment B.V.              | 129           | 49.00%                        | 63                     |                            |                             |        | 63         |
| Shuweiha Asia<br>Operation & Maintenance<br>Company | 53            | 55.00%                        | 29                     |                            |                             |        | 29         |
| Waterbury Lake Uranium<br>L.P.                      | 57,469        | 40.00%                        | 22,988                 |                            |                             | 54     | 23,042     |

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|   |         |        |         |          |                  |
|---|---------|--------|---------|----------|------------------|
| ASM-BG Investicii AD                              | 40,177  | 50.00% | 20,088  |          | 20,088           |
| RES Technology AD                                 | 32,090  | 50.00% | 16,045  |          | 16,045           |
| KV Holdings, Inc.                                 | 4,606   | 40.00% | 1,842   |          | 1,842            |
| KEPCO SPC Power Corporation                       | 190,551 | 75.20% | 143,294 |          | 143,294          |
| Canada Korea Uranium Limited Partnership          | 41,594  | 12.50% | 5,199   | (5,199)  |                  |
| KEPCO Energy Resource Nigeria Limited             | 7,338   | 30.00% | 2,202   |          | 2,202            |
| Gansu Datang Yumen Wind Power Co., Ltd.           | 48,093  | 40.00% | 19,237  |          | 19,237           |
| Datang Chifeng Renewable Power Co., Ltd.          | 415,910 | 40.00% | 166,364 | (34)     | 166,330          |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.   | 26,510  | 40.00% | 10,604  |          | 10,604           |
| Rabigh Electricity Company                        | 198,123 | 40.00% | 79,249  | (79,249) |                  |
| Rabigh Operation & Maintenance Company            | 10,206  | 40.00% | 4,082   |          | 4,082            |
| Jamaica Public Service Company Limited            | 507,916 | 40.00% | 203,166 | 130,726  | (65,870) 268,022 |
| KW Nuclear Components Co., Ltd.                   | 5,503   | 45.00% | 2,476   |          | 2,476            |
| Busan shinho Solar power Co., Ltd.                | 11,445  | 25.00% | 2,861   | 10       | 2,871            |
| STX Electric Power Co., Ltd.                      | 354,929 | 49.00% | 173,915 |          | 173,915          |
| YEONGAM Wind Power Co., Ltd.                      | 23,315  | 49.00% | 11,424  |          | 11,424           |
| Global Trade Of Power System Co., Ltd.            | 860     | 29.00% | 249     |          | 249              |
| Expressway Solar-light Power Generation Co., Ltd. | 6,426   | 29.00% | 1,863   |          | 1,863            |
| KODE NOVUS 1 LLC.                                 | 19,009  | 50.00% | 9,504   | 4,733    | 14,237           |
| KODE NOVUS 2 LLC.                                 | 19,408  | 49.00% | 9,510   |          | 9,510            |
| Daejung Offshore Wind Power Co., Ltd.             | 8,287   | 49.90% | 4,135   |          | 4,135            |
| Arman Asia Electric Power Company                 | 185,525 | 60.00% | 111,315 |          | 111,315          |
| KEPCO-ALSTOM Power Electronics Systems, Inc.      | 9,329   | 51.00% | 4,758   |          | 4,758            |
| Dongbu Power Dangjin Corporation                  | 92,190  | 40.00% | 36,876  | 2,226    | 39,102           |
| Honam Wind Power Co., Ltd.                        | 6,368   | 30.00% | 1,910   | 23       | 1,933            |
| Nepal Water & Energy Development Company Pty Ltd. | 21,659  | 43.57% | 9,437   | 972      | 10,409           |
| Kelar S.A   | 1,019   | 65.00% | 663     | 3,517    | 4,180            |
| PT. Tanjung Power Indonesia                       | 1,034   | 35.00% | 361     |          | 361              |

|                                |       |        |     |     |
|--------------------------------|-------|--------|-----|-----|
| Incheon New Power Co.,<br>Ltd. | 1,548 | 29.00% | 449 | 449 |
| Seokmun Energy Co., Ltd.       | 1,221 | 34.00% | 415 | 415 |

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

**(6) As of March 31, 2014, there is no unrecognized equity interest in investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses.**

**(7) As of March 31, 2014, 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.

KEPCO Shanxi International Ltd., a consolidated subsidiary of the Company, established a consortium with two other investors, Deutche Capital Hongkong Ltd. and Shanxi International Energy Company Co., Ltd. with the Company's percentage of ownership of the consortium being 34%. This consortium, in order for business in Chinese power generating industry, established Gemeng International Energy Co., Ltd., which is an associate of the Company with the Company's percentage of ownership being 34%. KEPCO Shanxi International Ltd. has entered into an agreement ( Put Option ) that if Gemeng International Co., Ltd. fails to be listed within 5 years after the initial capital paid in, Deutche Capital HongKong Ltd can require KEPCO Shanxi International Ltd. to acquire or recommend 3rd party to acquire its own investment in Gemeng International Co., Ltd. at the investment principal of USD 106,861,924 with an interest of 3M Libor-0.25% during the period from July 10, 2012 to July 9, 2014. However, Put Option Extension Agreement has changed this period; June 19, 2014 to July 9, 2014, and as of March 31, 2014, the Company guarantees this Put Option Agreement.

(ii) Eco Biomass Energy Sdn. Bhd.

Eco Biomass Energy Sdn. Bhd., issued put options on preferred stock to its financial investors. An agreement was made between financial investors and shareholders that if Eco Biomass Energy Sdn. Bhd., the first obligator, fails to accept the put options when exercised, all shareholders of Eco Biomass Energy Sdn. Bhd., should fulfill their obligation as the second obligators and acquire the preferred stock from financial investors in proportion to each shareholder's percentage of ownership up to 4,050 million.

(iii) Hyundai Energy Co., Ltd.

As of March 31, 2014, 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. If dividends to shareholders exceed annual revenue, the exceeding amount shall be evenly distributed to Yecheon TPL Co., Ltd. and the Company.

(iv) 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 the careful consideration of various factors such as financial status and business situation.

(v) 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.



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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

**(7) As of March 31, 2014, shareholders' agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows, continued:**

(vi) Daeryun Power Co., Ltd.

All shareholders of Daeryun Power Co., Ltd. except for POSCO Construction Co., Ltd., have agreed to acquire the shares held by POSCO 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 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 purchased price.

(vii) 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.

(viii) 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.

(ix) 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.

(X) 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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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. | 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.   |
| KNOC Nigerian West Oil Co., Ltd. | 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.   |
| 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.   |

Jeonnam Solar Co., Ltd.

Dividends can only be paid to shareholders when all conditions of a loan agreement are satisfied.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**18. Property, Plant and Equipment****(1) Property, plant and equipment as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

|                           | <b>March 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                      | 13,849,730                  | (3,085)                      |                                     |  | 13,846,645            |
| Buildings                 | 12,713,269                  | (45,354)                     | (4,264,319)                         | (852)  | 8,402,744             |
| Structures                | 52,627,167                  | (196,052)                    | (14,712,223)                        | (1,183)  | 37,717,709            |
| Machinery                 | 47,632,880                  | (100,061)                    | (14,167,731)                        | (46,231)   | 33,318,857            |
| Ships                     | 5,014                       |                              | (3,682)                             |  | 1,332                 |
| Vehicles                  | 195,910                     | (72)                         | (150,643)                           |  | 45,195                |
| Equipment                 | 875,348                     | (902)                        | (701,026)                           |  | 173,420               |
| Tools                     | 718,657                     | (262)                        | (588,486)                           |  | 129,909               |
| Construction-in- progress | 29,557,338                  | (131,665)                    |                                     |  | 29,425,673            |
| Finance lease assets      | 2,385,237                   |                              | (1,682,822)                         |  | 702,415               |
| Asset retirement costs    | 7,766,544                   |                              | (2,179,686)                         |  | 5,586,858             |
| Others                    | 7,897,281                   |                              | (5,836,873)                         |  | 2,060,408             |
|                           | 176,224,375                 | (477,453)                    | (44,287,491)                        | (48,266)   | 131,411,165           |

*In millions of won*

|            | <b>December 31, 2013</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       | 13,784,026                  | (3,137)                      |                                     |  | 13,780,889            |
| Buildings  | 12,672,055                  | (45,396)                     | (4,121,506)                         | (852)  | 8,504,301             |
| Structures | 52,080,007                  | (193,189)                    | (14,259,717)                        | (1,183)  | 37,625,918            |
| Machinery  | 47,073,366                  | (101,808)                    | (13,297,596)                        | (46,231)   | 33,627,731            |
| Ships      | 5,014                       |                              | (3,592)                             |  | 1,422                 |

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|                           |             |           |              |             |
|---------------------------|-------------|-----------|--------------|-------------|
| Vehicles                  | 195,045     | (83)      | (149,326)    | 45,636      |
| Equipment                 | 866,999     | (707)     | (679,842)    | 186,450     |
| Tools                     | 716,749     | (312)     | (577,085)    | 139,352     |
| Construction-in- progress | 27,452,032  | (117,728) |              | 27,334,304  |
| Finance lease assets      | 2,385,231   |           | (1,650,046)  | 735,185     |
| Asset retirement costs    | 7,787,832   |           | (2,133,236)  | 5,654,596   |
| Others                    | 7,679,146   |           | (5,677,334)  | 2,001,812   |
|                           | 172,697,502 | (462,360) | (42,549,280) | (48,266)    |
|                           |             |           |              | 129,637,596 |

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(2) Changes in property, plant and equipment for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

| <i>In millions of won</i> | March 31, 2014       |             |          |              |             | Ending<br>balance |
|---------------------------|----------------------|-------------|----------|--------------|-------------|-------------------|
|                           | Beginning<br>balance | Acquisition | Disposal | Depreciation | Others      |                   |
| Land                      | 13,784,026           | 61,216      | (2,031)  |              | 6,519       | 13,849,730        |
| (Government grants)       | (3,137)              |             | 53       |              | (1)         | (3,085)           |
| Buildings                 | 8,549,697            | 266         | (423)    | (140,606)    | 39,164      | 8,448,098         |
| (Government grants)       | (45,396)             |             |          | 831          | (789)       | (45,354)          |
| Structures                | 37,819,108           | 51          | (51,624) | (499,670)    | 645,896     | 37,913,761        |
| (Government grants)       | (193,190)            |             | 192      | 2,205        | (5,259)     | (196,052)         |
| Machinery                 | 33,729,539           | 55,004      | (17,450) | (880,943)    | 532,768     | 33,418,918        |
| (Government grants)       | (101,808)            |             | 103      | 2,422        | (778)       | (100,061)         |
| Ships                     | 1,422                |             |          | (90)         |             | 1,332             |
| Vehicles                  | 45,719               | 565         | 106      | (5,164)      | 4,041       | 45,267            |
| (Government grants)       | (83)                 |             |          | 11           |             | (72)              |
| Equipment                 | 187,158              | 5,487       | (25)     | (20,499)     | 2,201       | 174,322           |
| (Government grants)       | (708)                |             |          | 95           | (289)       | (902)             |
| Tools                     | 139,665              | 1,800       | (1,290)  | (14,516)     | 4,512       | 130,171           |
| (Government grants)       | (313)                |             |          | 51           |             | (262)             |
| Construction-in-progress  | 27,452,029           | 3,467,991   | (588)    |              | (1,362,094) | 29,557,338        |
| (Government grants)       | (117,725)            | (15,518)    |          |              | 1,578       | (131,665)         |
| Finance lease assets      | 735,185              |             |          | (32,775)     | 5           | 702,415           |
| Asset retirement cost     | 5,654,596            |             |          | (139,879)    | 72,141      | 5,586,858         |
| Others                    | 2,001,812            | 3,844       | (119)    | (159,552)    | 214,423     | 2,060,408         |
|                           | 129,637,596          | 3,580,706   | (73,096) | (1,888,079)  | 154,038     | 131,411,165       |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(2) Changes in property, plant and equipment for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:

| <i>In millions of won</i> | December 31, 2013    |             |           |              |             | Ending<br>balance |
|---------------------------|----------------------|-------------|-----------|--------------|-------------|-------------------|
|                           | Beginning<br>balance | Acquisition | Disposal  | Depreciation | Others      |                   |
| Land                      | 13,504,739           | 23,651      | (60,971)  |              | 316,607     | 13,784,026        |
| (Government grants)       | (3,106)              |             |           |              | (31)        | (3,137)           |
| Buildings                 | 8,554,893            | 10,009      | (21,296)  | (583,106)    | 589,197     | 8,549,697         |
| (Government grants)       | (44,387)             |             |           | 3,943        | (4,952)     | (45,396)          |
| Structures                | 37,413,557           | 2,645       | (194,106) | (1,967,475)  | 2,564,487   | 37,819,108        |
| (Government grants)       | (177,174)            |             | 1,733     | 8,389        | (26,138)    | (193,190)         |
| Machinery                 | 32,684,326           | 343,445     | (135,269) | (3,334,480)  | 4,171,517   | 33,729,539        |
| (Government grants)       | (105,112)            |             | 376       | 9,507        | (6,579)     | (101,808)         |
| Ships                     | 1,786                |             |           | (367)        | 3           | 1,422             |
| Vehicles                  | 37,245               | 2,579       | (111)     | (18,653)     | 24,659      | 45,719            |
| (Government grants)       | (128)                |             |           | 45           |             | (83)              |
| Equipment                 | 183,156              | 45,087      | (200)     | (87,040)     | 46,155      | 187,158           |
| (Government grants)       | (923)                |             |           | 311          | (96)        | (708)             |
| Tools                     | 122,132              | 31,234      | (226)     | (56,143)     | 42,668      | 139,665           |
| (Government grants)       | (193)                |             |           | 155          | (275)       | (313)             |
| Construction-in-progress  | 21,279,059           | 13,888,637  | (1,515)   |              | (7,714,152) | 27,452,029        |
| (Government grants)       | (94,673)             | (48,721)    |           |              | 25,669      | (117,725)         |
| Finance lease assets      | 863,677              |             | (7,456)   | (133,133)    | 12,097      | 735,185           |
| Asset retirement cost     | 5,963,166            |             |           | (559,624)    | 251,054     | 5,654,596         |
| Others                    | 2,194,100            | 7,531       | (128)     | (585,418)    | 385,727     | 2,001,812         |
|                           | 122,376,140          | 14,306,097  | (419,169) | (7,303,089)  | 677,617     | 129,637,596       |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**19. Investment Properties****(1) Investment properties as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won*

|           | <b>March 31, 2014</b>   |                          |                                 |                                      |                   |
|-----------|-------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------|
|           | <b>Acquisition cost</b> | <b>Government grants</b> | <b>Accumulated depreciation</b> | <b>Accumulated impairment losses</b> | <b>Book value</b> |
| Land      | 527,491                 |                          |                                 |                                      | 527,491           |
| Buildings | 37,176                  | (10)                     | (15,243)                        |                                      | 21,923            |
|           | 564,667                 | (10)                     | (15,243)                        |                                      | 549,414           |

*In millions of won*

|           | <b>December 31, 2013</b> |                          |                                 |                                      |                   |
|-----------|--------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------|
|           | <b>Acquisition cost</b>  | <b>Government grants</b> | <b>Accumulated depreciation</b> | <b>Accumulated impairment losses</b> | <b>Book value</b> |
| Land      | 516,440                  |                          |                                 |                                      | 516,440           |
| Buildings | 37,120                   | (13)                     | (15,220)                        |                                      | 21,887            |
|           | 553,560                  | (13)                     | (15,220)                        |                                      | 538,327           |

**(2) Changes in investment properties for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

|  | <b>March 31, 2014</b>    |                    |                 |                     |                   |               |                       |
|--|--------------------------|--------------------|-----------------|---------------------|-------------------|---------------|-----------------------|
|  | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Depreciation</b> | <b>Impairment</b> | <b>Others</b> | <b>Ending balance</b> |

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|                     |         |       |        |         |
|---------------------|---------|-------|--------|---------|
| Land                | 516,440 |       | 11,051 | 527,491 |
| Buildings           | 21,899  | (183) | 217    | 21,933  |
| (Government grants) | (12)    |       | 2      | (10)    |
|                     | 538,327 | (183) | 11,270 | 549,414 |

*In millions of won*

**December 31, 2013**

|                     | <b>Beginning<br/>balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Depreciation<br/>Impairment</b> | <b>Others</b> | <b>Ending<br/>balance</b> |
|---------------------|------------------------------|--------------------|-----------------|------------------------------------|---------------|---------------------------|
| Land                | 564,195                      |                    |                 |                                    | (47,755)      | 516,440                   |
| Buildings           | 26,270                       |                    |                 | (911)                              | (3,460)       | 21,899                    |
| (Government grants) | (242)                        |                    |                 | 3                                  | 227           | (12)                      |
|                     | 590,223                      |                    |                 | (908)                              | (50,988)      | 538,327                   |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**19. Investment Properties, Continued**

- (3) **Income and expenses related to investment properties for the three-month period ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>          | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|------------------------------------|-----------------------|-----------------------|
| Rental income                      | 2,735                 | 1,960                 |
| Operating and maintenance expenses | (183)                 | (226)                 |
|                                    | <b>2,552</b>          | <b>1,734</b>          |

- (4) **Fair value of investment properties as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b> |                   | <b>December 31, 2013</b> |                   |
|---------------------------|-----------------------|-------------------|--------------------------|-------------------|
|                           | <b>Book value</b>     | <b>Fair value</b> | <b>Book value</b>        | <b>Fair value</b> |
| Land                      | 527,491               | 556,926           | 516,440                  | 541,564           |
| Buildings                 | 21,923                | 22,645            | 21,887                   | 22,680            |
|                           | <b>549,414</b>        | <b>579,571</b>    | <b>538,327</b>           | <b>564,244</b>    |

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

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

**20. Construction Services Contracts**

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

*In millions of won*

|   |                              | <b>March 31, 2014</b>                   |                               |                           |
|---|------------------------------|---|-------------------------------|---------------------------|
|   | <b>Beginning<br/>balance</b> | <b>Increase<br/>and<br/>decrease(*)</b> | <b>Recognized<br/>revenue</b> | <b>Ending<br/>balance</b> |
| Nuclear power plant construction in UAE | 18,522,411                   | 194,566                                 | (428,147)                     | 18,288,830                |
| Kazakhstan EPC and others               | 811,005                      | 173,504                                 | (120,601)                     | 863,908                   |
|   | 19,333,416                   | 368,070                                 | (548,748)                     | 19,152,738                |

- (\*) For the three-month period ended March 31, 2014, the increased balance of contracts from new orders and others is 395,569 million and the decreased balance of contracts from modifications of construction contracts and others is 27,499 million.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**20. Construction Service Contracts, Continued**

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

*In millions of won*

|   |                   | December 31, 2013        |                    |                |
|---|-------------------|--------------------------|--------------------|----------------|
|   | Beginning balance | Increase and decrease(*) | Recognized revenue | Ending balance |
| Nuclear power plant construction in UAE | 20,359,685        | (135,311)                | (1,701,963)        | 18,522,411     |
| Kazakhstan EPC and others               | 607,230           | 754,895                  | (551,120)          | 811,005        |
|   | 20,966,915        | 619,584                  | (2,253,083)        | 19,333,416     |

- (\*) For the year ended December 31, 2013, the increased balance of contracts from new orders and other is 777,955 million and the increased balance of contracts from changes in size of construction is 158,371 million.

