

KOREA ELECTRIC POWER CORP

Form 6-K

November 29, 2013

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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 November 2013**

**Commission File Number: 001-13372**

**KOREA ELECTRIC POWER CORPORATION**

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

**167 Samseong-dong, 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, 2013 to September 30, 2013)

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) 167 Samseong-dong, 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, distribution of electricity and other related business;

research and technology development 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 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 September 30, 2013)

<b>Classification</b>	<b>Subsidiaries</b>	<b>Associates and joint ventures</b>	<b>Total</b>
Domestic	17	53	70
Overseas	64	35	99
<b>Total</b>	<b>81</b>	<b>88</b>	<b>169</b>

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## 5. Major changes in management

On February 6, 2013, Mr. Ryu, Chang-Moo resigned from his position as non-standing director of KEPCO.

On June 18, 2013, Mr. Park, Kyu-Ho, Mr. Rhee, Chong-Chan, Mr. Baek, Seung-Jung and Mr. Kim, Byung-Sook were elected as standing directors of KEPCO at the extraordinary general meeting of shareholders.

On October 29, 2013, Mr. Rhee, Chong-Chan was dismissed from his position as a standing director of KEPCO, and Mr. Park, Jung-Keun was elected as a new standing director of KEPCO at the extraordinary general meeting of shareholders.

## 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. Dividend: No dividend payments in the past 3 years from 2010 to 2012

**II. Business Overview**

## 1. Segment Results

(In billions of Won)

	Jan. - Sep. 2013		Jan. - Sep. 2012	
	Sales	Operating Income (Loss)	Sales	Operating Income (Loss)
Electricity sales	39,578	-1,038	36,443	-3,465
Nuclear generation	5,402	917	5,427	1,257
Thermal generation	21,558	1,123	22,690	1,604
Others*	1,940	235	1,884	312
Sub Total	68,478	1,237	66,444	-292
Adjustment of related party transactions	-28,715	-125	-30,050	-104
<b>Total</b>	<b>39,763</b>	<b>1,112</b>	<b>36,394</b>	<b>-396</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 and the reclassification of accounts receivable to non-current non-financial assets related to the fuel cost pass-through adjustment (FCPTA) system.

## 2. Changes in unit prices of major products

(In Won per kWh)

<b>Business</b>			<b>2013</b>	<b>2012</b>
<b>Sector</b>	<b>Company</b>		<b>Jan. - Sep.</b>	<b>Jan. - Dec.</b>
Electricity sold	Residential		129.10	123.69
	Commercial		120.99	112.50
	Educational		115.50	108.84
	Industrial	KEPCO	99.18	92.83
	Agricultural		45.44	42.90
	Street Lighting		109.10	98.89
	Overnight Usage		62.40	58.65
Electricity from nuclear generation	Nuclear Generation	KHNP	51.75	45.29
Electricity from thermal generation	Thermal	KOSEP	70.66	75.43
		KOMIPO	104.26	108.16
	Generation	KOWEPO	106.11	109.69
		KOSPO	110.41	113.65
		EWP	99.08	106.38



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## 3. Major contracts in 2013

(In billions of Won)

<b>Party</b>	<b>Date of Contract</b>	<b>Nature of Contract</b>	<b>Contract Amount</b>	<b>Counterparty</b>
KEPCO	2013.03.29	Maintenance of transmission lines	57	KEPCO KPS Co., Ltd
	2013.07.18	Procurement of concrete electric poles	85	Korea Centrifugal Reinforced Concrete Industry Cooperative Doosan Heavy Industries &
KHNP	2013.02.25	Procurement of reactor vessel heads for Kori unit 2	54	Construction Co., Ltd
	2013.08.08	Maintenance and trial operations of BNPP units 1,2,3,4	134	KEPCO KPS Co., Ltd
KOSEP	2013.01.01	Operation of Yong Hung units 5,6 and Samchunpo fuel and refinery facilities	30	Korean Electronics Power Source Co., Ltd
	2013.05.01	Operation and maintenance of fuel facilities for 2013	19	Korea Electric Power Industrial Development Hyundai Rotem, Hyundai Emco
KOMIPO	2013.01.30	Procurement of coal handling facilities for Shin-Boryeong units 1,2	183	Co., Ltd
	2013.02.25	Construction of Seoul combined cycle units 1,2	226	POSCO Engineering & Construction Co., Ltd and others
	2013.06.17	Installation of electro-mechanical equipment for Shin-Boryeong units 1,2	245	GS Engineering & Construction Corp.
KOWEPO	2013.07.05	Procurement of main equipments for Seoul combined cycle units 1,2	361	Doosan Heavy Industries & Construction Co., Ltd
	2013.03.04	Procurement of coal handling facilities for IGCC and Taean units 9,10	139	Hyundai Samho Heavy Industries Co., Ltd
EWP	2013.01.01	Maintenance of generation facilities for 2013	55	KEPCO KPS Co., Ltd

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## 4. Intellectual property as of September 30, 2013

	Patents		Utility	Designs	Trademarks	
	Domestic	Overseas	models		Domestic	Overseas
Number of registrations	4,348	452	795	140	356	58