- (2) **Accumulated earned revenue, expense and others related to the Company's construction as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won*

|   | March 31, 2014             |                     |                    | Unearned advance receipts |
|---|----------------------------|---------------------|--------------------|---------------------------|
|   | Accumulated earned revenue | Accumulated expense | Accumulated profit |                           |
| Nuclear power plant construction in UAE | 5,388,967                  | 5,107,641           | 281,326            |                           |
| Kazakhstan EPC and others               | 892,288                    | 859,001             | 33,287             |                           |
|   | 6,281,255                  | 5,966,642           | 314,613            |                           |

*In millions of won***December 31, 2013**

|   | <b>Accumulated<br/>earned revenue</b> | <b>Accumulated<br/>expense</b> | <b>Accumulated<br/>profit</b> | <b>Unearned<br/>advance<br/>receipts</b> |
|---|---------------------------------------|--------------------------------|-------------------------------|--|
| Nuclear power plant construction in UAE | 4,960,820                             | 4,708,008                      | 252,812                       |  |
| Kazakhstan EPC and others               | 1,087,779                             | 1,024,156                      | 63,623                        |  |
|   | 6,048,599                             | 5,732,164                      | 316,435                       |  |

- (3) **Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won***March 31, 2014****December 31, 2013**

|   | <b>Assets</b> |             | <b>Liabilities</b> |             |
|---|---------------|-------------|--------------------|-------------|
|   | <b>(*1)</b>   | <b>(*2)</b> | <b>(*1)</b>        | <b>(*2)</b> |
| Nuclear power plant construction in UAE |               | 1,041,002   |                    | 812,642     |
| Kazakhstan EPC and others               | 105,802       | 8,229       | 98,726             | 30,907      |
|   | 105,802       | 1,049,231   | 98,726             | 843,549     |

(\*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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**21. Intangible Assets other than Goodwill****(1) Intangible assets as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

|  | <b>March 31, 2014</b>       |                              |                                     |  |                       |
|--|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|  | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>amortization</b> | <b>Accumulated<br/>impairment<br/>losses</b> | <b>Book<br/>value</b> |
| Software   | 341,587                     | (447)                        | (278,688)                           |  | 62,452                |
| Licenses and franchises                                | 3,398                       |                              | (3,289)                             |  | 109                   |
| Copyrights, patents rights and other industrial rights | 31,258                      |                              | (7,010)                             |  | 24,248                |
| Mining rights  | 505,831                     |                              | (6,823)                             |  | 499,008               |
| Development expenditures                               | 724,744                     | (11,181)                     | (653,080)                           |  | 60,483                |
| Intangible assets under development                    | 54,542                      | (8,190)                      |                                     |  | 46,352                |
| Usage rights of donated assets and other               | 373,376                     | (51)                         | (310,892)                           |  | 62,433                |
| Leasehold rights                                       | 19,112                      |                              | (18,308)                            |  | 804                   |
| Others   | 160,097                     |                              | (66,868)                            | (12,579)                                     | 80,650                |
|  | 2,213,945                   | (19,869)                     | (1,344,958)                         | (12,579)                                     | 836,539               |

*In millions of won*

|  | <b>December 31, 2013</b>    |                              |                                     |  |                       |
|--|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|  | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>amortization</b> | <b>Accumulated<br/>impairment<br/>losses</b> | <b>Book<br/>value</b> |
| Software   | 335,489                     | (428)                        | (269,740)                           |  | 65,321                |
| Licenses and franchises                                | 3,398                       |                              | (3,190)                             |  | 208                   |
| Copyrights, patents rights and other industrial rights | 31,218                      |                              | (6,265)                             |  | 24,953                |
| Mining rights  | 476,844                     |                              | (6,286)                             |  | 470,558               |
| Development expenditures                               | 722,082                     | (11,705)                     | (645,928)                           |  | 64,449                |
| Intangible assets under development                    | 52,050                      | (7,792)                      |                                     |  | 44,258                |

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|  |           |          |             |          |         |
|--|-----------|----------|-------------|----------|---------|
| Usage rights of donated assets and other | 373,376   | (53)     | (308,666)   |          | 64,657  |
| Leasehold rights                         | 19,112    |          | (18,300)    |          | 812     |
| Others                                   | 152,917   | (1)      | (64,889)    | (12,579) | 75,448  |
|  | 2,166,486 | (19,979) | (1,323,264) | (12,579) | 810,664 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(2) Changes in intangible assets for the three-month period ended March 31, 2014 and for the year ended December 31 are as follows:**

*In millions of won*

|  | <b>March 31, 2014</b>    |                    |                 |                     |                          | <b>Ending balance</b> |
|--|--------------------------|--------------------|-----------------|---------------------|--------------------------|-----------------------|
|  | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Amortization</b> | <b>Impairment Others</b> |                       |
| Software   | 65,751                   | 163                |                 | (8,882)             | 5,867                    | 62,899                |
| (Government grants)                                    | (430)                    |                    |                 | 43                  | (60)                     | (447)                 |
| Licenses and franchises                                | 208                      |                    |                 | (99)                |                          | 109                   |
| Copyrights, patents rights and other industrial rights | 24,953                   | 23                 |                 | (736)               | 8                        | 24,248                |
| Mining rights  | 470,558                  | 7,989              |                 | (403)               | 20,864                   | 499,008               |
| Development expenditures                               | 76,154                   | 3                  |                 | (7,127)             | 2,634                    | 71,664                |
| (Government grants)                                    | (11,705)                 |                    |                 | 1,051               | (527)                    | (11,181)              |
| Intangible assets under development                    | 52,050                   | 4,776              |                 |                     | (2,284)                  | 54,542                |
| (Government grants)                                    | (7,792)                  | (1,064)            |                 |                     | 666                      | (8,190)               |
| Usage rights of donated assets and other               | 64,710                   |                    |                 | (2,226)             |                          | 62,484                |
| (Government grants)                                    | (53)                     |                    |                 | 2                   |                          | (51)                  |
| Leasehold rights                                       | 812                      |                    |                 | (8)                 |                          | 804                   |
| Others   | 75,449                   | 138                |                 | (1,478)             | 6,541                    | 80,650                |
| (Government grants)                                    | (1)                      |                    |                 | 1                   |                          |                       |
|  | 810,664                  | 12,028             |                 | (19,862)            | 33,709                   | 836,539               |

*In millions of won***December 31, 2013**

|          | <b>December 31, 2013</b> |                    |                 |                     |                          | <b>Ending balance</b> |
|----------|--------------------------|--------------------|-----------------|---------------------|--------------------------|-----------------------|
|          | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Amortization</b> | <b>Impairment Others</b> |                       |
| Software | 83,370                   | 12,311             |                 | (39,419)            | 9,489                    | 65,751                |

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|  |          |         |      |          |       |          |          |
|--|----------|---------|------|----------|-------|----------|----------|
| (Government grants)                                    | (199)    |         |      | 160      |       | (391)    | (430)    |
| Licences and franchises                                | 844      |         |      | (636)    |       |          | 208      |
| Copyrights, patents rights and other industrial rights | 16,481   | 587     | (1)  | (2,130)  |       | 10,016   | 24,953   |
| Mining rights  | 525,806  | 27,429  |      | (1,698)  |       | (80,979) | 470,558  |
| Development expenditures                               | 80,689   | 651     |      | (34,892) |       | 29,706   | 76,154   |
| (Government grants)                                    | (12,371) |         |      | 5,686    |       | (5,020)  | (11,705) |
| Intangible assets under development                    | 44,316   | 30,608  |      |          | (4)   | (22,870) | 52,050   |
| (Government grants)                                    | (7,305)  | (5,845) |      |          |       | 5,358    | (7,792)  |
| Usage rights of donated assets and other               | 72,343   |         |      | (8,798)  |       | 1,165    | 64,710   |
| (Government grants)                                    | (64)     |         |      | 11       |       |          | (53)     |
| Leasehold rights                                       | 847      |         |      | (35)     |       |          | 812      |
| Others   | 79,058   | 3,266   | (35) | (6,628)  | (263) | 51       | 75,449   |
| (Government grants)                                    | (1)      |         |      |          |       |          | (1)      |
|  | 883,814  | 69,007  | (36) | (88,379) | (267) | (53,475) | 810,664  |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(3) Significant specific intangible assets as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won and thousands of Australian dollars***March 31, 2014**

| Type   | Description  | Currency | Amount  | Remaining useful<br>years                      |
|--|--|----------|---------|--|
| Software   | ERP system and others  | KRW      | 7,197   | 1 year and 8 months ~<br>1 years and 11 months |
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right                                   | KRW      | 8,500   | 8 years and 6 months                           |
| Mining rights  | Mining right of Bylong mine  | AUD      | 401,225 | (*)  |
| Development expenditures                               | KOSPO Evolutionary Efficient & Powerful System(KEEPS)  | KRW      | 7,766   | 3 years and 3 months                           |
| Development expenditures                               | Development of maintenance system for utility plant  | KRW      | 2,071   | 3 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      | 7,475   |  |
| Usage rights of donated assets                         | Songdo international business district(sector 1, 3) sharing charge   | KRW      | 5,459   | 3 years and 7 months                           |
| Usage rights of donated assets                         | Dangjin power plant load facility usage right  | KRW      | 44,074  | 7 years  |
| Others   | Shingwangju electricity supply facility usage right  | KRW      | 3,473   | 5 years and 2 months                           |
| Others   | Sillim electricity supply facility usage right   | KRW      | 3,424   | 7 years and 8 months                           |

(\* ) Mining rights are amortized using the production method.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(3) Significant specific intangible assets as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of Australian dollars***December 31, 2013**

| Type   | Description  | Currency | Amount  | Remaining useful years                         |
|--|--|----------|---------|--|
| Software   | ERP system and others  | KRW      | 8,163   | 1 year and 11 months ~<br>2 years and 2 months |
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right                                   | KRW      | 8,750   | 8 years and 9 months                           |
| Mining rights  | Mining right of Bylong mine  | AUD      | 401,225 | (*)  |
| Development expenditures                               | KOSPO Evolutionary Efficient & Powerful System(KEEPS)  | KRW      | 8,629   | 3 years and 6 months                           |
| Development expenditures                               | Development of maintenance system for utility plant  | KRW      | 2,212   | 3 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      | 7,448   |  |
| Usage rights of donated assets                         | Songdo international business district(sector 1, 3) sharing charge   | KRW      | 5,840   | 3 years and 10 months                          |
| Usage rights of donated assets                         | Dangjin power plant load facility usage right  | KRW      | 45,648  | 7 years and 3 months                           |
| Others   | Shingwangju electricity supply facility usage right  | KRW      | 3,641   | 5 years and 5 months                           |
| Others   | Sillim electricity supply facility usage right   | KRW      | 3,536   | 7 years and 11 months                          |

(\* ) Mining rights are amortized using the production method.

**(4) For the three-month periods ended March 31, 2014 and 2013, the Company recognized research and development expenses of 112,005 million and 118,551 million, respectively.**

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**22. Trade and Other Payables**

Trade and other payables as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>   | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|-----------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                             | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Trade payables              | 2,906,187             |                    | 3,107,082                |                    |
| Other trade payables        | 1,213,461             | 3,107,075          | 1,475,048                | 3,068,631          |
| Accrued expenses            | 1,026,924             | 2,333              | 1,076,868                | 2,318              |
| Leasehold deposits received | 1,627                 |                    | 1,636                    |                    |
| Other deposits received     | 140,648               | 89,246             | 115,216                  | 90,055             |
| Finance lease liabilities   | 112,756               | 742,259            | 115,308                  | 769,658            |
| Dividends payable           | 101,128               |                    | 1,605                    |                    |
| Others                      |                       | 36,984             |                          | 40,857             |
|                             | 5,502,731             | 3,977,897          | 5,892,763                | 3,971,519          |

**23. Borrowings and Debt Securities**

(1) Borrowings and debt securities as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>                                 | <b>March 31,<br/>2014</b> | <b>December 31, 2013</b> |
|---|---------------------------|--------------------------|
| <b>Current liabilities</b>                                |                           |                          |
| Short-term borrowings                                     | 926,780                   | 579,327                  |
| Current portion of long-term borrowings                   | 805,046                   | 893,532                  |
| Current portion of debt securities                        | 6,448,729                 | 6,625,007                |
| Less: Current portion of discount on long-term borrowings | (1,603)                   | (1,997)                  |
| Less: Current portion of discount on debt securities      | (2,763)                   | (8,371)                  |

|   |            |            |
|---|------------|------------|
|   | 8,176,189  | 8,087,498  |
| <b>Non-current liabilities</b>          |            |            |
| Long-term borrowings                    | 4,490,154  | 4,555,769  |
| Debt securities                         | 49,033,143 | 48,367,149 |
| Less : Discount on long-term borrowings | (16,927)   | (17,379)   |
| Less : Discount on debt securities      | (110,753)  | (105,240)  |
| Add: Premium on debt securities         | 320        | 353        |
|   | 53,395,937 | 52,800,652 |
|   | 61,572,126 | 60,888,150 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued**

(2) Short-term borrowings as of March 31, 2014 and December 31, 2013 are as follows:

*In millions of won*

| Type                          | Creditor                       | March 31, 2014                 |     | Foreign currency |  | Local currency |         |
|-------------------------------|--------------------------------|--------------------------------|-----|------------------|--|----------------|---------|
|                               |                                | Interest rate (%)              |     |                  |  |                |         |
| Local short-term borrowings   | Korea Exchange Bank and others | 2.56 ~ 2.76                    |     |                  |  |                | 245,000 |
| Local commercial paper        | Samsung Securities and others  | 0.65 ~ 2.76                    |     |                  |  |                | 240,500 |
| Foreign short-term borrowings | RBS and others                 | 0.16 ~ 1.11                    | USD | 37,449           |  |                | 400,258 |
| Credit Agricole               |                                | 3M Libor+0.35                  | USD | 3,471            |  |                | 37,103  |
| Local bank overdraft          | Woori Bank                     | Standard overdraft rate + 1.27 |     |                  |  |                | 3,919   |
|                               |                                |                                |     |                  |  |                | 926,780 |

*In millions of won*

| Type                        | Creditor                       | December 31, 2013 |  | Foreign currency |  | Local currency |         |
|-----------------------------|--------------------------------|-------------------|--|------------------|--|----------------|---------|
|                             |                                | Interest rate (%) |  |                  |  |                |         |
| Local short-term borrowings | Shinhan Bank and others        | 2.78              |  |                  |  |                | 70,000  |
| Local commercial paper      | Korea Exchange Bank and others | 2.80 ~ 2.85       |  |                  |  |                | 297,500 |

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|                               |                |                                |             |         |
|-------------------------------|----------------|--------------------------------|-------------|---------|
| Foreign short-term borrowings | ANZ and others | 0.67 ~ 6.50                    | USD 154,313 | 162,846 |
| Foreign short-term borrowings | Scotia Bank    | TIE + 1.25                     | USD 5,447   | 5,748   |
| Local bank overdraft          | Woori Bank     | Standard overdraft rate + 1.27 |             | 43,233  |
|                               |                |                                |             | 579,327 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won and thousands of foreign currencies*

|                                   |                                | <b>March 31, 2014</b>            |      |                 |                 |
|-----------------------------------|--------------------------------|----------------------------------|------|-----------------|-----------------|
| <b>Type</b>                       |                                | <b>Interest rate</b>             |      | <b>Maturity</b> | <b>Foreign</b>  |
|                                   |                                | <b>(%)</b>                       |      |                 | <b>currency</b> |
|                                   |                                |                                  |      |                 | <b>Local</b>    |
|                                   |                                |                                  |      |                 | <b>currency</b> |
| <b>Local long-term borrowings</b> |                                |                                  |      |                 |                 |
| Korea Development Bank            | Others                         | 0.5                              |      | 2014 ~ 2044     | 7,834           |
|                                   | Facility                       | 4.60                             |      | 2028            | 43,600          |
|                                   | Facility                       | 3yr KTB rate                     | 1.25 | 2027            | 9,000           |
| Korea Exchange Bank               | Commercial Paper               | 3M CD+ 0.03~0.54                 |      | 2014 ~ 2016     | 1,100,000       |
|                                   | Facility                       | 3yr KTB rate                     | 1.25 | 2021 ~ 2028     | 11,602          |
|                                   | Facility                       | 4.60                             |      | 2028            | 20,000          |
|                                   | Energy rationalization         | 3yr KTB rate                     | 1.25 | 2019            | 1,000           |
|                                   | Energy rationalization         | 2.75~3.20                        |      | 2015~2016       | 7,381           |
| Korea Industrial Bank             | Development of power resources | 4.00                             |      | 2016            | 14,200          |
|                                   | Others                         | KTB rate                         | 1.25 | 2016            | 12,000          |
| Kookmin Bank                      | Development of power resources | 4.00                             |      | 2015            | 12,540          |
| Hana Bank                         | Development of power resources | 4.00                             |      | 2014            | 8,000           |
|                                   | Others                         | KTB rate                         | 1.25 | 2014            | 12,300          |
|                                   | PF Refinancing                 | CD+1.70                          |      | 2026            | 21,613          |
|                                   | PF Refinancing                 | 4.80                             |      | 2026            | 11,991          |
| Export-Import Bank of Korea       | Project loans                  | 2.00                             |      | 2026            | 36,827          |
| Korea Finance Corporation         | Facility                       | 1yr KoFC bond rate + 0.20 ~ 0.31 |      | 2018 ~ 2019     | 2,300,000       |
| Korea Resources Corporation       | Development of power resources | 3yr KTB rate                     | 2.25 | 2022 ~ 2027     | 40,741          |
|                                   | Facility                       | 3yr KTB rate                     | 2.25 | 2023 ~ 2024     | 5,270           |
|                                   | Project loans                  |                                  |      | 2022 ~ 2027     | 8,677           |
|                                   | Others                         | KTB rate-2.25                    |      | 2022 ~ 2025     | 19,554          |

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| Shinhan Bank |                | 3yr Corporate bond |             |           |
|--------------|----------------|--------------------|-------------|-----------|
|              | Facility       | AA-+1.10           | 2028        | 30,000    |
| Woori Bank   | PF Refinancing | CD+1.70            | 2023 ~ 2026 | 21,613    |
|              | PF Refinancing | 4.80               | 2026        | 11,991    |
| Others       | Facility       | 4.60~5.80          | 2025 ~ 2028 | 158,260   |
|              | PF Refinancing | 4.80               | 2026        | 17,267    |
|              | PF Refinancing | CD+1.70            | 2026        | 523       |
|              | Others         | 9.00               | 2015        | 16,427    |
|              | Others         |                    | 2023~2028   | 30,689    |
|              |                |                    |             | 3,990,900 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

|   |                            | <b>March 31, 2014</b> |                 |     | <b>Foreign</b>  | <b>Local</b>    |
|---|----------------------------|-----------------------|-----------------|-----|-----------------|-----------------|
| <b>Type</b>   |                            | <b>Interest rate</b>  | <b>Maturity</b> |     | <b>currency</b> | <b>currency</b> |
|   |                            | <b>(%)</b>            |                 |     |                 |                 |
| <b>Foreign long-term borrowings</b>                       |                            |                       |                 |     |                 |                 |
| Korea National Oil Corporation                            | Project loans              |                       | 2021 ~ 2023     | USD | 8,784           | 9,388           |
| Export-Import Bank of US and others                       | Project loans              | 4.48 ~ 8.28           | 2014            | USD | 14,662          | 15,672          |
| JBIC  | Project loans              | 6M Libor + 1.20       | 2014            | USD | 4,040           | 4,318           |
| Export-Import Bank of Korea and others                    | Direct loans and others    | 3M Libor + 2.60~3.70  | 2027            | JOD | 205,072         | 309,511         |
|   | Commercial Loan and others | 3M Libor+ 1.50~2.50   | 2030~2033       | USD | 300,754         | 321,446         |
| SCNT and others   | Shareholder s loan         | 6.50                  | 2033            | USD | 41,142          | 43,973          |
|   | Shareholder s loan         | 8.00                  | 2031            | JOD | 8,498           | 12,826          |
| PT PJB and others   | Shareholder s loan         | 12.75                 | 2017            | IDR | 23,362,297      | 2,198           |
| HSBC and others   | Syndicated loan            | 3M Libor + 0.27~1.50  | 2014 ~ 2017     | USD | 374,124         | 399,865         |
| Others  | Others                     | 3M Libor+0.95         | 2017            | USD | 162,092         | 173,245         |
|   | Others                     |                       | 2019            | USD | 11,041          | 11,802          |
|   | Others                     | 3M Euribor + 4.5%     | 2018            | EUR | 38              | 56              |
|   |                            |                       |                 |     |                 | 1,304,300       |
|   |                            |                       |                 |     |                 | 5,295,200       |
| Less : Discount of long-term borrowings                   |                            |                       |                 |     |                 | (18,530)        |
| Less : Current portion of long-term borrowings            |                            |                       |                 |     |                 | (805,046)       |
| Add : Current portion of discount of long-term borrowings |                            |                       |                 |     |                 | 1,603           |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

|                                   |                                | December 31, 2013                   |      |           |                     |
|-----------------------------------|--------------------------------|-------------------------------------|------|-----------|---------------------|
| Type                              |                                | Interest rate                       |      | Maturity  | Foreign<br>currency |
|                                   |                                | (% )                                |      |           | Local<br>currency   |
| <b>Local long-term borrowings</b> |                                |                                     |      |           |                     |
| Korea Development Bank            | Others                         | 0.50                                |      | 2014~2044 | 8,109               |
|                                   | Facility                       | 4.60                                |      | 2028      | 43,600              |
|                                   | Facility                       | 3yr KTB rate                        | 1.25 | 2027      | 9,000               |
| Korea Exchange Bank               | Commercial Paper               | 3M CD + 0.03~0.54                   |      | 2014~2016 | 1,300,000           |
|                                   | Facility                       | 3yr KTB rate                        | 1.75 | 2021      | 11,779              |
|                                   | Facility                       | 4.60                                |      | 2028      | 20,000              |
|                                   | Energy rationalization         | 3yr KTB rate                        | 1.75 | 2015~2019 | 1,050               |
|                                   | Energy rationalization         | 2.75 ~ 3.20                         |      | 2015~2016 | 7,381               |
| Korea Industrial Bank             | Development of power resources | 4.00                                |      | 2016      | 14,200              |
|                                   | Others                         | 3yr KTB rate                        | 1.25 | 2016      | 12,000              |
| Kookmin Bank                      | Development of power resources | 4.00                                |      | 2015      | 12,540              |
| Hana Bank                         | Development of power resources | 4.00                                |      | 2014      | 8,000               |
|                                   | Others                         | 3yr KTB rate                        | 1.25 | 2024~2025 | 12,300              |
|                                   | PF Refinancing                 | CD+1.7%                             |      | 2026      | 21,613              |
|                                   | PF Refinancing                 | 4.80                                |      | 2026      | 11,991              |
| Export-Import Bank of Korea       | Project loans                  | 2.00                                |      | 2026      | 36,827              |
| Korea Finance Corporation         | Facility                       | 1yr KoFC bond rate +<br>0.20 ~ 0.31 |      | 2018~2019 | 2,300,000           |
| Korea Resources Corporation       | Development of power resources | 3yr KTB rate                        | 2.25 | 2014~2027 | 64,202              |
|                                   | Facility                       | 0.75 ~ 1.75                         |      | 2023      | 5,355               |
| Project loans                     |                                |                                     |      |           | 8,677               |
|                                   | Others                         | 3yr KTB rate                        | 2.25 | 2024~2025 | 13,707              |

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|                         |                |                       |           |         |
|-------------------------|----------------|-----------------------|-----------|---------|
| Shinhan Bank and others | Facility       | 3yr AA-CB rate + 1.10 | 2028      | 30,000  |
| Woori Bank              | PF Refinancing | CD+1.7%               | 2026      | 21,613  |
|                         | PF Refinancing | 4.80                  | 2026      | 11,991  |
| Others                  | Facility       | 4.60~5.80             | 2025~2028 | 159,200 |
|                         | PF Refinancing | 4.80                  | 2026      | 17,267  |
|                         | PF Refinancing | CD+1.7%               | 2026      | 524     |
|                         | Others         | 3yr KTB rate 2.25     | 2023~2028 | 30,774  |

4,193,700



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(3) Long-term borrowings as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

|  |                            | December 31, 2013   |           |     | Foreign    | Local     |
|--|----------------------------|---------------------|-----------|-----|------------|-----------|
| Type                                   |                            | Interest rate       | Maturity  |     | currency   | currency  |
|  |                            | (%)                 |           |     |            |           |
| <b>Foreign long-term borrowings</b>    |                            |                     |           |     |            |           |
| Korea National Oil Corporation         | Project loans              | 3yr KTB rate 2.25   |           | USD | 8,784      | 9,270     |
| Export-Import Bank of US               | Project loans              | 4.48                | 2014      | USD | 5,598      | 5,908     |
| JBIC                                   | Project loans              | 6M Libor +1.2       | 2014      | USD | 10,301     | 10,870    |
| Export-Import Bank of Korea and others | Project loans              | 7.20                | 2014      | USD | 2,803      | 2,958     |
|  | Term loan                  | LIBOR + 2.25        | 2033      | USD | 151,921    | 160,322   |
|  | Direct loan and others     | LIBOR + 2.6~3.7     | 2027      | JOD | 129,975    | 194,062   |
| Proparco and others                    | Shareholder's loan         | LIBOR + 3.7         | 2027      | USD | 106,249    | 112,125   |
| PT PJB                                 | Shareholder's loan         | 8.00                | 2031      | JOD | 8,498      | 12,688    |
|  | Shareholder's loan         | 6.50                |           | USD | 31,876     | 33,639    |
|  | Shareholder's loan         | 12.75               | 2017      | IDR | 22,446,293 | 1,939     |
| SMBC and others                        | Commercial loan and others | LIBOR + 1.5~2.5     | 2030~2033 | USD | 131,603    | 138,881   |
| HSBC and others                        | Syndicated loan            | 3M Libor+0.27~ 1.50 | 2014~2017 | USD | 374,124    | 394,813   |
| Others                                 | Others                     |                     | 2019~2031 | USD | 11,276     | 11,900    |
|  | Others                     | LIBOR + 0.95        |           | USD | 157,516    | 166,226   |
|  |                            |                     |           |     |            | 1,255,601 |
|  |                            |                     |           |     |            | 5,449,301 |

|   |           |
|---|-----------|
| Less : Discount of long-term borrowings                   | (19,376)  |
| Less : Current portion of long-term borrowings            | (893,532) |
| Add : Current portion of discount of long-term borrowings | 1,997     |
|   | 4,538,390 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(4) Local debt securities as of March 31, 2014 and December 31, 2013 are as follows:***In  
millions  
of won*

|  | Issue date              | Maturity                | Interest rate (%)   | March 31,<br>2014 | December 31,<br>2013 |
|--|-------------------------|-------------------------|---------------------|-------------------|----------------------|
| Electricity<br>Bonds                                       | 2008.06.05 ~ 2013.06.28 | 2014.04.28 ~ 2032.08.06 | 2.77 ~ 7.19         | 26,310,000        | 27,290,000           |
| Electricity<br>Bonds                                       | 2010.05.28 ~ 2013.06.25 | 2015.05.28~ 2018.06.25  | 3M CD + 0.25 ~ 1.05 | 1,160,000         | 1,160,000            |
| Corporate<br>Bonds   | 2008.11.13 ~ 2014.03.26 | 2014.04.19~ 2040.12.10  | 2.60 ~ 7.18         | 16,030,010        | 15,150,010           |
|  |                         |                         |                     | 43,500,010        | 43,600,010           |
| Less : Discount on local debt securities                   |                         |                         |                     | (39,637)          | (37,675)             |
| Less : Current portion of local debt securities            |                         |                         |                     | (4,350,000)       | (4,250,000)          |
| Add : Current portion of discount on local debt securities |                         |                         |                     | 1,012             | 679                  |
|  |                         |                         |                     | 39,111,385        | 39,313,014           |

**(5) Foreign debt securities as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

| Type  | Issue date            | Maturity              | Interest rate (%) | March 31, 2014      |                   |
|-------|-----------------------|-----------------------|-------------------|---------------------|-------------------|
|       |                       |                       |                   | Foreign<br>currency | Local<br>currency |
| FY-96 | 1996.04.01~1996.12.06 | 2026.12.06~2096.04.01 | 6.00~8.37         | USD 250,022         | 267,223           |

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|  |                       |                       |                        |     |            |             |
|--|-----------------------|-----------------------|------------------------|-----|------------|-------------|
| FY-97  | 1997.01.31~2027.01.31 | 2027.01.31~2027.08.04 | 6.75~7.00              | USD | 314,717    | 336,370     |
| FY-04(*)   | 2004.04.21~2004.07.21 | 2014.07.21~2034.04.21 | 5.13~5.75              | USD | 450,000    | 480,960     |
| FY-06  | 2006.03.14~2006.09.29 | 2016.03.14~2016.09.29 | 5.50~6.00              | USD | 650,000    | 694,720     |
| FY-08  | 2008.11.27            | 2018.11.27            | 4.19                   | JPY | 20,000,000 | 207,746     |
| FY-09  | 2009.06.17~2009.07.21 | 2014.06.17~2014.07.21 | 5.50~6.25              | USD | 1,500,000  | 1,603,200   |
| FY-10  | 2010.09.16~2010.10.05 | 2015.09.16~2015.10.05 | 3.00~3.13              | USD | 1,200,000  | 1,282,560   |
| FY-10  | 2010.07.29~2010.11.18 | 2015.07.29~2015.11.18 | 3M Libor+1.00~1.64     | USD | 250,000    | 267,200     |
| FY-11  | 2011.07.13~2011.07.29 | 2017.01.30~2021.07.13 | 3.63~4.75              | USD | 800,000    | 855,040     |
| FY-11  | 2011.02.18~2011.04.15 | 2014.04.15~2011.04.15 | 3M USD Libor+0.80~1.00 | USD | 300,000    | 320,640     |
| FY-12  | 2012.05.10~2012.09.19 | 2017.05.10~2022.09.19 | 2.50~3.13              | USD | 1,750,000  | 1,870,400   |
| FY-13  | 2013.02.05~2013.11.27 | 2018.02.05~2018.11.27 | 1.88~3.16              | USD | 1,900,000  | 2,030,720   |
| FY-13  | 2013.09.26~2013.10.23 | 2019.03.26~2019.04.23 | 1.50 ~ 1.63            | CHF | 400,000    | 481,820     |
| FY-13  | 2013.09.25            | 2020.09.25            | 5.75                   | AUD | 325,000    | 321,344     |
| FY-13  | 2013.02.20~2013.07.25 | 2018.02.20~2018.07.25 | 3M Libor+0.84~1.50     | USD | 500,000    | 534,400     |
| FY-14  | 2014.02.11            | 2019.02.11            | 2.75                   | USD | 300,000    | 320,640     |
| FY-14  | 2014.01.28            | 2017.01.28            | 3M Libor+105bp         | USD | 100,000    | 106,879     |
|  |                       |                       |                        |     |            | 11,981,862  |
| Less : Discount on foreign debt securities                   |                       |                       |                        |     |            | (73,879)    |
| Add : Premium on foreign debt securities                     |                       |                       |                        |     |            | 320         |
| Less : Current portion of foreign debt securities            |                       |                       |                        |     |            | (2,098,729) |
| Add : Current portion of discount on foreign debt securities |                       |                       |                        |     |            | 1,751       |
|  |                       |                       |                        |     |            | 9,811,325   |

(\*) For Global 4 in FY-04, early redemption of USD 13,080,000 was requested during the three-month period ended March 31, 2014 and remaining amount has been converted to non-current portion based on the redemption date (April 23, 2014).

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(5) Foreign debt securities as of March 31, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

|  |                       |                       |                          | <b>December 31, 2013</b>    |                           |
|--|-----------------------|-----------------------|--------------------------|-----------------------------|---------------------------|
| <b>Type</b>  | <b>Issue date</b>     | <b>Maturity</b>       | <b>Interest rate (%)</b> | <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                         | 250,022                   |
| FY-97  | 1997.01.31~1997.08.04 | 2027.01.31~2027.08.04 | 6.75~7.00                | USD                         | 314,717                   |
| FY-04(*)   | 2004.04.21~2004.07.21 | 2014.07.21~2034.04.21 | 5.13~5.75                | USD                         | 450,000                   |
| FY-06  | 2006.03.14~2006.09.29 | 2016.03.14~2016.09.29 | 5.50~6.00                | USD                         | 650,000                   |
| FY-08  | 2008.11.27            | 2018.11.27            | 4.19                     | JPY                         | 20,000,000                |
| FY-09  | 2009.06.17~2009.07.21 | 2014.06.17~2014.07.21 | 5.50~6.25                | USD                         | 1,500,000                 |
| FY-10  | 2010.09.16~2010.10.05 | 2015.09.16~2015.10.05 | 3.00~3.13                | USD                         | 1,200,000                 |
| FY-10  | 2010.07.29~2010.11.18 | 2015.07.29~2015.11.18 | 3M USD Libor+1.00~1.64   | USD                         | 250,000                   |
| FY-11  | 2011.07.13~2011.07.29 | 2017.01.29~2021.07.13 | 3.63~4.75                | USD                         | 800,000                   |
| FY-11  | 2011.02.18~2011.04.15 | 2014.04.15~2014.09.17 | 3M USD Libor+0.80~1.00   | USD                         | 300,000                   |
| FY-12  | 2012.05.10~2012.09.19 | 2017.05.10~2022.09.19 | 2.50~3.00                | USD                         | 1,750,000                 |
| FY-13  | 2013.02.20~2013.07.25 | 2018.02.20~2018.07.25 | 3M USD Libor+0.84~1.5    | USD                         | 500,000                   |
| FY-13  | 2013.09.25            | 2020.09.25            | 5.75                     | AUD                         | 325,000                   |
| FY-13  | 2013.09.26~2013.10.23 | 2019.03.26~2019.04.23 | 1.50~1.63                | CHF                         | 400,000                   |
| FY-13  | 2013.02.05~2013.11.27 | 2018.02.05~2018.11.27 | 1.88~3.16                | USD                         | 1,900,000                 |
|  |                       |                       |                          |                             | 11,392,146                |
| Less : Discount on foreign debt securities                   |                       |                       |                          |                             | (75,936)                  |
| Add : Premium on foreign debt securities                     |                       |                       |                          |                             | 353                       |
| Less : Current portion of foreign debt securities            |                       |                       |                          |                             | (2,375,007)               |
| Add : Current portion of discount on foreign debt securities |                       |                       |                          |                             | 7,692                     |
|  |                       |                       |                          |                             | 8,949,248                 |

- (\*) Global 4 in FY-04 can be redeemed on April 23, 2014 if bond holders claim the redemption from February 7, 2014 (75 days) to February 22, 2014 (60 days).

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(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, 2014 and December 31, 2013 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> | <b>March 31, 2014</b>         |  | <b>December 31, 2013</b>      |  |
|---------------------------|-------------------------------|--|-------------------------------|--|
|                           | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> |
| Less than 1 year          | 196,604                       | 112,756  | 202,309                       | 115,308  |
| 1 ~ 5 years               | 692,653                       | 505,599  | 716,928                       | 521,031  |
| More than 5 years         | 359,814                       | 236,660  | 381,742                       | 248,627  |
|                           | 1,249,071                     | 855,015  | 1,300,979                     | 884,966  |

**(3) Current and non-current portion of financial lease liabilities as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------|-----------------------|--------------------------|
|---------------------------|-----------------------|--------------------------|

|                                       |         |         |
|---------------------------------------|---------|---------|
| Current finance lease liabilities     | 112,756 | 115,308 |
| Non-current finance lease liabilities | 742,259 | 769,658 |
|                                       | 855,015 | 884,966 |

- (4) Lease payments recognized as an expense from a lessee position for the three-month periods ended March 31, 2014 and 2013 are as follows:

| <i>In millions of won</i> | March 31, 2014 | March 31, 2013 |
|---------------------------|----------------|----------------|
| Minimum lease payment     | 63,080         | 69,720         |
| Contingent rent payment   | (4,607)        | (4,054)        |

- (5) The Company does not have any irrevocable operating lease contracts as of March 31, 2014 and December 31, 2013.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**25. Employment Benefits****(1) Employment benefit obligations as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>                    | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|-----------------------|--------------------------|
| Defined benefit obligations                  | 2,120,216             | 2,064,505                |
| Other long-term employee benefit obligations | 74,311                | 72,791                   |
|  | 2,194,527             | 2,137,296                |

**(2) Principal assumptions on actuarial valuation as of March 31, 2014 and December 31, 2013 are as follows:**

|                                  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|----------------------------------|-----------------------|--------------------------|
| Discount rate                    | 3.70% ~ 4.00%         | 3.72% ~ 4.12%            |
| Future salary and benefit levels | 5.45%                 | 4.80%                    |
| Weighted average duration        | 13.08 years           | 12.90 years              |

**(3) Details of expense relating to defined benefit plans for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>      | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--------------------------------|-----------------------|-----------------------|
| Current service cost           | 76,307                | 84,160                |
| Interest cost                  | 25,807                | 24,292                |
| Expected return on plan assets | (5,603)               | (3,430)               |
| Others                         |                       |                       |
|                                | 96,511                | 105,022               |

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

| <i>In millions of won</i>                    | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--|-----------------------|-----------------------|
| Cost of sales                                | 69,316                | 74,898                |
| Selling and administrative expenses          | 17,729                | 18,586                |
| Others (Construction-in-progress and others) | 9,466                 | 11,538                |
|  | 96,511                | 105,022               |

In addition, for the three-month period ended March 31, 2014 and 2013, employee benefit obligations expenses of 11,411 million and 10,415 million, respectively, is recognized as cost of sales, and 967 million and 1,449 million, respectively, is recognized as selling and administrative expenses, and 3,384 million and 2,544 million, respectively relates to the Company's defined contribution plans.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

| <i>In millions of won</i>                                       | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---|-----------------------|--------------------------|
| Present value of defined benefit obligation from funded plans   | 2,686,679             | 2,629,057                |
| Fair value of plan assets                                       | (566,461)             | (564,552)                |
|   | 2,120,218             | 2,064,505                |
| Present value of defined benefit obligation from unfunded plans |                       |                          |
| Net liabilities incurred from defined benefit plans             | 2,120,218             | 2,064,505                |

**(5) Changes in the present value of defined benefit obligations for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------|-----------------------|--------------------------|
| Beginning balance         | 2,629,057             | 2,542,207                |
| Current service cost      | 76,307                | 348,945                  |
| Interest cost (*)         | 25,807                | 100,315                  |
| Remeasurement component   | 22,115                | (204,478)                |
| Actual payments           | (67,574)              | (157,711)                |
| Others                    | 967                   | (221)                    |
| Ending balance            | 2,686,679             | 2,629,057                |

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**25. Employment Benefits, Continued****(6) Changes in the fair value of plan assets for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

| <i>In millions of won</i>      | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--------------------------------|-----------------------|--------------------------|
| Beginning balance              | 564,552               | 472,342                  |
| Expected return                | 5,603                 | 15,975                   |
| Remeasurement component        | (1,180)               | 243                      |
| Contributions by the employers | 113                   | 90,011                   |
| Contributions by the employees |                       | 11,709                   |
| Actual payments                | (2,769)               | (25,532)                 |
| Others                         | 142                   | (196)                    |
| Ending balance                 | 566,461               | 564,552                  |

In addition, gain or loss on accumulated remeasurement component amounted to (40,065) million and 39,591 million and has been recognized as other comprehensive income for the three-month period ended March 31, 2014 and December 31, 2013, respectively.

**(7) Details of the fair value of plan assets as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------|-----------------------|--------------------------|
| Equity instruments        | 28,525                | 35,463                   |
| Debt instruments          | 133,392               | 124,056                  |
| Bank deposit              | 109,191               | 117,626                  |
| Others                    | 295,353               | 287,407                  |
|                           | 566,461               | 564,552                  |

For the three-month period ended March 31, 2014 and the year ended December 31, 2013, actual returns on plan assets are amounted to 4,423 million and 16,218 million, respectively.

**(8) Remeasurement component recognized in other comprehensive income for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

| <i>In millions of won</i>                                   | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---|-----------------------|--------------------------|
| Actuarial gain from changes in demographic assumptions      |                       | 100,715                  |
| Actuarial gain (loss) from changes in financial assumptions | 13,804                | (351,257)                |
| Experience adjustments                                      | 8,311                 | 46,064                   |
| Expected return   | 1,180                 | (243)                    |
|   | <b>23,295</b>         | <b>(204,721)</b>         |

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**26. Provisions****(1) Provisions as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>            | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|--------------------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                                      | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Employment benefits                  | 858,530               |                    | 777,419                  |                    |
| Provision for employment benefits    | 858,530               |                    | 777,419                  |                    |
| Litigation                           |                       | 23,161             |                          | 23,720             |
| Litigation provisions                |                       | 23,161             |                          | 23,720             |
| Decommissioning cost                 |                       | 12,695,307         |                          | 12,568,622         |
| Nuclear plants                       |                       | 9,998,618          |                          | 9,887,621          |
| Spent fuel                           |                       | 1,228,390          |                          | 1,211,440          |
| Waste                                |                       | 1,254,365          |                          | 1,249,062          |
| PCBs                                 |                       | 213,131            |                          | 219,704            |
| Other recovery provisions            |                       | 803                |                          | 795                |
| Others                               | 374,622               | 8,466              | 336,398                  | 9,972              |
| Power plant regional support program | 116,766               |                    | 112,498                  |                    |
| Provisions for tax                   |                       | 649                |                          | 649                |
| Provisions for financial guarantee   |                       | 7,023              |                          | 8,789              |
| Provisions for RPS                   | 257,114               |                    | 223,259                  |                    |
| Others                               | 742                   | 794                | 641                      | 534                |
|                                      | 1,233,152             | 12,726,934         | 1,113,817                | 12,602,314         |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**26. Provisions, Continued**

(2) **Changes in provisions for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

| <i>In millions of won</i>            | <b>March 31, 2014</b>    |                           |                |                 |              | <b>Ending balance</b> |
|--------------------------------------|--------------------------|---------------------------|----------------|-----------------|--------------|-----------------------|
|                                      | <b>Beginning balance</b> | <b>Accretion expenses</b> | <b>Payment</b> | <b>Reversal</b> | <b>Other</b> |                       |
| Employment benefits                  | 777,419                  | 185,524                   | (104,413)      |                 |              | 858,530               |
| Provision for employment benefits    | 777,419                  | 185,524                   | (104,413)      |                 |              | 858,530               |
| Litigation                           | 23,720                   | 7,437                     | (5,937)        | (2,059)         |              | 23,161                |
| Litigation provisions                | 23,720                   | 7,437                     | (5,937)        | (2,059)         |              | 23,161                |
| Decommissioning cost                 | 12,568,622               | 243,923                   | (115,083)      | (4,614)         | 92           | 12,695,307            |
| Nuclear plants                       | 9,887,621                | 110,997                   |                |                 |              | 9,998,618             |
| Spent fuel                           | 1,211,440                | 127,715                   | (110,765)      |                 |              | 1,228,390             |
| Waste                                | 1,249,062                | 5,211                     |                |                 | 92           | 1,254,365             |
| PCBs                                 | 219,704                  | 2,359                     | (4,318)        | (4,614)         |              | 213,131               |
| Other recovery provisions            | 795                      | 8                         |                |                 |              | 803                   |
| Others                               | 346,371                  | 101,022                   | (38,982)       | (19,376)        | (5,947)      | 383,088               |
| Power plant regional support program | 112,498                  | 9,462                     | (8,400)        |                 | 3,206        | 116,766               |
| Provisions for tax                   | 649                      |                           |                |                 |              | 649                   |
| Provisions for financial guarantee   | 8,789                    |                           |                | (673)           | (1,093)      | 7,023                 |
| Provisions for RPS                   | 223,260                  | 91,173                    | (30,576)       | (18,685)        | (8,058)      | 257,114               |
| Others                               | 1,175                    | 387                       | (6)            | (18)            | (2)          | 1,536                 |
|                                      | 13,716,132               | 540,273                   | (264,415)      | (26,049)        | (5,855)      | 13,960,086            |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**26. Provisions, Continued****(2) Changes in provisions for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

|   | Beginning<br>balance | Accretion<br>expenses | December 31, 2013 |           |        | Ending<br>balance |
|---|----------------------|-----------------------|-------------------|-----------|--------|-------------------|
|   |                      |                       | Payment           | Reversal  | Other  |                   |
| Employment benefits                     | 816,612              | 625,921               | (574,900)         | (90,214)  |        | 777,419           |
| Provision for employment benefits       | 816,612              | 625,921               | (574,900)         | (90,214)  |        | 777,419           |
| Litigation                              | 26,697               | 17,610                | (8,874)           | (11,713)  |        | 23,720            |
| Litigation provisions                   | 26,697               | 17,610                | (8,874)           | (11,713)  |        | 23,720            |
| Decommissioning cost                    | 12,133,393           | 872,465               | (437,859)         |           | 623    | 12,568,622        |
| Nuclear plants                          | 9,462,723            | 424,910               | (12)              |           |        | 9,887,621         |
| Spent fuel                              | 1,207,842            | 407,236               | (403,638)         |           |        | 1,211,440         |
| Waste                                   | 1,242,396            | 29,490                | (23,447)          |           | 623    | 1,249,062         |
| PCBs                                    | 219,669              | 10,797                | (10,762)          |           |        | 219,704           |
| Other recovery provisions               | 763                  | 32                    |                   |           |        | 795               |
| Others                                  | 169,019              | 261,076               | (97,788)          | (3,153)   | 17,217 | 346,371           |
| Power plant regional support<br>program | 106,763              | 35,952                | (43,325)          |           | 13,108 | 112,498           |
| Provisions for tax                      | 3,900                |                       | (3,251)           |           |        | 649               |
| Provisions for financial guarantee      | 9,086                | 1,667                 |                   | (1,964)   |        | 8,789             |
| Provisions for RPS                      | 48,795               | 222,824               | (51,451)          | (1,130)   | 4,222  | 223,260           |
| Others                                  | 475                  | 633                   | 239               | (59)      | (113)  | 1,175             |
|   | 13,145,721           | 1,777,072             | (1,119,421)       | (105,080) | 17,840 | 13,716,132        |

**27. Government Grants****(1) Government grants as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>                | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|-----------------------|--------------------------|
| Land                                     | (3,085)               | (3,137)                  |
| Buildings                                | (45,354)              | (45,396)                 |
| Structures                               | (196,052)             | (193,189)                |
| Machinery                                | (100,061)             | (101,808)                |
| Vehicles                                 | (72)                  | (83)                     |
| Equipment                                | (902)                 | (707)                    |
| Tools                                    | (262)                 | (312)                    |
| Construction-in-progress                 | (131,665)             | (117,728)                |
| Investment properties                    | (10)                  | (13)                     |
| Software                                 | (447)                 | (428)                    |
| Development expenditures                 | (11,181)              | (11,705)                 |
| Intangible assets under development      | (8,190)               | (7,792)                  |
| Usage rights of donated assets and other | (51)                  | (53)                     |
| Others                                   |                       | (1)                      |
|  | (497,332)             | (482,352)                |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**27. Government Grants, Continued**

- (2) **Changes in government grants for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

|   | <b>Beginning<br/>balance</b> | <b>Receipt</b> | <b>Acquisition</b> | <b>March 31, 2014<br/>Offset<br/>the<br/>items of<br/>depreciation<br/>expense<br/>and<br/>others</b> | <b>Disposal</b> | <b>Others</b> | <b>Ending<br/>balance</b> |
|---|------------------------------|----------------|--------------------|---|-----------------|---------------|---------------------------|
| Land  | (3,137)                      |                |                    |   | 53              | (1)           | (3,085)                   |
| Buildings                                   | (45,396)                     |                |                    | 831   |                 | (789)         | (45,354)                  |
| Structures                                  | (193,189)                    |                |                    | 2,205   | 192             | (5,260)       | (196,052)                 |
| Machinery                                   | (101,808)                    |                |                    | 2,422   | 103             | (778)         | (100,061)                 |
| Vehicles                                    | (83)                         |                |                    | 11  |                 |               | (72)                      |
| Equipment                                   | (707)                        |                |                    | 95  |                 | (290)         | (902)                     |
| Tools                                       | (312)                        |                |                    | 50  |                 |               | (262)                     |
| Construction-in-progress                    | (117,728)                    |                | 1,578              |   |                 | (15,515)      | (131,665)                 |
| Investment properties                       | (13)                         |                |                    |   |                 | 3             | (10)                      |
| Software                                    | (428)                        |                |                    | 43  |                 | (62)          | (447)                     |
| Development expenditures                    | (11,705)                     |                |                    | 1,051   |                 | (527)         | (11,181)                  |
| Intangible assets under<br>development      | (7,792)                      |                | 666                |   |                 | (1,064)       | (8,190)                   |
| Usage rights of donated assets<br>and other | (53)                         |                |                    | 2   |                 |               | (51)                      |
| Others                                      | (1)                          |                |                    | 1   |                 |               |                           |
|   | (482,352)                    |                | 2,244              | 6,711   | 348             | (24,283)      | (497,332)                 |

*In millions of won*

**December 31, 2013**

**Receipt    Acquisition                      Disposal    Others**

|   | <b>Beginning<br/>balance</b> |          | <b>Offset<br/>the<br/>items of<br/>depreciation<br/>expense<br/>and<br/>others</b> |        |       | <b>Ending<br/>balance</b> |           |
|---|------------------------------|----------|--|--------|-------|---------------------------|-----------|
| Cash  | (29,741)                     | (92,000) |  |        |       | 121,741                   |           |
| Land  | (3,106)                      |          |  |        |       | (31)                      | (3,137)   |
| Buildings                                   | (44,387)                     |          | 3,943  |        |       | (4,952)                   | (45,396)  |
| Structures                                  | (177,173)                    |          | 8,389  | 1,733  |       | (26,138)                  | (193,189) |
| Machinery                                   | (105,112)                    |          | 9,507  | 376    |       | (6,579)                   | (101,808) |
| Vehicles                                    | (128)                        |          | 45   |        |       |                           | (83)      |
| Equipment                                   | (922)                        |          | 311  |        |       | (96)                      | (707)     |
| Tools                                       | (192)                        |          | 155  |        |       | (275)                     | (312)     |
| Construction-in-progress                    | (94,676)                     | 25,669   |  |        |       | (48,721)                  | (117,728) |
| Investment properties                       | (243)                        |          | 3  |        |       | 227                       | (13)      |
| Software                                    | (198)                        |          | 160  |        |       | (390)                     | (428)     |
| Development expenditures                    | (12,371)                     |          | 5,686  |        |       | (5,020)                   | (11,705)  |
| Intangible assets under<br>development      | (7,305)                      | 5,358    |  |        |       | (5,845)                   | (7,792)   |
| Usage rights of donated assets<br>and other | (64)                         |          | 11   |        |       |                           | (53)      |
| Others                                      | (1)                          |          |  |        |       |                           | (1)       |
|   | (475,619)                    | (92,000) | 31,027   | 28,210 | 2,109 | 23,921                    | (482,352) |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**28. Deferred Revenues**

Deferred revenue related to the Company's construction contracts as of March 31, 2014 and December 31, 2013 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, 2014</b> | <b>December 31, 2013</b> |
|----------------------------------|-----------------------|--------------------------|
| Beginning balance                | 6,506,639             | 6,031,311                |
| Increase during the current year | 147,492               | 800,618                  |
| Offset during the current year   | (85,745)              | (325,290)                |
| Ending balance                   | 6,568,386             | 6,506,639                |

**29. Non-financial Liabilities**

Non-financial liabilities as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i> | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|---------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>        | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance received          | 4,033,043             | 599,977            | 3,533,965                | 632,661            |
| Unearned revenue          | 53,186                | 102,659            | 46,546                   | 108,222            |
| Deferred revenue          | 328,386               | 6,240,000          | 323,463                  | 6,183,176          |
| Withholdings              | 233,838               | 43,708             | 257,365                  | 43,280             |
| Others                    | 622,261               | 18,384             | 569,292                  | 18,302             |
|                           | 5,270,714             | 7,004,728          | 4,730,631                | 6,985,641          |

**30. Contributed Capital**

**(1) Details of shares issued as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won except share information*

|               | Shares<br>authorized | Shares<br>issued | March 31, 2014            |                           |                    | Total     |
|---------------|----------------------|------------------|---------------------------|---------------------------|--------------------|-----------|
|               |                      |                  | Par value<br>per<br>share | Owned by<br>government(*) | Owned by<br>others |           |
| Common shares | 1,200,000,000        | 641,964,077      | 5,000                     | 1,640,385                 | 1,569,435          | 3,209,820 |

(\*) Korea Finance Coporation ownership of 960,800 million are included.

*In millions of won except  
share information*

|               | Shares<br>authorized | Shares<br>issued | December 31, 2013         |                           |                    | Total     |
|---------------|----------------------|------------------|---------------------------|---------------------------|--------------------|-----------|
|               |                      |                  | Par value<br>per<br>share | Owned by<br>government(*) | Owned by<br>others |           |
| Common shares | 1,200,000,000        | 641,964,077      | 5,000                     | 1,640,385                 | 1,569,435          | 3,209,820 |

**(2) There were no changes in number of outstanding capital stock for the three-month period ended March 31, 2014 and for the year ended December 31, 2013.**

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**30. Contributed Capital, Continued****(3) Details of share premium as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------|-----------------------|--------------------------|
| Share premium             | 843,758               | 843,758                  |

**31. Retained Earnings and Dividends Paid****(1) Details of retained earnings as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>               | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---|-----------------------|--------------------------|
| Legal reserve (*)                       | 1,604,910             | 1,603,919                |
| Voluntary reserves                      | 22,999,359            | 22,753,160               |
| Retained earnings before appropriations | 8,623,100             | 8,409,007                |
| Retained earnings                       | 33,227,369            | 32,766,086               |

(\*) 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 the Company'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, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------|-----------------------|--------------------------|
|                           | 5,277,449             | 5,277,449                |

|   |            |            |
|---|------------|------------|
| Reserve for investment on social overhead capital |            |            |
| Reserve for research and human development(*)     | 330,000    | 330,000    |
| Reserve for business expansion                    | 17,181,910 | 16,935,711 |
| Reserve for equalizing dividends                  | 210,000    | 210,000    |
|   | 22,999,359 | 22,753,160 |

(\*) 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, 2014 and for the year ended December 31, 2013 are as follows:**

| <i>In millions of won</i>                                  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|-----------------------|--------------------------|
| Beginning balance  | 32,766,086            | 32,564,283               |
| Net loss for the period attributed to owner of the Company | 532,262               | 60,011                   |
| Changes in equity method retained earnings                 | (206)                 | 7,671                    |
| Actuarial profits(losses)                                  | (14,700)              | 134,121                  |
| Dividend paid  | (56,073)              |                          |
| Ending balance   | 33,227,369            | 32,766,086               |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

- (4) Dividends paid for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

*In millions of won except share information*

|               | Number of<br>shares<br>issued | Number of<br>treasury stocks | March 31, 2014                                |                   |                             |
|---------------|-------------------------------|------------------------------|---|-------------------|-----------------------------|
|               |                               |                              | Number of<br>shares eligible for<br>dividends | Dividends<br>Paid | Dividends paid<br>per share |
| Common shares | 641,964,077                   | 18,929,995                   | 623,034,082                                   | 90                | 56,073                      |

*In millions of won except share information*

|               | Number of<br>shares<br>issued | Number of<br>treasury stocks | December 31, 2013                             |                   |                             |
|---------------|-------------------------------|------------------------------|---|-------------------|-----------------------------|
|               |                               |                              | Number of<br>shares eligible for<br>dividends | Dividends<br>Paid | Dividends paid<br>per share |
| Common shares | 641,964,077                   | 18,929,995                   | 623,034,082                                   |                   |                             |

- (5) Changes in retained earnings of investments in associates and joint ventures for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follow:

| <i>In millions of won</i> | March 31, 2014 | December 31, 2013 |
|---------------------------|----------------|-------------------|
| Beginning balance         | (233)          | (7,904)           |
| Changes                   | (688)          | 7,671             |
| Income tax effect         | 482            |                   |
| Ending balance            | (439)          | (233)             |

- (6) Changes in remeasurement components for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follow:

| <i>In millions of won</i>                  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|-----------------------|--------------------------|
| Beginning balance                          | 39,591                | (76,088)                 |
| Changes                                    | (23,115)              | 207,761                  |
| Income tax effect                          | 8,415                 | (73,640)                 |
| Transfer to reserve for business expansion | (64,956)              | (18,442)                 |
| Ending balance                             | (40,065)              | 39,591                   |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**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 bonds for the three-month period ended March 31, 2014. Bond-type hybrid securities classified as equity (non-controlling interest) as of March 31, 2014 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 the Company 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, the Company is 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).

**33. Other Components of Equity**

**(1) Other components of equity of the parent as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>              | <b>March 31,<br/>2014</b> | <b>December 31, 2013</b> |
|--|---------------------------|--------------------------|
| Other capital surpluses                | 828,121                   | 830,982                  |
| Accumulated other comprehensive income | 34,185                    | 55,538                   |
| Treasury stocks                        | (741,489)                 | (741,489)                |
| Other equity                           | 13,294,973                | 13,294,973               |
|  | <b>13,415,790</b>         | <b>13,440,004</b>        |

**(2) Changes in other capital surpluses for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

| <i>In millions of won</i>               | <b>March 31, 2014</b>                                       |               |                 | <b>December 31, 2013</b>                                    |               |                 |
|---|---|---------------|-----------------|---|---------------|-----------------|
|   | <b>Gains<br/>on<br/>disposal<br/>of<br/>treasury stocks</b> | <b>Others</b> | <b>Subtotal</b> | <b>Gains<br/>on<br/>disposal<br/>of<br/>treasury stocks</b> | <b>Others</b> | <b>Subtotal</b> |
| Beginning balance                       | 303,028   | 527,954       | 830,982         | 303,028   | 402,420       | 705,448         |
| Disposal of subsidiary                  |   |               |                 |   | 183,522       | 183,522         |
| Issuance of share capital of subsidiary |   | (2,861)       | (2,861)         |   | (155)         | (155)           |
| Change in consolidation scope           |   |               |                 |   | (10,224)      | (10,224)        |
| Income tax effect                       |   |               |                 |   | (47,609)      | (47,609)        |
| Ending balance                          | 303,028   | 525,093       | 828,121         | 303,028   | 527,954       | 830,982         |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

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

(3) **Changes in accumulated other comprehensive income for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

| <i>In millions of won</i>   | <b>March 31, 2014</b>                                       |  |   |  | <b>Total</b> |
|---|---|--|---|--|--------------|
|   | <b>Available-for-sale financial asset valuation reserve</b> | <b>Shares in other comprehensive income of associates and joint ventures</b> | <b>Reserve for overseas operations translation credit</b> | <b>Reserve for gain (loss) on valuation of derivatives</b> |              |
| 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             | (16,545)  |  |   |  | (16,545)     |
| Shares in other comprehensive income of associates and joint ventures, net of tax                   |   | (53,681)   |   |  | (53,681)     |
| Foreign currency translation of foreign operations, net of tax                                      |   |  | 48,417  |  | 48,417       |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |   |  |   | 456  | 456          |
| Ending balance  | 46,069  | 128,580  | (122,262)   | (18,202)   | 34,185       |

*In millions of won*

|  | <b>December 31, 2013</b>                            |  |  |                                   | <b>Total</b> |
|--|---|--|--|-----------------------------------|--------------|
|  | <b>Available-for-sale financial asset valuation</b> | <b>Shares in other comprehensive income of</b> | <b>Reserve for overseas operations translation</b> | <b>Reserve for gain (loss) on</b> |              |

|   | reserve  | investments<br>in<br>associates<br>and joint<br>ventures | credit    | valuation<br>of<br>derivatives |           |
|---|----------|--|-----------|--------------------------------|-----------|
| Beginning balance   | (23,929) | 143,558  | (70,107)  | (37,565)                       | 11,957    |
| Changes in the unrealized fair value of available- for-sale financial assets, net of tax            | 86,543   |  |           |                                | 86,543    |
| Shares in other comprehensive income of associates and joint ventures, net of tax                   |          | 38,703   |           |                                | 38,703    |
| Foreign currency translation of foreign operations, net of tax                                      |          |  | (100,572) |                                | (100,572) |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |          |  |           | 18,907                         | 18,907    |
| Ending balance  | 62,614   | 182,261  | (170,679) | (18,658)                       | 55,538    |

- (4) There were no changes in treasury stocks for the three-month period ended March 31, 2014 and for the year ended December 31, 2013.
- (5) Changes in other equity for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

| <i>In millions of won</i>     | March 31,<br>2014 | December 31, 2013 |
|-------------------------------|-------------------|-------------------|
| Statutory revaluation reserve | 13,294,973        | 13,295,098        |
| Changes in other equity       |                   | (125)             |
|                               | 13,294,973        | 13,294,973        |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**34. Sales**

Details of sales for the three-month periods ended March 31, 2014 and 2013 are as follows:

| <i>In millions of won</i>                            | <b>March 31, 2014</b> |                 | <b>March 31, 2013</b> |                 |
|--|-----------------------|-----------------|-----------------------|-----------------|
|  | <b>Domestic</b>       | <b>Overseas</b> | <b>Domestic</b>       | <b>Overseas</b> |
| Sales of goods                                       | 14,011,418            | 62,158          | 13,179,178            | 55,181          |
| Electricity  | 13,746,527            |                 | 12,921,178            |                 |
| Heat supply  | 129,575               |                 | 128,641               |                 |
| Others   | 135,316               | 62,158          | 129,359               | 55,181          |
| Sales of service                                     | 28,822                | 35,756          | 47,316                | 33,056          |
| Sales of construction Services                       | 38,645                | 510,103         | 24,087                | 381,693         |
| Revenue related to transfer of assets from customers | 85,745                |                 | 78,587                |                 |
|  | 14,164,630            | 608,017         | 13,329,168            | 469,930         |

**35. Selling and Administrative Expenses**(1) **Composition of selling and administrative expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>                              | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--|-----------------------|-----------------------|
| Salaries   | 140,883               | 156,628               |
| Retirement benefit expense                             | 18,632                | 20,035                |
| Welfare and benefit expense                            | 23,224                | 23,085                |
| Insurance expense                                      | 2,880                 | 1,895                 |
| Depreciation   | 16,467                | 16,613                |
| Amortization of intangible assets                      | 10,709                | 12,635                |
| Bad debt expense (Reversal of allowance for bad debts) | 501                   | (2,308)               |

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|                                  |         |         |
|----------------------------------|---------|---------|
| Commission                       | 122,514 | 113,085 |
| Advertising expense              | 4,486   | 6,956   |
| Training expense                 | 1,173   | 1,474   |
| Vehicle maintenance expense      | 2,834   | 3,086   |
| Publishing expense               | 681     | 773     |
| Business promotion expense       | 793     | 915     |
| Rent expense                     | 8,434   | 8,640   |
| Telecommunication expense        | 6,288   | 6,305   |
| Transportation expense           | 84      | 93      |
| Taxes and dues                   | 7,000   | 4,497   |
| Expendable supplies expense      | 901     | 1,006   |
| Water, light and heating expense | 2,694   | 2,870   |
| Repairs and maintenance expense  | 6,959   | 2,394   |
| Ordinary development expense     | 34,830  | 36,876  |
| Travel expense                   | 3,211   | 3,595   |
| Clothing expense                 | 102     | 21      |
| Survey and analysis expense      | 147     | 119     |
| Membership fee                   | 351     | 302     |
| Sales promotional expense        | 1       |         |
| Others                           | 19,070  | 20,054  |
|                                  | 435,849 | 441,644 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**36. Other Non-operating Income and Expense****(1) Other income for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>                            | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--|-----------------------|-----------------------|
| Reversal of other provisions                         | 2,060                 | 152                   |
| Gains on assets contributed                          | 20                    | 34                    |
| Gains on liabilities exempted                        | 782                   |                       |
| Compensation and reparations revenue                 | 10,916                | 23,372                |
| Gains on electricity infrastructure development fund | 1,958                 | 10,464                |
| Revenue from research contracts                      | 375                   | 994                   |
| Rental income  | 48,481                | 47,414                |
| Others   | 6,131                 | 5,629                 |
|  | <b>70,723</b>         | <b>88,059</b>         |

**(2) Other expense for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>                      | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--|-----------------------|-----------------------|
| Accretion expenses of other provisions         | 105                   | 35                    |
| Depreciation expenses on investment properties | 183                   | 226                   |
| Depreciation expenses on idle assets           | 1,663                 | 1,658                 |
| Other bad debt expense                         | 11,870                | 5,800                 |
| Donations                                      | 7,027                 | 7,323                 |
| Others   | 2,211                 | 2,171                 |
|  | <b>23,059</b>         | <b>17,213</b>         |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**37. Other Gains (Losses)****(1) Composition of other gains (losses) for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>                           | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|---|-----------------------|-----------------------|
| Gains on disposal of property, plant and equipment  | 7,416                 | 12,746                |
| Gains on foreign currency translation               | 2,507                 | 1,350                 |
| Gains on foreign currency transaction               | 10,914                | 11,135                |
| Others  | 52,906                | 54,490                |
| Losses on disposal of property, plant and equipment | (2,944)               | (11,222)              |
| Impairment loss on property, plant and equipment    |                       | (1,161)               |
| Impairment loss on intangible assets                |                       | (2)                   |
| Losses on foreign currency translation              | (1,619)               | (5,465)               |
| Losses on foreign currency transaction              | (13,676)              | (22,457)              |
| Others  | (14,422)              | (8,410)               |
|   | <b>41,082</b>         | <b>31,004</b>         |

**38. Finance Income****(1) Finance income for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>         | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|-----------------------------------|-----------------------|-----------------------|
| Interest income                   | 48,195                | 50,662                |
| Dividends income                  | 12,525                | 11,239                |
| Gains on valuation of derivatives | 153,465               | 304,251               |

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|                                       |         |         |
|---------------------------------------|---------|---------|
| Gains on transaction of derivatives   | 37,415  | 39,695  |
| Gains on foreign currency translation | 19,483  | 23,642  |
| Gains on foreign currency transaction | 6,975   | 7,239   |
|                                       | 278,058 | 436,728 |

- (2) **Interest income included in finance income for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>           | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|-------------------------------------|-----------------------|-----------------------|
| Cash and cash equivalents           | 12,242                | 15,889                |
| Available-for-sale financial assets | 108                   | 527                   |
| Held-to-maturity investments        | 17                    | 16                    |
| Loans and receivables               | 6,020                 | 12,691                |
| Short-term financial instrument     | 3,927                 | 6,115                 |
| Long-term financial instrument      | 110                   | 5                     |
| Other financial assets              | 305                   | 7                     |
| Trade and other receivables         | 25,466                | 15,412                |
|                                     | 48,195                | 50,662                |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**39. Finance expenses****(1) Finance expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>              | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--|-----------------------|-----------------------|
| Interest expense                       | 597,046               | 595,282               |
| Losses on sale of financial assets     | 2                     |                       |
| Losses on valuation of derivatives     | 9,819                 | 15,254                |
| Losses on transaction of derivatives   | 25,279                | 24,897                |
| Losses on foreign currency translation | 165,047               | 405,549               |
| Losses on foreign currency transaction | 4,928                 | 18,561                |
|  | <b>802,121</b>        | <b>1,059,543</b>      |

**(2) Interest expense included in finance expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>         | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|-----------------------------------|-----------------------|-----------------------|
| Trade and other payables          | 22,376                | 26,222                |
| Short-term borrowings             | 4,522                 | 7,810                 |
| Long-term borrowings              | 44,424                | 54,656                |
| Debt securities                   | 589,852               | 535,328               |
| Other financial liabilities       | 147,123               | 140,725               |
|                                   | <b>808,297</b>        | <b>764,741</b>        |
| Less: Capitalized borrowing costs | <b>(211,251)</b>      | <b>(169,459)</b>      |
|                                   | <b>597,046</b>        | <b>595,282</b>        |

Capitalization rates for the three-month periods ended March 31, 2014 and 2013 are 3.43% ~ 4.44% and 2.41% ~ 4.94%, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes****(1) Income tax expense for the three-month periods ended March 31, 2014 and 2013 are as follows:**

*In millions of won*

|  | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--|-----------------------|-----------------------|
| <b>Current income tax expense</b>  |                       |                       |
| Payment of income tax  | 204,100               | 270,549               |
| Adjustment recognized in the period for current tax of prior period  | (6,760)               | 79,270                |
| Current income tax directly recognized in equity   | 22,875                | 42,109                |
|  | <b>220,215</b>        | <b>391,928</b>        |
| <b>Deferred income tax expense</b>   |                       |                       |
| Generation and realization of temporary differences  | 158,161               | (156,997)             |
| Recognition of unrecognized tax losses in the past, tax credit and temporary differences before prior year | (1,741)               | (32,817)              |
| Changes in deferred tax on tax losses incurred in the period   | (50,008)              | (154,494)             |
| Tax credit carry forwards  | 14,029                |                       |
|  | <b>120,441</b>        | <b>(344,308)</b>      |
| Income tax expense   | <b>340,656</b>        | <b>47,620</b>         |

**(2) Reconciliation between actual income tax expense (benefit) and amount computed by applying the statutory tax rate of 24.2% to income before income taxes for the three-month periods ended March 31, 2014 and 2013 are as follows:**

*In millions of won*

|   | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|---|-----------------------|-----------------------|
| Income before income tax expense  | 901,927               | 208,045               |
| Income tax benefit computed at applicable tax rate of 24.2%   | 218,266               | 50,347                |
| <b>Adjustments</b>  |                       |                       |
| Additional payment of income taxes or receipt of income tax refunds   | 1,522                 | 3,549                 |
| Effect of applying gradual tax rate   | 1,724                 | (652)                 |
| Effect of non-taxable revenue   | (32,725)              | (106,233)             |
| Effect of non-deductible expenses   | 4,779                 | 4,345                 |
| Effects of tax credits and deduction  | (12,378)              | (12,816)              |
| Recognition of unrecognized tax losses in the past, tax credit, and temporary differences before prior year | (1,988)               | (36,785)              |
| Consolidated deferred income tax  | 162,778               | 141,683               |
| Others, net   | (1,322)               | 4,182                 |
|   | 122,390               | (2,727)               |
| <b>Income tax expense</b>   | <b>340,656</b>        | <b>47,620</b>         |
| Effective tax rate  | 37.8%                 | 22.8%                 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes, Continued**

- (3) **Deferred income tax directly adjusted to shareholders' equity (except for accumulated other comprehensive income) for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>      | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--------------------------------|-----------------------|-----------------------|
| Dividends of hybrid securities | 1,308                 | 1,139                 |
|                                | 1,308                 | 1,139                 |

- (4) **Income tax recognized as accumulated other comprehensive income for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i>   | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|---|-----------------------|-----------------------|
| Income tax recognized as accumulated other comprehensive income                                     |                       |                       |
| Gain (loss) on valuation of available-for-sale financial assets                                     | 10,342                | 2,781                 |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | 2,367                 | (1,277)               |
| Actuarial losses on employee benefit obligations  | 8,415                 | 48,304                |
| Investments in associates   | 482                   | (8,838)               |
| Others  | (39)                  |                       |
|   | 21,567                | 40,970                |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes, Continued**

- (5) **Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:**

*In millions of won*

|   | Beginning<br>balance | Amounts<br>recognized<br>in profit or<br>loss | March 31, 2014<br>Amount<br>recognized<br>in<br>other<br>comprehensive<br>income | Amounts<br>recognized<br>directly<br>in<br>equity | Ending<br>balance |
|---|----------------------|---|--|---|-------------------|
| <b>Deferred income tax on temporary differences</b>   |                      |   |  |   |                   |
| Employee benefits                                     | 518,681              | 18,851  | 8,415  |   | 545,947           |
| Cash flow hedge                                       | 51,991               | (26,477)                                      | 2,367  |   | 27,881            |
| Investments in associates or subsidiaries             | (5,227,034)          | 84,684  | 482  |   | (5,141,868)       |
| Property, plant and equipment                         | (6,061,613)          | (52,170)                                      |  |   | (6,113,783)       |
| Finance lease   | (142,081)            | (6,177)                                       |  |   | (148,258)         |
| Intangible assets                                     | 10,242               | 2,104   |  |   | 12,346            |
| Financial assets at fair value through profit or loss | 83,645               | (20,848)                                      |  |   | 62,797            |
| Available-for-sale financial assets                   | (101,088)            | 5,291   | 10,342   |   | (85,455)          |
| Deferred revenue                                      | 244,806              | (8,078)                                       |  |   | 236,728           |
| Provisions  | 3,150,908            | 31,311  |  |   | 3,182,219         |
| Doubtful receivables                                  | 59                   |   |  |   | 59                |
| Other finance liabilities                             | 25,856               | 2,458   |  | 1,308   | 29,622            |
| Gain (loss) on foreign exchange translation           | (19,164)             | 930   |  |   | (18,234)          |
| Allowance for doubtful accounts                       | 7,314                | 7,330   |  |   | 14,644            |
| Accrued income  | (1,248)              | (2,600)                                       |  |   | (3,848)           |
| Special deduction                                     | (194,785)            | 34  |  |   | (194,751)         |
| Impairment of non-current assets                      | 86,720               |   |  |   | 86,720            |
| Reserve for research and human development            | (43,143)             | (2,009)                                       |  |   | (45,152)          |
| Others  | 409,436              | (206,527)                                     | (39)   |   | 202,870           |

|  |             |           |        |        |             |
|--|-------------|-----------|--------|--------|-------------|
|  | (7,200,498) | (171,893) | 21,567 | 1,308  | (7,349,516) |
| <b>Deferred income tax on unused tax losses and tax credit</b> |             |           |        |        |             |
| Tax losses   | 2,501,349   | 42,247    |        |        | 2,543,596   |
| Tax credit   | 56,099      | (13,670)  |        |        | 42,429      |
|  | 2,557,448   | 28,577    |        |        | 2,586,025   |
|  | (4,643,050) | (143,316) | 21,567 | 1,308) | (4,763,491) |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes, Continued**

- (5) **Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows, continued:**

*In millions of won*

|   | <b>December 31, 2013</b>     |   |  |  |                           |
|---|------------------------------|---|--|--|---------------------------|
|   | <b>Beginning<br/>balance</b> | <b>Amounts<br/>recognized<br/>in profit or<br/>loss</b> | <b>Amount<br/>recognized<br/>in<br/>other<br/>comprehensive<br/>income</b> | <b>Amounts<br/>recognized<br/>directly<br/>in equity</b> | <b>Ending<br/>balance</b> |
| <b>Deferred income tax on temporary differences</b>   |                              |   |  |  |                           |
| Employee benefits                                     | 547,115                      | 45,213  | (73,647)   |  | 518,681                   |
| Cash flow hedge                                       | (11,364)                     | 56,939  | 6,416  |  | 51,991                    |
| Investments in associates or subsidiaries             | (5,273,904)                  | 104,803   | (10,324)   | (47,609)   | (5,227,034)               |
| Property, plant and equipment                         | (6,326,201)                  | 264,588   |  |  | (6,061,613)               |
| Finance lease   | (159,957)                    | 17,876  |  |  | (142,081)                 |
| Intangible assets                                     | 8,534                        | 1,708   |  |  | 10,242                    |
| Financial assets at fair value through profit or loss | 30,148                       | 53,497  |  |  | 83,645                    |
| Available-for-sale financial assets                   | (73,867)                     | 4,146   | (31,367)   |  | (101,088)                 |
| Deferred revenue                                      | 43,752                       | 201,054   |  |  | 244,806                   |
| Provisions  | 3,003,489                    | 147,419   |  |  | 3,150,908                 |
| Doubtful receivables                                  | 59                           |   |  |  | 59                        |
| Other finance liabilities                             | 10,794                       | 9,607   |  | 5,455  | 25,856                    |
| Gains (losses) on foreign exchange translation        | 6,017                        | (25,181)  |  |  | (19,164)                  |
| Allowance for doubtful accounts                       | (85)                         | 7,399   |  |  | 7,314                     |
| Accrued income  | (1,341)                      | 93  |  |  | (1,248)                   |
| Special deduction                                     | (194,925)                    | 140   |  |  | (194,785)                 |

|  |             |         |           |          |             |
|--|-------------|---------|-----------|----------|-------------|
| Impairment of non-current assets           |             | 86,720  |           |          | 86,720      |
| Reserve for research and human development | (40,485)    | (2,658) |           |          | (43,143)    |
| Others                                     | 398,870     | 10,566  |           |          | 409,436     |
|  | (8,033,351) | 983,929 | (108,922) | (42,154) | (7,200,498) |

**Deferred income tax on unused tax losses and tax credit**

|            |             |           |           |          |             |
|------------|-------------|-----------|-----------|----------|-------------|
| Tax losses | 2,696,165   | (194,816) |           |          | 2,501,349   |
| Tax credit | 97,196      | (41,097)  |           |          | 56,099      |
| Others     | 16,481      | (16,481)  |           |          |             |
|            | 2,809,842   | (252,394) |           |          | 2,557,448   |
|            | (5,223,509) | 731,535   | (108,922) | (42,154) | (4,643,050) |

**(6) Deferred income tax assets (liabilities) recognized in the statements of financial position as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>       | <b>March 31,<br/>2014</b> | <b>December 31, 2013</b> |
|---------------------------------|---------------------------|--------------------------|
| Deferred income tax assets      | 255,724                   | 359,535                  |
| Deferred income tax liabilities | (5,019,215)               | (5,002,585)              |
|                                 | (4,763,491)               | (4,643,050)              |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**40. Income Taxes, Continued**

- (7) **Details of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>            | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--------------------------------------|-----------------------|--------------------------|
| Deductible temporary differences     | 444,029               | 441,955                  |
| Tax losses and tax credits carryback | 29,775                | 29,775                   |
|                                      | <b>473,804</b>        | <b>471,730</b>           |

- (8) **Expiration dates of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i> | <b>March 31, 2014</b> |                              | <b>December 31, 2013</b> |                              |
|---------------------------|-----------------------|------------------------------|--------------------------|------------------------------|
|                           | <b>Tax losses</b>     | <b>Tax credits carryback</b> | <b>Tax losses</b>        | <b>Tax credits carryback</b> |
| Less than 1 year          |                       | 4,484                        |                          | 4,484                        |
| 1~ 2 years                |                       | 5,134                        |                          | 5,134                        |
| 2~ 3 years                |                       | 16,945                       |                          | 16,945                       |
| More than 3 years         |                       | 3,212                        |                          | 3,212                        |
|                           |                       | <b>29,775</b>                |                          | <b>29,775</b>                |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**41. Expenses Classified by Nature**

Expenses classified by nature for the three-month periods ended March 31, 2014 and 2013 are as follows:

*In millions of won*

|                                   | <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        |
| Power purchase                    |  | 3,280,763                | 3,280,763    |

|        |         |            |            |
|--------|---------|------------|------------|
| Others | 19,071  | 504,899    | 523,970    |
|        | 435,849 | 13,109,721 | 13,545,570 |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**41. Expenses Classified by Nature, Continued**

Expenses classified by nature for the three-month periods ended March 31, 2014 and 2013 are as follows, continued:

*In millions of won*

|                                   | <b>March 31, 2013</b>                                  |                          |              |
|-----------------------------------|--|--------------------------|--------------|
|                                   | <b>Selling<br/>and<br/>administrative<br/>expenses</b> | <b>Cost of<br/>sales</b> | <b>Total</b> |
| Raw materials used                |  | 6,200,325                | 6,200,325    |
| Salaries                          | 156,628  | 679,425                  | 836,053      |
| Retirement benefit expense        | 20,035   | 85,312                   | 105,347      |
| Welfare and benefit expense       | 23,085   | 87,482                   | 110,567      |
| Insurance expense                 | 1,895  | 14,552                   | 16,447       |
| Depreciation                      | 16,613   | 1,794,248                | 1,810,861    |
| Amortization of intangible assets | 12,635   | 9,447                    | 22,082       |
| Bad debt expense                  | (2,308)  |                          | (2,308)      |
| Commission                        | 113,085  | 74,238                   | 187,323      |
| Advertising expense               | 6,956  | 1,284                    | 8,240        |
| Training expense                  | 1,474  | 1,529                    | 3,003        |
| Vehicle maintenance expense       | 3,086  | 2,248                    | 5,334        |
| Publishing expense                | 773  | 850                      | 1,623        |
| Business promotion expense        | 915  | 1,073                    | 1,988        |
| Rent expense                      | 8,640  | 24,960                   | 33,600       |
| Telecommunication expense         | 6,305  | 15,266                   | 21,571       |
| Transportation expense            | 93   | 739                      | 832          |
| Taxes and dues                    | 4,497  | 39,875                   | 44,372       |
| Expendable supplies expense       | 1,006  | 4,517                    | 5,523        |
| Water, light and heating expense  | 2,870  | 7,579                    | 10,449       |
| Repairs and maintenance expense   | 2,394  | 334,254                  | 336,648      |
| Ordinary development expense      | 36,876   | 81,675                   | 118,551      |
| Travel expense                    | 3,595  | 10,458                   | 14,053       |
| Clothing expense                  | 21   | 93                       | 114          |
| Survey and analysis expense       | 119  | 505                      | 624          |
| Membership fee                    | 302  | 1,853                    | 2,155        |

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|                |         |            |            |
|----------------|---------|------------|------------|
| Power purchase |         | 2,839,038  | 2,839,038  |
| Others         | 20,054  | 386,860    | 406,914    |
|                | 441,644 | 12,699,685 | 13,141,329 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**42. Earnings Per Share****(1) Basic earnings per share for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In won</i><br><b>Type</b> | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|------------------------------|-----------------------|-----------------------|
| Basic earnings per share     | 854                   | 214                   |

**(2) Basic earnings per share**

Net income and weighted average number of common shares used in the calculation of basic earnings per share for the three-month periods ended March 31, 2014 and 2013 are as follows:

| <i>In millions of won except number of shares</i><br><b>Type</b> | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|--|-----------------------|-----------------------|
| Controlling interest in net income                               | 532,262               | 133,300               |
| Profit used in the calculation of total basic earnings per share | 532,262               | 133,300               |
| Weighted average number of common shares                         | 623,034,082           | 623,034,082           |

**(3) There are no potential common shares and diluted earnings per shares are same as basic earnings (loss) per share for the years ended December 31, 2013 and 2012.**

**43. 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

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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, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>            | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--------------------------------------|-----------------------|--------------------------|
| Total borrowings and debt securities | 61,572,126            | 60,888,150               |
| Cash and cash equivalents            | (2,728,775)           | (2,232,313)              |
| Net borrowings and debt securities   | 58,843,351            | 58,655,837               |
| Total shareholder's equity           | 51,893,900            | 51,450,736               |
| Debt to equity ratio                 | 113.39%               | 114.00%                  |

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued**

**(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 are 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 Company of assets which individually are not material and (ii) incurred but not recognized losses that are assessed using statistical methods, judgment and past experience.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>                  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--|-----------------------|--------------------------|
| Cash and cash equivalents                  | 2,728,775             | 2,232,313                |
| Derivative assets (trading)                | 16,192                | 4,118                    |
| Available-for-sale financial assets        | 1,232,732             | 1,256,765                |
| Held-to-maturity investments               | 2,205                 | 2,285                    |
| Loans and receivables                      | 623,904               | 608,239                  |
| Long-term/short-term financial instruments | 262,836               | 385,382                  |
| Derivative assets (using hedge accounting) | 96,242                | 82,376                   |
| Trade and other receivables                | 8,425,008             | 9,170,644                |
| Financial guarantee contracts (*)          | 202,607               | 261,565                  |

(\*) Maximum exposure associated with the financial guarantee contracts is the maximum amounts of the obligation. Financial guarantee contracts as of March 31, 2014 are as follows:

| <i>In thousands of U.S. dollars</i> |                             |                 |                |
|-------------------------------------|-----------------------------|-----------------|----------------|
| <b>Type</b>                         | <b>Company</b>              | <b>Currency</b> | <b>Amounts</b> |
| Joint ventures                      | KEPCO SPC Power Corporation | USD             | 189,565        |
|                                     |                             |                 | 189,565        |

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.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i> | Type                       | Accounts | March 31, 2014 |             | December 31, 2013 |             |
|---------------------------|----------------------------|----------|----------------|-------------|-------------------|-------------|
|                           |                            |          | 1% Increase    | 1% Decrease | 1% Increase       | 1% Decrease |
| Future salary increases   | Defined benefit obligation |          | 271,585        | (340,184)   | 257,512           | (316,563)   |
| Discount rate             | Defined benefit obligation |          | (243,898)      | 282,724     | (236,761)         | 274,619     |

Changes of employee benefits assuming a 1% increase and decrease movements in discount rate on plan asset for the three-month period ended March 31, 2014 and the year ended December 31, 2013 are 1,411 million and 1,181million, respectively.

## Provisions

Changes in provisions due to movements in underlying assumptions as of March 31, 2014 and December 31, 2013 are as follows:

| Type           | Accounts       | March 31, 2014 | December 31, 2013 |
|----------------|----------------|----------------|-------------------|
| PCBs           | Inflation rate | 3.04%          | 3.10%             |
|                | Discount rate  | 4.39%          | 4.92%             |
| 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, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i> |                | March 31, 2014 |               | December 31, 2013 |               |
|---------------------------|----------------|----------------|---------------|-------------------|---------------|
| Type                      | Accounts       | 0.1% Increase  | 0.1% Decrease | 0.1% Increase     | 0.1% Decrease |
| Discount rate             | PCBs           | (1,128)        | 1,061         | (1,086)           | 1,095         |
|                           | Nuclear plants | (221,624)      | 227,733       | (221,516)         | 227,667       |
|                           | Spent fuel     | (46,808)       | 48,623        | (46,164)          | 47,953        |
| Inflation rate            | PCBs           | 1,128          | (1,196)       | 1,113             | (1,106)       |
|                           | Nuclear plants | 243,435        | (237,026)     | 240,778           | (234,438)     |
|                           | Spent fuel     | 49,325         | (47,550)      | 48,646            | (46,895)      |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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, 2014 and December 31, 2013 are as follows:

*In thousands of foreign currencies*

| Type | Assets            |                      | Liabilities       |                      |
|------|-------------------|----------------------|-------------------|----------------------|
|      | March 31,<br>2014 | December 31,<br>2013 | March 31,<br>2014 | December 31,<br>2013 |
| AUD  | 11,605            | 1,460                | 320,368           | 321,444              |
| CAD  | 4                 | 4                    |                   | 611                  |
| CNY  | 1                 | 1                    |                   |                      |
| EUR  | 21,302            | 27,946               | 15,080            | 33,398               |
| IDR  | 316,877           | 546,902              | 15,465            | 2,973                |
| MXN  | 5,063             | 5,064                | 129               | 426                  |
| PHP  | 301,646           | 248,623              | 21,444            | 22,954               |
| SAR  | 1,522             | 1,565                |                   |                      |
| USD  | 978,902           | 627,504              | 11,304,797        | 11,207,483           |
| INR  | 698,745           | 362,996              | 407,257           | 500,933              |
| PKR  | 130,800           | 116,847              | 100               | 650                  |
| MGA  | 2,559,962         | 2,124,218            | 62,285            | 101,503              |
| JPY  | 144,061           | 176,921              | 23,619,174        | 22,521,580           |
| KZT  | 126,671           | 164,790              |                   | 16,517               |
| GBP  |                   |                      |                   | 4                    |
| CHF  | 4,940             | 143,120              | 400,012           | 400,012              |
| AED  | 1,703             | 288                  | 1,078             | 809                  |

|     |        |        |       |       |
|-----|--------|--------|-------|-------|
| ZAR | 112    |        |       |       |
| SEK |        |        | 189   |       |
| JOD | 206    | 132    | 3     | 1     |
| BDT | 36,349 | 34,753 | 3,528 | 2,977 |
| CLP |        | 93     |       |       |

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, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i><br>Type               | March 31, 2014 |              | December 31, 2013 |              |
|---|----------------|--------------|-------------------|--------------|
|   | 10% Increase   | 10% Decrease | 10% Increase      | 10% Decrease |
| Increase (decrease) of income before income tax | (1,203,519)    | 1,203,519    | (1,199,673)       | 1,199,673    |
| Increase (decrease) of shareholder's equity(*)  | (1,203,519)    | 1,203,519    | (1,199,673)       | 1,199,673    |

(\*) 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, 2014 and December 31, 2013.

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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i> |                       |                          |
|---------------------------|-----------------------|--------------------------|
| <b>Type</b>               | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
| Short-term borrowings     | 41,022                | 48,981                   |
| Long-term borrowings      | 4,842,355             | 5,029,163                |
| Debt securities           | 2,389,120             | 2,268,065                |
|                           | 7,272,497             | 7,346,209                |

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, 2014 and for the year ended December 31, 2013 are as follows:

| <i>In millions of won</i>                       | <b>March 31, 2014</b> |                    | <b>December 31, 2013</b> |                    |
|---|-----------------------|--------------------|--------------------------|--------------------|
| <b>Type</b>                                     | <b>1% Increase</b>    | <b>1% Decrease</b> | <b>1% Increase</b>       | <b>1% Decrease</b> |
| Increase (decrease) of profit before income tax | (72,725)              | 72,725             | (73,462)                 | 73,462             |
| Increase (decrease) of shareholder's equity (*) | (72,725)              | 72,725             | (73,462)                 | 73,462             |

(\*) 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, 2014 and 2013 are as follows:

| <i>In millions of won</i><br><b>Type</b>        | <b>March 31, 2014</b> |                    | <b>March 31, 2013</b> |                    |
|---|-----------------------|--------------------|-----------------------|--------------------|
|   | <b>1% Increase</b>    | <b>1% Decrease</b> | <b>1% Increase</b>    | <b>1% Decrease</b> |
| Increase (decrease) of profit before income tax | 137,465               | (137,465)          | 129,212               | (129,212)          |
| Increase (decrease) of shareholder's equity (*) | 137,465               | (137,465)          | 129,212               | (129,212)          |

(\*) The effect on the shareholders' equity excluding the impact of income taxes.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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, 2014 and December 31, 2013. This table, based on the undiscounted cash flows of the non-derivative financial liabilities, has been completed based on the respective liabilities' earliest maturity date.

*In millions of won*

| Type                              | March 31, 2014      |           |            |                      | Total      |
|-----------------------------------|---------------------|-----------|------------|----------------------|------------|
|                                   | Less than<br>1 year | 1~2 Years | 2~5 Years  | More than<br>5 years |            |
| Borrowings and debt securities    | 10,451,641          | 8,191,983 | 26,656,130 | 29,912,645           | 75,212,399 |
| Finance lease liabilities         | 196,604             | 184,125   | 508,528    | 359,814              | 1,249,071  |
| Trade and other payables          | 5,389,975           | 273,645   | 534,660    | 2,427,333            | 8,625,613  |
| Financial guarantee contracts (*) | 27,014              | 27,014    | 81,043     | 67,536               | 202,607    |
|                                   | 16,065,234          | 8,676,767 | 27,780,361 | 32,767,328           | 85,289,690 |

*In millions of won*

| Type | December 31, 2013   |           |           |                      | Total |
|------|---------------------|-----------|-----------|----------------------|-------|
|      | Less than<br>1 year | 1~2 Years | 2~5 Years | More than<br>5 years |       |

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|                                   |            |           |            |            |            |
|-----------------------------------|------------|-----------|------------|------------|------------|
| Borrowings and debt securities    | 9,676,694  | 8,052,432 | 25,845,951 | 29,021,954 | 72,597,031 |
| Finance lease liabilities         | 202,309    | 184,809   | 532,119    | 381,742    | 1,300,979  |
| Trade and other payables          | 5,777,455  | 397,279   | 751,577    | 2,053,005  | 8,979,316  |
| Financial guarantee contracts (*) | 88,190     | 26,673    | 80,019     | 66,683     | 261,565    |
|                                   | 15,744,648 | 8,661,193 | 27,209,666 | 31,523,384 | 83,138,891 |

(\*) Total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of March 31, 2014 and December 31, 2013 are 7,023 million and 8,789 million, respectively.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(2) Financial risk management, continued**

The expected maturities for non-derivative financial assets as of March 31, 2014 and December 31, 2013 in detail are as follows:

*In millions of won*

| Type                                       | March 31, 2014      |           |                         |           | Total      |
|--|---------------------|-----------|-------------------------|-----------|------------|
|  | Less than<br>1 year | 1~5 Years | More<br>than<br>5 years | Other (*) |            |
| Cash and cash equivalents                  | 2,728,775           |           |                         |           | 2,728,775  |
| Available-for-sale financial assets        |                     |           |                         | 1,232,732 | 1,232,732  |
| Held-to-maturity investments               | 133                 | 2,059     | 13                      |           | 2,205      |
| Loans and receivables                      | 52,704              | 190,123   | 431,098                 | 11,580    | 685,505    |
| Long-term/short-term financial instruments | 261,642             |           |                         | 1,194     | 262,836    |
| Trade and other receivables                | 6,761,711           | 819,575   | 769,612                 | 83,188    | 8,434,086  |
|  | 9,804,965           | 1,011,757 | 1,200,723               | 1,328,694 | 13,346,139 |

*In millions of won*

| Type                                       | December 31, 2013   |           |                         |           | Total     |
|--|---------------------|-----------|-------------------------|-----------|-----------|
|  | Less than<br>1 year | 1~5 Years | More<br>than<br>5 years | Other (*) |           |
| Cash and cash equivalents                  | 2,232,313           |           |                         |           | 2,232,313 |
| Available-for-sale financial assets        |                     | 76        |                         | 1,256,689 | 1,256,765 |
| Held-to-maturity investments               | 168                 | 2,105     | 12                      |           | 2,285     |
| Loans and receivables                      | 51,503              | 242,827   | 298,397                 | 75,165    | 667,892   |
| Long-term/short-term financial instruments | 384,199             |           | 615                     | 568       | 385,382   |
| Trade and other receivables                | 7,528,508           | 731,914   | 802,752                 | 115,849   | 9,179,023 |

|            |         |           |           |            |
|------------|---------|-----------|-----------|------------|
| 10,196,691 | 976,922 | 1,101,776 | 1,448,271 | 13,723,660 |
|------------|---------|-----------|-----------|------------|

(\*) Amount represents available-for-sale assets whose maturities cannot be presently determined.

Derivative liabilities classified by maturity periods which from reporting date to maturity date of contract as of March 31, 2014 and December 31, 2013 are as follows:

| Type                      | March 31, 2014   |           |           |                   | Total     |
|---------------------------|------------------|-----------|-----------|-------------------|-----------|
|                           | Less than 1 year | 1~2 Years | 2~5 Years | More than 5 years |           |
| <i>In millions of won</i> |                  |           |           |                   |           |
| Net settlement            |                  |           |           |                   |           |
| - Trading                 | (8)              |           |           |                   | (8)       |
| Gross settlement          |                  |           |           |                   |           |
| - Trading                 | (259,562)        | (139,467) | (138,403) | (40,586)          | (578,018) |
| - Hedging                 | (50,715)         | (18,552)  | (168,810) | (39,384)          | (277,461) |
|                           | (310,285)        | (158,019) | (307,213) | (79,970)          | (855,487) |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(2) Financial risk management, continued***In millions of won*

| Type             | December 31, 2013   |           |           |                      | Total     |
|------------------|---------------------|-----------|-----------|----------------------|-----------|
|                  | Less than<br>1 year | 1~2 Years | 2~5 Years | More than<br>5 years |           |
| Gross settlement |                     |           |           |                      |           |
| - Trading        | (314,891)           | (134,050) | (33,831)  | (44,343)             | (527,115) |
| - Hedging        | (64,794)            | (26,409)  | (187,689) | (49,071)             | (327,963) |
|                  | (379,685)           | (160,459) | (221,520) | (93,414)             | (855,078) |

**(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.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(3) Fair value risk, continued**

- (i) Fair value and book value of financial assets and liabilities as of March 31, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i>                   | <b>March 31, 2014</b> |                   | <b>December 31, 2013</b> |                   |
|---|-----------------------|-------------------|--------------------------|-------------------|
| <b>Type</b>                                 | <b>Book value</b>     | <b>Fair value</b> | <b>Book value</b>        | <b>Fair value</b> |
| <b>Assets recognized at fair value</b>      |                       |                   |                          |                   |
| Available-for-sale financial assets (*1)    | 1,232,731             | 1,232,731         | 1,256,765                | 1,256,765         |
| Derivative assets (trading)                 | 16,192                | 16,192            | 4,118                    | 4,118             |
| Derivative assets (using hedge accounting)  | 96,242                | 96,242            | 82,376                   | 82,376            |
| Long-term financial instruments             | 1,194                 | 1,194             | 1,183                    | 1,183             |
| Short-term financial instruments            | 261,642               | 261,642           | 384,199                  | 384,199           |
|   | 1,608,001             | 1,608,001         | 1,728,641                | 1,728,641         |
| <b>Assets carried at amortized cost</b>     |                       |                   |                          |                   |
| Held-to-maturity investments                | 2,205                 | 2,205             | 2,285                    | 2,285             |
| Loans and receivables                       | 623,904               | 623,904           | 608,239                  | 608,239           |
| Trade and other receivables                 | 8,425,008             | 8,425,008         | 9,170,644                | 9,170,644         |
| Cash and cash equivalents                   | 2,728,775             | 2,728,775         | 2,232,313                | 2,232,313         |
|   | 11,779,892            | 11,779,892        | 12,013,481               | 12,013,481        |
| <b>Liabilities recognized at fair value</b> |                       |                   |                          |                   |
| Derivative liabilities (trading)            | 366,539               | 366,539           | 491,035                  | 491,035           |
| Derivative assets (using hedge accounting)  | 160,086               | 160,086           | 209,440                  | 209,440           |
|   | 526,625               | 526,625           | 700,475                  | 700,475           |

**Liabilities carried at amortized cost**

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|                              |            |            |            |            |
|------------------------------|------------|------------|------------|------------|
| Secured borrowings           | 707,334    | 707,334    | 582,053    | 579,111    |
| Unsecured bond               | 55,368,677 | 57,890,099 | 54,878,897 | 57,226,079 |
| Finance lease liabilities    | 855,015    | 855,015    | 884,966    | 884,966    |
| Unsecured borrowings         | 5,492,197  | 5,609,101  | 5,383,966  | 5,493,786  |
| Trade and other payables(*2) | 8,625,613  | 8,625,613  | 8,979,316  | 8,979,316  |
| Bank overdraft               | 3,919      | 3,919      | 43,233     | 43,233     |
|                              | 71,052,755 | 73,691,081 | 70,752,431 | 73,206,491 |

(\*1) Book values of equity securities held by the Company that were measured at cost as of March 31, 2014 and December 31, 2013 are 333,086 million and 330,001 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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. 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, 2014 and December 31, 2013 are as follows:

| <b>Type</b>                    | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|--------------------------------|-----------------------|--------------------------|
| Derivatives                    | 0.11% ~ 3.92%         | 0.17% ~ 4.34%            |
| Borrowings and debt securities | 1.14% ~ 4.05%         | 1.40% ~ 4.11%            |
| Finance lease                  | 9.00% ~ 10.80%        | 9.00% ~ 10.80%           |

**(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, 2014 and December 31, 2013 are as follows:

| <i>In millions of won</i><br><b>Type</b> | <b>March 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>    |                       |                |                |              |

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|                                     |         |         |         |           |
|-------------------------------------|---------|---------|---------|-----------|
| Available-for-sale financial assets | 712,527 |         | 187,119 | 899,646   |
| Derivative assets                   |         | 112,434 |         | 112,434   |
|                                     | 712,527 | 112,434 | 187,119 | 1,012,080 |

**Financial liabilities at fair value**

|                        |  |         |  |         |
|------------------------|--|---------|--|---------|
| Derivative liabilities |  | 526,625 |  | 526,625 |
|------------------------|--|---------|--|---------|

*In millions of won*

| Type                                  | December 31, 2013 |         |         | Total     |
|---------------------------------------|-------------------|---------|---------|-----------|
|                                       | Level 1           | Level 2 | Level 3 |           |
| <b>Financial assets at fair value</b> |                   |         |         |           |
| Available-for-sale financial assets   | 740,805           |         | 185,959 | 926,764   |
| Derivative assets                     |                   | 86,494  |         | 86,494    |
|                                       | 740,805           | 86,494  | 185,959 | 1,013,258 |

**Financial liabilities at fair value**

|                        |  |         |  |         |
|------------------------|--|---------|--|---------|
| Derivative liabilities |  | 700,475 |  | 700,475 |
|------------------------|--|---------|--|---------|



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**43. Risk Management, Continued****(3) Fair value risk, continued**

Changes of financial assets and liabilities which are classified as level 3 for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 are as follows:

| <i>In millions of won</i>             | <b>Beginning<br/>balance</b> | <b>March 31, 2014</b> |                  |                 | <b>Ending<br/>balance</b> |
|---------------------------------------|------------------------------|-----------------------|------------------|-----------------|---------------------------|
|                                       |                              | <b>Acquisition</b>    | <b>Valuation</b> | <b>Disposal</b> |                           |
| <b>Financial assets at fair value</b> |                              |                       |                  |                 |                           |
| Available-for-sale financial assets   |                              |                       |                  |                 |                           |
| Unlisted securities                   | 171,304                      |                       | (9)              |                 | 171,295                   |
| Debt securities                       | 14,655                       |                       |                  | 1,169           | 15,824                    |

(\*) Amount due to foreign currency translation.

| <i>In millions of won</i>                  | <b>Beginning<br/>balance</b> | <b>December 31, 2013</b> |                                  |                  | <b>Ending<br/>balance</b> |
|--|------------------------------|--------------------------|----------------------------------|------------------|---------------------------|
|  |                              | <b>Acquisition</b>       | <b>Reclassified<br/>category</b> | <b>Valuation</b> |                           |
| <b>Financial assets at fair value</b>      |                              |                          |                                  |                  |                           |
| Available-for-sale financial assets        |                              |                          |                                  |                  |                           |
| Unlisted securities                        | 169,637                      | 784                      | 883                              |                  | 171,304                   |
| Debt securities                            | 22,518                       |                          |                                  | (7,863)          | 14,655                    |
| <b>Financial liabilities at fair value</b> |                              |                          |                                  |                  |                           |
| Derivative liabilities                     |                              |                          |                                  |                  |                           |
| Derivative liabilities (trading)           | 9,491                        |                          |                                  | (9,491)          |                           |

**44. Service Concession Arrangements**

**(1) Significant terms and concession period of the arrangement**

The Company has entered into a contract with National Power Corporation (the NPC), based in the Republic of the Philippines whereby the Company can collect the electricity rates which are composed of fixed costs and variable costs during the concession period after building, rehabilitating, and operating the power plant.

**(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, 2014 are as follows:**

| <i>In millions of won</i>         |                |
|-----------------------------------|----------------|
| <b>Type</b>                       | <b>Amounts</b> |
| Less than 1 year                  | 223,281        |
| 1~ 2 years                        | 223,281        |
| 2~ 3 years                        | 223,281        |
| Each year thereafter through 2022 | 241,888        |

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Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties****(1) Related parties of the Company as of March 31, 2014 are as follows:**

| <b>Type</b>                       | <b>Related party</b>  |
|-----------------------------------|---|
| Parent                            | Korean Government   |
| Subsidiaries<br>(79 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., Korea Power Engineering & Power Services 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 Phillippines Corporation (Formely, EWP Cebu Corporation), EWP Philippine Holdings Corporation, EWP America Inc., EWP Renewable Co., DG Fairhaven Power, LLC, DG Kings Plaza Holdings, LLC, DG Kings Plaza, LLC, DG Kings Plaza II, 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., Boulder Solar Power, LLC, 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. |

Associates

(58 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., Alternergy Philippine Investments Corporation, 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, E-Power S.A., 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., Gumi-ochang Photovoltaic Power Co., Ltd., Chungbuk Photovoltaic Power Co., Ltd., Cheonan Photovoltaic Power Co., Ltd., PT. Mutiara Jawa, Hyundai Asan Solar Power Co., Ltd., Heang Bok Do Si Photovoltaic Power Co., Ltd., Jeonnam Solar Co., Ltd., DS POWER Co., Ltd., D Solar Energy Co., Ltd., Dongducheon Dream Power Co., Ltd., KS Solar Corp. Ltd., KOSCON Photovoltaic Co., Ltd., Yeongwol Energy Station Co., Ltd., Yeonan Photovoltaic Co., Ltd., Q1 Solar Co., Ltd., Jinbhuvish Power Generation, Best Solar Energy Co., Ltd., Seokcheon Solar Power Co., Ltd., SE Green Energy Co., Ltd., Daegu Photovoltaic Co., Ltd., Jeongam Wind Power Co., Ltd., Korea Power Engineering Service Co., Ltd., Golden Route J Solar Power Co., Ltd.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued**

| Type                                  | Related party  |
|---------------------------------------|--|
| Joint ventures<br>(36 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., YEONGAM Wind 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., Arman Asia Electric Power Company, KEPCO-ALSTOM Power Electronics Systems, Inc., Dongbu Power Dangjin Corporation, 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. |
| Others                                | Korea Finance Corporation  |

(2) **Transactions between KEPCO and its subsidiaries are eliminated in the consolidation and will not be shown as notes.**

(3) **Related party transactions for the three-month periods ended March 31, 2014 and 2013 are as follows:**

| <i>In millions of won</i> | Company name                      | Transaction type         | Sales and others |                |
|---------------------------|-----------------------------------|--------------------------|------------------|----------------|
|                           |                                   |                          | March 31, 2014   | March 31, 2013 |
| <b>&lt;Associates&gt;</b> |                                   |                          |                  |                |
|                           | Daegu Green Power Co., Ltd.       | Electricity sales        | 206              | 9              |
|                           | Dongducheon Dream Power Co., Ltd. | Rental income and others | 3,929            |                |

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|   |                          |        |       |
|---|--------------------------|--------|-------|
| Korea Gas Corporation                                 | Electricity sales        | 22,532 | 52104 |
| Chungbuk Photovoltaic Power Co., Ltd.                 | Electricity sales        | 2      |       |
| Cheonan Photovoltaic Power Co., Ltd.                  | Electricity sales        | 1      |       |
| Daegu Photovoltaic Co., Ltd.                          | Service                  |        | 5     |
| Jeongam Wind Power Co., Ltd.                          | Service                  | 4      |       |
| Yeongwol Energy Station Co., Ltd.                     | Service                  | 2,323  |       |
| KOSCON Photovoltaic Co., Ltd.                         | Service                  | 2      |       |
| Yeonan Photovoltaic Co., Ltd.                         | Service                  | 2      |       |
| Q1 Solar Co., Ltd.                                    | Service                  | 5      |       |
| Best Solar Energy Co., Ltd.                           | Service                  | 5      |       |
| Seokcheon Solar Power Co., Ltd.                       | Electricity sales        | 2      |       |
| D Solar Energy Co., Ltd.                              | Electricity sales        | 3      |       |
| KS Solar Co., Ltd.                                    | Electricity sales        | 2      |       |
| Incheon New Power Co., Ltd.                           | Construction revenue     | 2,219  |       |
| Hyundai Asan Solar Power Co., Ltd.                    | Electricity sales        | 3      |       |
| Korea Electric Power Industrial Development Co., Ltd. | Service                  | 5,255  | 1,303 |
| DS POWER Co., Ltd.                                    | Construction revenue     | 20,106 |       |
| YTN Co., Ltd.   | Electricity sales        | 596    | 282   |
| Cheongna Energy Co., Ltd.                             | Rental income and others | 6,331  | 607   |
| Gangwon Wind Power Co., Ltd.                          | Dividend income          | 2,020  | 2,013 |
| Hyundai Green Power Co., Ltd.                         | Dividend income          | 10,430 | 9,727 |
| Korea Power Exchange                                  | Service                  | 2,907  | 3,498 |
| Hyundai Energy Co., Ltd.                              | Service                  | 14,259 | 5,358 |
| Ecollite Co., Ltd.                                    | Interest income          |        | 449   |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(3) Related party transactions for the three-month periods ended March 31, 2014 and 2013 are as follows, continued:***In millions of won*

| Company name                             | Transaction type          | Sales and others  |                   |
|--|---------------------------|-------------------|-------------------|
|  |                           | March 31,<br>2014 | March 31,<br>2013 |
| Taebaek Wind Power Co., Ltd.             | Service                   | 183               | 168               |
| Daeryun Power Co., Ltd.                  | Electricity sales         | 478               | 30                |
| Changjuk Wind Power Co., Ltd.            | Electricity sales         | 160               | 156               |
| KNH Solar Co., Ltd.                      | Electricity sales         | 5                 | 6                 |
| S-Power Co., Ltd.                        | Electricity sales         | 154               |                   |
| Busan Solar Co., Ltd.                    | Electricity sales         | 5                 |                   |
| Dolphin Property Limited                 | Service                   |                   | 32                |
| E-POWER S.A.                             | Service                   | 4                 | 1,883             |
| <b>&lt;Joint ventures&gt;</b>            |                           |                   |                   |
| KEPCO SPC Power Corporation              | Interest income           | 1,426             | 2,546             |
| Dongbu Power Dangjin Corporation         | Technical fee             | 5                 |                   |
| Honam Wind Power Co., Ltd.               | Electricity sales         | 19                |                   |
| KW Nuclear Components Co., Ltd.          | Service                   | 128               | 267               |
| STX Electric Power Co., Ltd.             | Architectural engineering | 1,101             | 684               |
| Busan shinho Solar power Co., Ltd.       | Electricity sales         | 6                 |                   |
| YEONGAM Wind Power Co., Ltd.             | Service                   | 29                |                   |
| Global Trade Of Power System Co., Ltd.   | Service                   | 39                |                   |
| Datang Chifeng Renewable Power Co., Ltd. | Interest income           | 601               | 683               |
| Rabigh Operation & Maintenance Company   | Rental income and others  | 275               | 524               |
| Shuweihat Asia Power Investment B.V.     | Service                   |                   | 30                |
| Jamaica Public Service Company Limited   | Service                   | 726               | 678               |

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|                                   |                 |       |       |
|-----------------------------------|-----------------|-------|-------|
| KV Holdings, Inc.                 | Dividend income |       | 319   |
| Arman Asia Electric Power Company | Service         | 4,903 | 9,989 |

*In millions of won*

| Company name                             | Transaction type                  | Purchase and others |                |
|--|-----------------------------------|---------------------|----------------|
|  |                                   | March 31, 2014      | March 31, 2013 |
| <b>&lt;Associates&gt;</b>                |                                   |                     |                |
| Korea Gas Corporation                    | Purchase of power generation fuel | 3,546,368           | 3,421,045      |
| Gumi-ochang Photovoltaic Power Co., Ltd. | REC Purchase                      | 528                 | 676            |
| Chungbuk Photovoltaic Power Co., Ltd.    | REC Purchase                      | 115                 | 224            |
| Cheonan Photovoltaic Power Co., Ltd.     | REC Purchase                      | 65                  | 116            |
| Daegu Photovoltaic Co., Ltd.             | Electricity purchase              | 409                 |                |
| Golden Route J Solar Power Co., Ltd.     | Service                           | 127                 | 93             |
| KOSCON Photovoltaic Co., Ltd.            | Electricity purchase              | 486                 |                |
| Yeonan Photovoltaic Co., Ltd.            | Electricity purchase              | 236                 |                |
| Q1 Solar Co., Ltd.                       | Electricity purchase              | 925                 |                |
| Best Solar Energy Co., Ltd.              | Electricity purchase              | 816                 |                |
| Seokcheon Solar Power Co., Ltd.          | Service                           | 270                 | 85             |
| D Solar Energy Co., Ltd.                 | REC Purchase                      | 481                 |                |
| KS Solar Co., Ltd.                       | REC Purchase                      | 215                 |                |
| Hyundai Asan Solar Power Co., Ltd.       | Electricity purchase              | 418                 |                |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued**

- (3) **Related party transactions for the three-month periods ended March 31, 2014 and 2013 are as follows, continued:**

| <i>In millions of won</i>                             |                         | <b>Purchase and others</b> |                       |
|---|-------------------------|----------------------------|-----------------------|
| <b>Company name</b>                                   | <b>Transaction type</b> | <b>March 31, 2014</b>      | <b>March 31, 2013</b> |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering    | 52,400                     | 42,874                |
| YTN Co., Ltd.   | Service                 |                            | 125                   |
| Gangwon Wind Power Co., Ltd.                          | Electricity purchase    | 8,197                      | 11,468                |
| Hyundai Green Power Co., Ltd.                         | Electricity purchase    | 121,714                    | 82,089                |
| Korea Power Exchange                                  | Electricity purchase    | 23,862                     | 20,218                |
| Hyundai Energy Co., Ltd.                              | Electricity purchase    |                            | 231                   |
| Taebaek Wind Power Co., Ltd.                          | REC Purchase            | 4,485                      | 3,474                 |
| Changjuk Wind Power Co., Ltd.                         | Electricity purchase    | 4,634                      | 2,801                 |
| KNH Solar Co., Ltd.                                   | REC Purchase            | 1,454                      | 1,024                 |
| Busan Solar Co., Ltd.                                 | Electricity purchase    | 972                        | 307                   |
| Green Biomass Co., Ltd.                               | Woodchip purchase       | 442                        |                       |
| <b>&lt;Joint ventures&gt;</b>                         |                         |                            |                       |
| KEPCO-ALSTOM Power Electronics Systems, Inc           | Service                 | 176                        |                       |
| Busan shinho Solar power Co., Ltd.                    | Electricity purchase    | 2,794                      | 683                   |
| YEONGAM Wind Power Co., Ltd.                          | Electricity purchase    | 3,230                      |                       |
| Expressway Solar-light Power                          | Electricity purchase    | 233                        | 171                   |
| Jamaica Public Service Company Limited                | Service                 | 28                         |                       |

- (4) **Receivables and payables arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won*

| Company name                                     | Type                             | Receivables       |                      | Payables          |                      |
|--|----------------------------------|-------------------|----------------------|-------------------|----------------------|
|  |                                  | March 31,<br>2014 | December 31,<br>2013 | March 31,<br>2014 | December 31,<br>2013 |
| <b>&lt;Associates&gt;</b>                        |                                  |                   |                      |                   |                      |
| Korea Gas Corporation                            | Trade receivables                | 5,546             | 8,237                |                   |                      |
|  | Non-trade receivables and others | 274               | 1,507                |                   |                      |
|  | Trade payables                   |                   |                      | 1,225,850         | 1,208,072            |
|  | Non-trade payables and others    |                   |                      | 1                 | 101                  |
| Chungbuk Photovoltaic Power Co., Ltd.            | Trade receivables                | 1                 |                      |                   |                      |
|  | Non-trade payables and others    |                   |                      | 67                | 57                   |
| Cheonan Photovoltaic Power Co., Ltd.             | Non-trade payables and others    |                   |                      | 54                |                      |
| Daegu Photovoltaic Co., Ltd.                     | Non-trade payables and others    |                   |                      | 171               | 212                  |
| Jeongam Wind Power Co., Ltd.                     | Non-trade payables and others    |                   |                      |                   | 6                    |
| Golden Route J Solar Power Co., Ltd.             | Non-trade payables and others    |                   |                      | 35                | 48                   |
| Yeongwol Energy Station Co., Ltd.                | Trade receivables                | 8,075             | 11,413               |                   |                      |
| KOSCON Photovoltaic Co., Ltd.                    | Non-trade payables and others    |                   |                      | 311               | 45                   |
| Yeonan Photovoltaic Co., Ltd.                    | Trade receivables                |                   | 23                   |                   |                      |
|  | Non-trade payables and others    |                   |                      | 101               | 20                   |
| Q1 Solar Co., Ltd.                               | Trade receivables                | 1                 |                      |                   |                      |
| Best Solar Energy Co., Ltd.                      | Trade receivables                | 2                 |                      |                   |                      |
|  | Non-trade payables and others    |                   |                      |                   | 21                   |
| Seokcheon Solar Power Co., Ltd.                  | Non-trade payables and others    |                   |                      | 120               | 154                  |
| D Solar Energy Co., Ltd.                         |                                  |                   |                      |                   |                      |
| KS Solar Co., Ltd.                               |                                  |                   |                      |                   |                      |
| Incheon New Power Co., Ltd.                      | Non-trade payables and others    |                   |                      | 228               | 29                   |
|  | Trade receivables                | 1                 |                      |                   |                      |
|  | Trade receivables                | 706               |                      |                   |                      |
|  | Non-trade payables and others    |                   |                      |                   | 1,483                |
| Hyundai Asan Solar Power Co., Ltd.               | Trade receivables                | 3                 |                      |                   |                      |
|  | Non-trade payables and others    |                   |                      | 112               |                      |
| Korea Electric Power Industrial Development Co., | Trade receivables                | 1,345             | 590                  |                   |                      |

Ltd.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows, continued:**

*In millions of won*

| Company name                  | Type                             | Receivables    |                   | Payables       |                   |
|-------------------------------|----------------------------------|----------------|-------------------|----------------|-------------------|
|                               |                                  | March 31, 2014 | December 31, 2013 | March 31, 2014 | December 31, 2013 |
|                               | Non-trade receivables and others | 210            | 129               |                |                   |
|                               | trade payables                   |                |                   | 12             |                   |
|                               | Non-trade payables and others    |                |                   | 11,156         | 24,357            |
| DS Power Co., Ltd.            | Trade receivables                | 1,610          |                   |                |                   |
|                               | Non-trade receivables and others | 17,949         |                   |                |                   |
| YTN Co., Ltd.                 | Non-trade payables and others    |                |                   |                | 1                 |
|                               | Trade receivables                | 51             | 51                |                |                   |
|                               | Non-trade payables and others    |                |                   |                | 110               |
| Cheongna Energy Co., Ltd.     | Trade receivables                | 103            | 133               |                |                   |
|                               | Non-trade receivables and others | 810            | 1,805             |                |                   |
|                               | Non-trade payables and others    |                |                   | 1              |                   |
| Gangwon Wind Power Co., Ltd.  | Trade receivables                | 8              | 7                 |                |                   |
|                               | Non-trade payables and others    |                |                   | 3,769          | 3,720             |
| Hyundai Green Power Co., Ltd. | Trade receivables                | 877            | 1,311             |                |                   |
|                               | Non-trade payables and others    |                |                   | 39,836         | 28,427            |
| Korea Power Exchange          | Trade receivables                | 68,111         | 3,810             |                |                   |
|                               |                                  | 8              | 147               |                |                   |

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|                                  |                                  |        |             |
|----------------------------------|----------------------------------|--------|-------------|
|                                  | Non-trade receivables and others |        |             |
|                                  | Trade payables                   |        | 3,317 3,497 |
|                                  | Non-trade payables and others    |        | 2,680 6,709 |
| Hyundai Energy Co., Ltd.         | Trade receivables                | 80     | 60          |
|                                  | Non-trade receivables and others | 24,211 | 17,936      |
|                                  | Non-trade payables and others    |        | 9,116 8,823 |
| Taebaek Wind Power Co., Ltd.     | Trade receivables                | 99     | 129         |
|                                  | Non-trade payables and others    |        | 653 703     |
| Pyeongchang Wind Power Co., Ltd. | Trade receivables                |        | 186         |
|                                  | Non-trade receivables and others | 186    |             |
| Daeryun Power Co., Ltd.          | Trade receivables                | 150    | 208         |
| Changjuk Wind Power Co., Ltd.    | Trade receivables                | 87     | 92          |
|                                  | Non-trade payables and others    |        | 639 797     |
| Busan Solar Co., Ltd.            | Trade receivables                | 1      |             |
|                                  | Trade payables                   |        | 266         |
|                                  | Non-trade payables and others    |        | 77 3        |
| KNH Solar Co., Ltd.              | Trade receivables                | 1      | 1           |
|                                  | Non-trade payables and others    |        | 14          |
| S-Power Co., Ltd.                | Trade receivables                | 65     |             |
| Green Biomass Co., Ltd.          | Non-trade receivables and others | 120    | 258         |
|                                  | Non-trade payables and others    |        | 45          |
| SPC Power Corporation            | Non-trade receivables and others |        | 6           |
| E-POWER S.A.                     | Non-trade receivables and others |        | 2           |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows, continued:**

*In millions of won*

| Company name                                | Type                             | Receivables Payables             |                      |                   |                      |
|---|----------------------------------|----------------------------------|----------------------|-------------------|----------------------|
|   |                                  | March 31,<br>2014                | December 31,<br>2013 | March 31,<br>2014 | December 31,<br>2013 |
| <b>&lt;Joint venture&gt;</b>                |                                  |                                  |                      |                   |                      |
| KEPCO SPC Power Corporation                 | Trade receivables                | 15,336                           | 10,237               |                   |                      |
|   | Non-trade receivables and others | 1,688                            |                      |                   |                      |
| KEPCO-ALSTOM Power Electronics Systems, Inc | Non-trade receivables and others |                                  | 473                  |                   |                      |
|   | Dongbu Power Dangjin Corporation | Non-trade receivables and others | 5                    | 1,575             |                      |
| Seokmun Energy Co., Ltd.                    | Non-trade receivables and others | 196                              | 196                  |                   |                      |
|   | KW Nuclear Components Co., Ltd.  | Non-trade receivables and others | 41                   |                   |                      |
| GS Donghae Electric Power Co., Ltd.         | Trade receivables                | 4                                | 323                  |                   |                      |
|   | Non-trade receivables and others | 229                              | 100                  |                   |                      |
| Busan Shinho Solar power Co., Ltd.          | Trade receivables                | 2                                |                      |                   |                      |
|   | Non-trade payables and others    |                                  |                      | 1,078             | 1,132                |
| YEONGAM Wind Power Co., Ltd.                | Trade receivables                | 3                                | 252                  |                   |                      |
|   | Non-trade receivables and others | 2                                |                      |                   |                      |
| Datang Chifeng Renewable Power Co., Ltd.    | Trade receivables                | 75                               | 613                  |                   |                      |

|  |                                  |       |     |
|--|----------------------------------|-------|-----|
| Jamaica Public Service Company Limited | Trade receivables                | 537   | 537 |
|  | Non-trade receivables and others | 117   | 59  |
| Arman Asia Electric Power Company      | Trade receivables                | 2,854 |     |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(5) Loans and others arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

| Type           | Company name                             | Beginning balance | Loans | Collection | Allowance for doubtful accounts | Others | Ending balance |
|----------------|--|-------------------|-------|------------|---------------------------------|--------|----------------|
| Joint ventures | KEPCO SPC Power Corporation              | 48,544            |       |            |                                 | 621    | 49,165         |
| Joint ventures | Datang Chifeng Renewable Power Co., Ltd. | 35,679            |       | (3,614)    |                                 | 456    | 32,521         |
| Joint ventures | Jamaica Public Service Company Limited   | 2,111             |       |            |                                 | 27     | 2,138          |
| Associates     | KNOC Nigerian East Oil Co., Ltd.         |                   |       |            |                                 |        |                |
|                | KNOC Nigerian West Oil Co., Ltd.         | 25,353            | 189   |            | (20,228)                        | 300    | 5,614          |
| Associates     | Dolphin Property Limited                 | 953               |       |            | (354)                           | 6      | 605            |
| Associates     | Rabigh Electricity Company               | 103,421           |       |            |                                 | 1,323  | 104,744        |
| Associates     | PT. Cirebon Electric Power               | 55,741            |       |            |                                 | 1,591  | 57,332         |
|                |  | 271,802           | 189   | (3,614)    | (20,582)                        | 4,324  | 252,119        |

**(6) Borrowings arising from related party transactions as of March 31, 2014 and December 31, 2013 are as follows:***In millions of won*

| Type | Company name | Transaction type | Beginning balance | Borrowings | Repayments | Others | Ending balance |
|------|--------------|------------------|-------------------|------------|------------|--------|----------------|
|------|--------------|------------------|-------------------|------------|------------|--------|----------------|



|                       |               |          |           |  |           |
|-----------------------|---------------|----------|-----------|--|-----------|
| Other related parties | Korea Finance |          |           |  |           |
|                       | Corporation   | Facility | 2,300,000 |  | 2,300,000 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of March 31, 2014 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 189,565         | SMBC and others                                      |
| Korea Electric Power Corporation | Shuweihat Asia Power Investment B.V.                                  | Performance guarantees                  | USD 17,900          | ADWEA  |
| Korea Electric Power Corporation | Shuweihat 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 Electric Power Corporation | Amman Asia Electric Power Company                                     | Performance guarantees                  | USD 19,800          | Standard Chartered Bank                              |
| Korea Western Power Co., Ltd.    | Cheongna Energy Co., Ltd.   | Collateralized money invested           | KRW 42,646          | Hana Bank, Korea Exchange Bank                       |
|                                  |   | Guarantees for supplemental funding (*) |                     |  |
| Korea Western Power Co., Ltd.    | Xe-Pian Xe-Namnoy Power Co., Ltd.                                     | Payment guarantees for business reserve | USD 2,500           | Krung Thai Bank and others                           |
|                                  |   | Collateralized money invested           | USD 16,934          |  |
|                                  |   | Guarantees for supplemental funding (*) |                     |  |
| Korea Western Power Co., Ltd.    | Rabigh O&M Co., Ltd.  | Performance guarantees                  | SAR 4,800           | Saudi Arabia British Bank                            |
|                                  |   |   | KRW 1,229           |  |

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|                                 |   |  |             |  |
|---------------------------------|---|--|-------------|--|
| Korea Western Power Co., Ltd.   | Deagu Photovoltaic Co., Ltd.  | Collateralized money invested                                      |             | Shinhan Capital Co., Ltd.                                      |
| Korea Western Power Co., Ltd.   | Dongducheon Dream Power Co., Ltd.   | Collateralized money invested                                      | KRW 144,200 | Kookmin Bank and others  |
| Korea Western Power Co., Ltd.   | PT Mutiara Jawa   | Collateralized money invested                                      | USD 2,610   | Shinhan Bank Singapore   |
| Korea East-West Power Co., Ltd. | Busan shinho Solar power Co., Ltd.  | Collateralized money invested                                      | KRW 2,100   | KT Capital Co., Ltd.   |
| Korea East-West Power Co., Ltd. | GS-Donghae Electric Power Co., Ltd. (formerly named STX Electric Power Co., Ltd.) | Collateralized money invested                                      | KRW 225,400 | Korea Development Bank   |
| Korea East-West Power Co., Ltd. | Honam Wind Power Co., Ltd.  | Collateralized money invested                                      | KRW 3,480   | Shinhan Bank and others  |
| Korea Southern Power Co., Ltd.  | KNH Solar Co., Ltd.   | Collateralized money invested                                      | KRW 1,296   | Shinhan Bank, Kyobo Life Insurance Co., Ltd.                   |
|                                 |   | Performance guarantees and guarantees for supplemental funding (*) |             |  |
| 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 (*)                            |             |  |
| Korea Southern Power Co., Ltd.  | Changjuk Wind Power Co., Ltd.   | Collateralized money invested                                      | KRW 3,801   | Shinhan Bank, Woori Bank                                       |
|                                 |   | Guarantees for supplemental funding (*)                            |             |  |
| Korea Southern Power Co., Ltd.  | Busan Solar Co., Ltd.   | Collateralized money invested                                      | KRW 793     | Consus Asset Management Co., Ltd                               |
| Korea Southern Power Co., Ltd.  | Taebaek Wind Power Co., Ltd.  | Guarantees for supplemental funding (*)                            |             | Shinhan Bank, Bank of Cheju                                    |
| Korea Southern Power Co., Ltd.  | Daegu Green Power Co., Ltd.   | Collateralized money invested                                      | KRW 76,193  | Korea Exchange Bank and others                                 |
|                                 |   | Performance guarantees and guarantees for supplemental funding (*) |             |  |
| Korea Southern Power Co., Ltd.  | KS Solar Corp. Ltd.   | Collateralized money invested                                      | KRW 637     | Shinhan Capital Co., Ltd.                                      |
|                                 |   |  | KRW 700     |  |

|                                |                         |                               |                           |
|--------------------------------|-------------------------|-------------------------------|---------------------------|
| Korea Southern Power Co., Ltd. | Jeonnam Solar Co., Ltd. | Collateralized money invested | Shinhan Capital Co., Ltd. |
|--------------------------------|-------------------------|-------------------------------|---------------------------|

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of March 31, 2014 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 Southern Power Co., Ltd.                 | Kelar S.A.                               | Performance guarantees   | USD 13,000          | Korea Exchange Bank                                    |
|  |  | Debt guarantees  | USD 106,600         | SMBC, MIZUHO   |
| KEPCO Engineering & Construction Company, Inc. | DS Power Co., Ltd.                       | Collateralized money invested                                      | KRW 2,900           | Korea Development Bank and Daewoo Securities Co., Ltd. |
| Korea Southern Power Co., Ltd.                 |  |  | KRW 15,000          |  |
| KEPCO Engineering & Construction Company, Inc. |  | Performance guarantees and guarantees for supplemental funding (*) |                     |  |
| Korea Southern Power Co., Ltd.                 |  |  |                     |  |
| Korea Midland Power Co., Ltd.                  | Hyundai Green Power Co.                  | Collateralized money invested                                      | KRW 87,003          | Korea Development Bank and others                      |
|  |  | Guarantees for supplemental funding (*)                            |                     |  |
| Korea Midland Power Co., Ltd.                  | Gangwon Wind Power Co., Ltd.             | Collateralized money invested                                      | KRW 7,410           | Industrial Bank of Korea                               |
| Korea Midland Power Co., Ltd.                  | Cheonan Photovoltaic Power Co., Ltd.     | Collateralized money invested                                      | KRW 122             | KT Capital Corporation                                 |
| Korea Midland Power Co., Ltd.                  | Gumi-ochang Photovoltaic Power Co., Ltd. | Collateralized money invested                                      | KRW 288             | Shinhan Capital Co., Ltd.                              |
|  |  |  | KRW 166             |  |

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|                                  |  |  |     |         |                                   |
|----------------------------------|--|--|-----|---------|-----------------------------------|
| Korea Midland Power Co., Ltd.    | Chungbuk Photovoltaic Power Co., Ltd.          | Collateralized money invested                                      |     |         | KT Capital Corporation            |
| Korea Midland Power Co., Ltd.    | Golden Route J Solar Power Co., Ltd.           | Collateralized money invested                                      | KRW | 82      | Shinhan Capital Co., Ltd.         |
| Korea Midland Power Co., Ltd.    | D Solar Energy Co., Ltd.                       | Collateralized money invested                                      | KRW | 400     | Shinhan Capital Co., Ltd.         |
| Korea Midland Power Co., Ltd.    | Hyundai Asan Solar Power Co., Ltd.             | Collateralized money invested                                      | KRW | 471     | Shinhan Capital Co., Ltd.         |
| Korea South-East Power Co., Ltd. | Hyundai Energy Co., Ltd.                       | Collateralized money invested                                      | KRW | 71,070  | Korea Development Bank and others |
|                                  |  | Performance guarantees and guarantees for supplemental funding (*) |     |         |                                   |
| Korea South-East Power Co., Ltd. | RES Technology AD                              | Collateralized money invested                                      | KRW | 15,595  | Korea Development Bank and others |
|                                  |  | Debt guarantees  | EUR | 4,271   |                                   |
| Korea South-East Power Co., Ltd. | ASM-BG investicii AD                           | Collateralized money invested                                      | KRW | 16,101  | Korea Development Bank and others |
|                                  |  | Debt guarantees  | EUR | 4,175   |                                   |
| Korea South-East Power Co., Ltd. | Express solar-light Power Generation Co., Ltd. | Collateralized money invested                                      | KRW | 3,132   | Woori Bank and others             |
|                                  |  | Guarantees for supplemental funding (*)                            |     |         |                                   |
| Korea South-East Power Co., Ltd. | S-Power Co., Ltd.                              | Collateralized money invested                                      | KRW | 108,000 | Korea Development Bank and others |
|                                  |  | Performance guarantees and guarantees for supplemental funding (*) |     |         |                                   |
| Korea South-East Power Co., Ltd. | YEONGAM Wind Power Co., Ltd.                   | Collateralized money invested                                      | KRW | 11,584  | Kookmin Bank and others           |
|                                  |  | Guarantees for supplemental funding (*)                            |     |         |                                   |
| Korea South-East Power Co., Ltd. | Coscon Photovoltaic Co., Ltd.                  | Collateralized money invested                                      | KRW | 245     | Shinhan Capital Co., Ltd.         |
| Korea South-East Power Co., Ltd. | Yeonan Solar Co., Ltd.                         | Collateralized money invested                                      | KRW | 157     | Shinhan Capital Co., Ltd.         |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**45. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of March 31, 2014 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.            | Q1 Solar Energy Co., Ltd.          | Collateralized money invested           | KRW 1,005           | Shinhan Bank and others                                       |
| Korea South-East Power Co., Ltd.            | Best Solar Energy Co., Ltd.        | Collateralized money invested           | KRW 1,242           | Shinhan Bank and others                                       |
| KOSEP USA, INC.                             | KODE NOVUS II LLC                  | Guarantees for supplemental funding (*) |                     | Korea Development Bank and others                             |
| KOSEP USA, INC.                             | KODE NOVUS I LLC                   | Guarantees for supplemental funding (*) |                     | Daewoo Shipbuilding & Marine Engineering Co., Ltd. and others |
| Korea South-East Power Co., Ltd.            | Yeong Wol Energy Station Co., Ltd. | Collateralized money invested           | KRW 462             | Daewoo Securities Co., Ltd. and others                        |
| Korea Hydro & Nuclear Power Co., Ltd.       |                                    |   | KRW 1,400           |   |
| Korea Plant Service & Engineering Co., Ltd. | Incheon New Power Co., Ltd.        | Collateralized money invested           | KRW 461             | Shinhan Bank  |
|   |                                    | Guarantees for supplemental funding (*) |                     |   |

(\*) The Company guarantees to provide supplemental funding for business with respect to excessive business expenses or insufficient repayment of borrowings.

**(8) As of March 31, 2014, there are no guarantees provided by related parties.**

- (9) **Salaries and other compensations to the key members of management of the Company for the three-month periods ended March 31, 2014 and 2013 are as follows:**

*In millions of won*

| <b>Type</b>                       | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|-----------------------------------|-----------------------|-----------------------|
| Salaries                          | 193                   | 242                   |
| Retirement and severance benefits | 5                     | 16                    |
|                                   | 198                   | 258                   |

#### **46. Non-Cash Transactions**

**Significant non-cash investment and finance transactions excluded from statements of cash flows for the three-month periods ended March 31, 2014 and 2013 are as follows:**

*In millions of won*

| <b>Transactions</b>  | <b>March 31,<br/>2014</b> | <b>March 31, 2013</b> |
|--|---------------------------|-----------------------|
| Transfer of long-term borrowings and debt securities from non-current to current | 1,412,219                 | 2,049,196             |
| Conversion of investments in joint ventures from debt to equity                  |                           | 108,385               |
| Transfer of finance lease receiva  |                           | 23,575                |



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**47. Commitments for Expenditure**

- (1) **The agreements for acquisition of property, plant and equipment as of March 31, 2014 and December 31, 2013 are as follows:**

| <i>In millions of won</i>                         | <b>March 31, 2014</b> |                | <b>December 31, 2013</b> |                |
|---|-----------------------|----------------|--------------------------|----------------|
|   | <b>Amounts</b>        | <b>Balance</b> | <b>Amounts</b>           | <b>Balance</b> |
| <b>Contracts</b>                                  |                       |                |                          |                |
| Construction of New Uljin units                   | 14,559,941            | 11,476,920     | 14,559,941               | 11,756,580     |
| Construction of New Kori units                    | 14,097,914            | 8,236,185      | 14,097,914               | 8,306,938      |
| Construction of New Wolseong units                | 5,310,003             | 348,101        | 5,310,003                | 449,958        |
| Construction of Dangjin units                     | 957,216               | 376,624        | 952,729                  | 486,809        |
| Construction of New Boryeong units                | 1,801,718             | 1,456,944      | 1,801,718                | 1,613,529      |
| Construction of Samcheok units                    | 2,273,156             | 1,402,238      | 2,273,156                | 1,772,954      |
| Construction of Taean IGCC units                  | 927,974               | 452,498        | 925,173                  | 521,439        |
| Construction of Taean units                       | 937,954               | 840,363        | 937,954                  | 852,254        |
| Construction of Incheon units                     |                       |                | 167,566                  |                |
| Construction of office building (KDN)             | 106,493               | 60,707         | 106,493                  | 68,283         |
| Construction of office building (KOPEC)           | 210,021               | 155,886        | 210,021                  | 167,563        |
| Construction of Sejong city cogeneration units    | 305,360               | 46,007         | 468,153                  | 63,485         |
| Purchase of Wonju cogeneration units              | 50,220                | 39,333         | 50,400                   | 50,241         |
| Purchase of Ulsan combined cycle power units      | 256,760               | 117,491        | 256,760                  | 63,514         |
| Purchase of Pyeongtaek combined cycle power units | 361,950               | 56,205         | 354,976                  | 75,048         |
| Purchase of Andong main machine                   | 234,601               | 13,305         | 685,335                  | 28,194         |
| Purchase of diesel for generation                 | 54,177                |                | 54,177                   | 54,177         |
| Construction of New Yeongheung units              | 1,633,116             | 242,674        | 1,639,047                | 286,727        |
| Construction of New Yeosu units                   | 452,932               | 354,495        | 417,733                  | 337,926        |
| Construction of New Seoul units                   | 586,493               | 550,493        | 586,493                  | 550,493        |
| Purchase of Concrete Poles (10M,350KGF)           | 77,209                | 40,827         | 77,209                   | 71,111         |
| Other purchase contracts                          | 131,849               | 58,831         | 135,761                  | 65,394         |

- (2) **As of March 31, 2014, 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 | 2014 ~ 2030    | 36,288 Ton U3O8           |
| Transformed | 2014 ~ 2022    | 19,511 Ton U              |
| Enrichment  | 2014 ~ 2029    | 39,058 Ton SWU            |
| Molded      | 2014           | 999 Ton U                 |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments**

- (1) **Ongoing litigations related with contingent liabilities and assets as of March 31, 2014 and December 31, 2013 are as follows:**

*In millions of won*

| Company  | March 31, 2014  |              | December 31, 2013 |              |
|--|-----------------|--------------|-------------------|--------------|
|  | Number of cases | Claim amount | Number of cases   | Claim amount |
| <b>&lt;As the defendant&gt;</b>                |                 |              |                   |              |
| Korea Electric Power Corporation               | 517             | 319,845      | 490               | 317,466      |
| Korea Hydro & Nuclear Power Co., Ltd.          | 47              | 36,828       | 38                | 35,806       |
| Korea South-East Power Co., Ltd.               | 12              | 5,846        | 13                | 6,956        |
| Korea Midland Power Co., Ltd.                  | 10              | 5,767        | 14                | 8,174        |
| Korea Western Power Co., Ltd.                  | 12              | 4,304        | 11                | 4,307        |
| Korea Southern Power Co., Ltd.                 | 18              | 25,318       | 19                | 25,318       |
| Korea East-West Power Co., Ltd.                | 11              | 3,705        | 12                | 3,814        |
| KEPCO Engineering & Construction Company, Inc. | 2               | 399          | 1                 | 219          |
| Korea Plant Service & Engineering Co., Ltd.    | 5               | 1,188        | 6                 | 3,164        |
| Korea Nuclear Fuel Co., Ltd.                   | 3               | 368          | 1                 | 40           |
| Korea Electric Power Data Network Co., Ltd.    | 2               | 150          | 2                 | 150          |
| KEPCO Ilijan Corporation                       | 1               | 2,496        | 1                 | 2,496        |
|  | 640             | 406,214      | 608               | 407,910      |
| <b>&lt;As the plaintiff&gt;</b>                |                 |              |                   |              |
| Korea Electric Power Corporation               | 108             | 78,957       | 109               | 104,104      |
| Korea Hydro & Nuclear Power Co., Ltd.          | 20              | 141,658      |                   |              |
| Korea South-East Power Co., Ltd.               | 3               | 3,297        | 5                 | 3,357        |
| Korea Midland Power Co., Ltd.                  |                 |              | 3                 | 1,388        |
| Korea Western Power Co., Ltd.                  | 2               | 180          | 2                 | 180          |
| KEPCO Lebanon SARL                             | 3               | 6,413        | 3                 | 8,625        |
| Qatrana Electric Power Company                 | 1               | 39,878       | 1                 | 39,450       |
|  | 137             | 270,383      | 123               | 157,104      |

The Company is the defendant against a number of claims. The following are potentially significant claims pertaining to the Company:

Korea Electric Power Corporation (KEPCO) 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 KEPCO of the completion of construction and requested the issuance of a certificate of completion, however KEPCO disagreed that LS Cable & System Ltd. had completed construction in accordance with the conditions of their contract. As a result, KEPCO 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 KEPCO) with the The Korean Commercial Arbitration Board in April 2013 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.

At this time, management believes the Company does not have a present obligation for this matter and has not recognized any provision as of March 31, 2014 due to the fact that LS Cable & System did not fully perform its obligations according to the contract terms. It is not possible to estimate an amount of potential loss because the Korean Commercial Arbitration Board is in the early stage of the process of examining the factual accuracy of the claims of each party by hiring third party experts.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued**

**(1) Ongoing litigations related with contingent liabilities and assets as of March 31, 2014 and December 31, 2013 are as follows, continued**

Korea Nuclear Technology Co., Ltd. was qualified to supply Korea Hydro & Nuclear Power Co., Ltd., a subsidiary of KEPCO, Passive Autocatalytic Recombiners(PAR) which had been developed under a cooperative research and development agreement and designated as items to be developed over a period of three years through a negotiated contract. Korea Nuclear Technology Co., Ltd. filed a lawsuit for damages and compensation against Korea Hydro & Nuclear Power Co., Ltd. relating to claims of contracting with another company through open bid.

The lower court ruled against the plaintiff based on the principle of freedom of contract and principle of competitive bid preference in October 2013. The plaintiff has filed an appeal as of March 31, 2014.

At this time, management believes the Company does not have a present obligation for this matter and has not recognized any provision as of March 31, 2014 since the Company does not have any legal obligation to have a contract with the plaintiff which is supported decision of the lower court.

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.

At this time, management believes that the Company does not have a present obligation for this matter and has not recognized any provision as of March 31, 2014 because the application of the Supreme Court's ruling is not clear and it is highly unpredictable to estimate the timing of payment and the amount since the Company is required to follow the

Korean government's guidance, as a government entity. It is not possible to estimate the amount of potential loss because it will be dependant upon the future agreement between the management of the Company and the labor unions or the outcome of any similar lawsuits.

In addition, Korean Power Plant Industry Union and others filed lawsuits (worth 44.6 billion) against six generation units including Korea Western Power Co., Ltd., and subsidiaries of KEPCO relating to claims that ordinary wages have been paid without including certain items of wages that should have been included in ordinary wages.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued**

(2) **Guarantees of borrowings provided to other companies as of March 31, 2014 and December 31, 2013 are as follows:**

*In thousands of U.S. dollars*

| <b>Guarantees</b>                                     | <b>Financial or non-financial institution</b> | <b>Date of contract</b> | <b>Period of contract</b> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---|---|-------------------------|---------------------------|-----------------------|--------------------------|
| Repayment guarantees for UAE Shuweihat S3 borrowings  | Mizuho, SMBC, HSBC                            | 2011-05-16              | 2011-05-16 ~ 2014-02-28   |                       | USD 58,294               |
| Guarantee of UAE Shuweihat S3 interest swap agreement | SMBC  | 2011-05-16              | 2011-05-16 ~ 2014-02-28   |                       | USD 1,500                |

The Company provides performance guarantee related to construction completion to Kookmin Bank. As such performance guarantee does not meet the definition of financial guarantee contract in K-IFRS 1039 Financial Instruments; Recognition and Measurement, no related liability is recognized.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued****(3) Credit lines provided by financial institutions as of March 31, 2014 are as follows:***In millions of won and thousands of foreign currencies*

| <b>Commitments</b>   | <b>Financial institutions</b>      | <b>Currency</b> | <b>Gaurantee limit</b> |
|--|------------------------------------|-----------------|------------------------|
| Commitments on Bank-overdraft                                  | Nonghyup Bank and others           | KRW             | 1,845,240              |
| Commitments on Bank-daylight overdraft                         | Nonghyup Bank and others           | KRW             | 280,000                |
| Limit amount available for CP                                  | Korea Exchange Bank and others     | KRW             | 1,129,000              |
| Limit amount available for card                                | Hana Bank and others               | KRW             | 77,023                 |
| Certification of payment on payables from foreign country      | Korea Development Bank             | USD             | 420,009                |
| Loan limit   | Export-Import Bank of Korea        | KRW             | 138,330                |
|  | BNP Paribas and others             | USD             | 2,796,059              |
| Certification of payment on L/C                                | Woori Bank and others              | USD             | 2,228,954              |
|  | Korea Exchange Bank                | GBP             | 183,507                |
|  | Korea Exchange Bank and others     | EUR             | 3,100                  |
|  | Kookmin Bank and others            | JPY             | 8,677,652              |
| Certification of performance guarantee on contract             | Shinhan Bank and others            | KRW             | 144,007                |
|  | Korea Exchange Bank                | AED             | 54,880                 |
|  | Standard Chartered Bank and others | USD             | 843,602                |
|  | Kookmin Bank                       | EUR             | 37,082                 |
|  | Hana Bank and others               | INR             | 185,077                |
| Certification of bidding                                       | SMBC and others                    | USD             | 14,116                 |
| Advance payment bond, Warranty bond, Retention bond and others | Shinhan Bank                       | EUR             | 5,438                  |
|  | Standard Chartered Bank and others | USD             | 252,264                |
|  | Katumandu Bank and others          | NPR             | 85,289                 |
| Others   | Korea Exchange Bank                | KRW             | 4,000                  |



|                  |                         |     |           |
|------------------|-------------------------|-----|-----------|
|                  | Export-Import Bank      |     |           |
|                  | of Korea and others     | USD | 1,407,500 |
|                  | Hana Bank and others    | INR | 157,830   |
| Inclusive credit | Korea Exchange Bank     | KRW | 925,000   |
|                  | HSBC and others         | USD | 354,003   |
|                  | Shinhan Bank and others | INR | 47,489    |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued**

(4) As of March 31, 2014, 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 U.S. dollars*

| <b>Guarantor</b>                       | <b>Guarantee</b>                  | <b>Type of guarantee</b>                                    | <b>Currency</b> | <b>Amount</b> | <b>Description</b>   |
|--|-----------------------------------|---|-----------------|---------------|--|
| Korea Nuclear Fuel Co., Ltd.           | Korea Resources Corporation       | Blank check   | KRW             |               | Collateral for borrowings  |
| KEPCO International Philippines Inc.   |                                   |   |                 |               | Required pursuant to Pledge Agreement between KIPI, KEILCO and Citibank New York re: KEILCO Project Financing in Nov. 2000 |
|  | Citibank New York                 | All shareholdings of KEPCO Ilijan Corporation               | USD             | 90,623        |  |
| 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             | 13,570        | 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             | 111,800       | Collateral for borrowings  |
| Gyeongju Wind Power Co., Ltd.          | Korea Development Bank and others | Existing or expected trade receivables                      | KRW             | 2,085         | Collateral for borrowings  |
|  |                                   | Land  |                 | 168           |  |

|                                |                              |   |     |        |                           |
|--------------------------------|------------------------------|---|-----|--------|---------------------------|
| Qatrana Electric Power Company |                              | Finance Lease receivable and Property, Plant and Equipment and others | JOD | 46,213 | Collateral for borrowings |
|                                | The Islamic Development Bank |   |     |        |                           |

(\*) As of March 31, 2014, the Group was provided with shares of Gyeonggi Green Energy Co., Ltd., one of its subsidiary, as collateral related to long-term borrowings above from shareholders of the subsidiary including the Controlling Company. Additionally, pledge for transfer of rights of long-term borrowings, pledge for insurance claims related long-term borrowings and other pledges were established.

(5) Fuel cost adjustment, a new electric tariff system was enacted by the Ministry of Knowledge Economy (newly named the Ministry of Trade Industry and Energy), which went into effect on July 2011. Adjusted unit fuel rate, which is multiplies fuel price variance, which is the deduction of base fuel rate from actual fuel rate with conversion coefficient. However, due to inflationary and other policy considerations relating to protecting the consumers from sudden and substantial rises in electricity tariff, the Ministry of Knowledge Economy issued a hold order on July 29, 2011 to suspending billing and collecting the amounts.

The accumulated difference as of March 31, 2014 is 350,050 million, which has decreased by 1,527,321 million from 1,877,371 million as of December 31, 2013.

There is no assurance as to when the Government will lift the hold order and allow the Company to bill and collect the FCPTA amounts. The Company concluded that, in consideration of the prolonged unbilled period and consultation with, and information from, the Ministry, the Company would not be able to bill and collect the unbilled FCPTA amounts for the foreseeable future. As a result, there were no FCPTA amounts remaining in the consolidated statement of financial position as of March 31, 2014.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**48. Contingencies and Commitments, Continued:**

- (6) The Company has a potential obligation to reimburse approximately 8.3 billion to KEPCO SPC Power Corporation, one of its joint ventures of the Company, for the turbine accident on Phillippine Unit 2 power plant. Due to the uncertainties of who's responsible party for the accident, the Company has not recognized for the expected financial effect in the consolidated statement of financial position as of March 31, 2014.

**49. Subsequent Events**

**Subsequent to the reporting date, the subsidiaries of the KEPCO, Korea Hydro & Nuclear Power Co., Ltd., Korea Midland Power Co., Ltd. and Korea Southern Power Co., Ltd. have issued new debt securities for funds of facilities and operation as follows:**

*In millions of won*

| <b>Company name</b>                   | <b>Type</b>                       | <b>Interest rate</b> | <b>Issue date</b> | <b>Maturity</b> | <b>Currency</b> | <b>Amounts</b> |
|---------------------------------------|-----------------------------------|----------------------|-------------------|-----------------|-----------------|----------------|
| Korea Hydro & Nuclear Power Co., Ltd. | 42-1 <sup>st</sup> Unsecured bond | 3.30%                | 2014.04.25        | 2019.04.25      | KRW             | 60,000         |
|                                       | 42-2 <sup>nd</sup> Unsecured bond | 3.68%                | 2014.04.25        | 2024.04.25      | KRW             | 100,000        |
|                                       | 42-3 <sup>rd</sup> Unsecured bond | 3.89%                | 2014.04.25        | 2034.04.25      | KRW             | 100,000        |
| Korea Midland Power Co., Ltd.         | 26-1 <sup>st</sup> Unsecured bond | 3.49%                | 2014.04.18        | 2021.04.18      | KRW             | 110,000        |
|                                       | 26-2 <sup>nd</sup> Unsecured bond | 3.67%                | 2014.04.18        | 2024.04.18      | KRW             | 190,000        |
| Korea Southern Power Co., Ltd.        | 27-1 <sup>st</sup> Unsecured bond | 3.24%                | 2014.05.13        | 2019.05.13      | KRW             | 70,000         |
|                                       | 27-2 <sup>nd</sup> Unsecured bond | 3.58%                | 2014.05.13        | 2024.05.13      | KRW             | 260,000        |
|                                       | 27-3 <sup>rd</sup> Unsecured bond | 3.73%                | 2014.05.13        | 2029.05.13      | KRW             | 60,000         |

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**March 31, 2014**

(Unaudited)

**50. Adjusted Operating Income**

The operating profit or loss 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 our results from operating activities as presented in our consolidated statements of comprehensive income prepared in accordance with K-IFRS for each of the three-month period ended March 31, 2014 and 2013 to the operating profit or loss as presented in our 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>2014</b> | <b>2013</b> |
|--|-------------|-------------|
| <b>Operating income on the statement of comprehensive income</b> | 1,227,077   | 657,769     |
| <b>Add</b>   |             |             |
| Other income   |             |             |
| Reversal of other provisions                                     | 2,060       | 152         |
| Gains on assets contributed                                      | 20          | 34          |
| Gains on liabilities exempted                                    | 782         |             |
| Compensation and reparations revenue                             | 10,916      | 23,372      |
| Electricity infrastructure development fund                      | 1,958       | 10,464      |
| Revenue from research contracts                                  | 375         | 994         |
| Rental income  | 48,481      | 47,414      |
| Others   | 6,131       | 5,629       |
| Other profit   |             |             |
| Gains on disposal of property, plant and equipment               | 7,416       | 12,746      |
| Gains on foreign currency translation                            | 2,507       | 1,350       |
| Gains on foreign currency transaction                            | 10,914      | 11,135      |
| Other profits  | 52,906      | 54,490      |
| <b>Deduct</b>  |             |             |
| Other expense  |             |             |
| Accretion expenses of other provisions                           | (105)       | (35)        |
| Depreciation expenses on investment properties                   | (183)       | (226)       |
| Depreciation expenses on assets not in use                       | (1,663)     | (1,658)     |
| Other bad debt expense   | (11,870)    | (5,800)     |
| Donations  | (7,027)     | (7,323)     |
| Others   | (2,211)     | (2,171)     |
| Other loss   |             |             |

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|   |                  |                |
|---|------------------|----------------|
| Losses on disposal of property, plant and equipment | (2,944)          | (11,222)       |
| Impairment loss on property, plant and equipment    |                  | (1,161)        |
| Impairment loss on intangible assets                |                  | (2)            |
| Losses on foreign currency translation              | (1,619)          | (5,465)        |
| Losses on foreign currency transaction              | (13,676)         | (22,457)       |
| Other losses  | (14,422)         | (8,410)        |
| <b>Adjusted operating income</b>                    | <b>1,315,823</b> | <b>759,619</b> |