**III. Financial Information**

## 1. Condensed consolidated financial results for the first nine months of 2013

(In billions of Won)

Consolidated Statements of Comprehensive Income				Consolidated Statements of Financial Position			
	Jan.-Sep. 2012	Jan.-Sep. 2013	Change (%)		As of Dec. 31, 2012	As of Sep. 30, 2013	Change (%)
Sales	36,394	39,763	9.3	Total Assets	146,153	152,446	4.3
Operating Income	-396	1,112	380.9	Total Liabilities	95,089	101,890	7.2
Net Income	-1,322	-451	65.9	Total Equity	51,064	50,556	-1.0

## 2. Condensed separate financial results for the first nine months of 2013

(In billions of Won)

Separate Statements of Comprehensive Income				Separate Statements of Financial Position			
	Jan.-Sep. 2012	Jan.-Sep. 2013	Change (%)		As of Dec. 31, 2012	As of Sep. 30, 2013	Change (%)
Sales	36,443	39,578	8.6	Assets	96,235	96,757	0.5
Operating Income	-3,465	-1,038	70.0	Liabilities	54,964	56,341	2.5
Net Income	-2,264	-927	59.1	Equity	41,271	40,415	-2.1

**IV. Auditor's Opinion**1. Auditor's opinion on consolidated and separate financial statements for the first nine months of 2013: **Unqualified**

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

<b>Jan. 1, 2013</b>	<b>Sep. 30, 2013</b>	<b>Jan. 1, 2012</b>	<b>Dec. 31, 2012</b>	<b>Jan. 1, 2011</b>	<b>Dec. 31, 2011</b>
KPMG Samjong Accounting Corp.		Deloitte Anjin LLC		Deloitte Anjin LLC	
<b>V. Board of Directors</b>					

1. Composition of 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

2. Board meetings and agendas

<b>Number of</b>	<b>Number of</b>	<b>Classification</b>			
<b>meetings</b>	<b>agendas</b>	<b>Resolutions</b>	<b>Status</b>	<b>Reports</b>	<b>Status</b>
11	31	24	Approved as proposed	7	Accepted as reported

Audit Committee: 8 meetings held where 24 agendas were discussed (of which, 11 were resolved as proposed and 13 were approved as reported).

3. Major activities of the Board of Directors

<b>Date</b>	<b>Agenda</b>	<b>Status</b>	<b>Type</b>
2013. 1. 8	Amendments to the Regulation for Electricity Service related to electricity tariff adjustments	Approved as proposed	Resolution
2013. 1. 17	Plans to establish ICT Center in Naju	Approved as proposed	Resolution
	Investment plans for the Bylong coal mine in 2013	Approved as proposed	Resolution
2013. 2. 21	Contributions to AESIEAP	Approved as proposed	Resolution
	Approval of aggregate ceiling on remuneration for directors in 2013	Approved as proposed	Resolution
	Auditor's report to the Board of Directors for fiscal year 2012	Accepted as reported	Report

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2013. 3. 14	Approval of consolidated and separate financial statements for fiscal year 2012	Approved as proposed	Resolution
	Approval to call for the 52nd annual general meeting of shareholders	Approved as proposed	Resolution
	Annual report on internal control over financial reporting for fiscal year 2012	Accepted as reported	Report
	Annual evaluation report on internal control over financial reporting for fiscal year 2012	Accepted as reported	Report
2013. 4. 18	Plans to sell real estate holdings within 154kV Deokso substation	Approved as proposed	Resolution
	Plans to establish and invest in a holding company to conduct the Nghi Son project II in Vietnam	Approved as proposed	Resolution
2013. 5. 7	Approval to close the shareholders registry	Approved as proposed	Resolution
	Approval to call for the 53rd extraordinary general meeting of shareholders	Approved as proposed	Resolution
2013. 5. 16	Contributions to KEPCO Foundation for Healthcare	Revised proposal approved	Resolution
	Amendments to the regulation for remuneration and welfare	Approved as proposed	Resolution
	Plans to establish and invest in a holding company to conduct the Fujiej wind farm project in Jordan	Approved as proposed	Resolution
	Auditor's report to the Board of Directors for the first quarter of 2013	Accepted as reported	Report
2013. 6. 20	Mid-to-long term financial management planning (2013-2017)	Approved as proposed	Resolution
	Sixth long-term plans for transmission and distribution facilities	Revised proposal approved	Resolution
	Settlement of the holding company in charge of the Norte project II in Mexico	Approved as proposed	Resolution
	Report on the signing of the collective bargaining agreement for 2013	Accepted as reported	Report

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2013. 7. 18	Amendments to the Articles of Incorporation of KEPCO	Approved as proposed	Resolution
	Amendments to the employment regulation	Approved as proposed	Resolution
	Plans to merge EFI and STM and investment in new shares of EFI	Approved as proposed	Resolution
2013. 8. 22	Contributions to Korea Electrical Engineering & Science Research Institute	Approved as proposed	Resolution
	Approval to close the shareholders registry	Approved as proposed	Resolution
	Report on the earnings results for the first half of 2013	Accepted as reported	Report
2013. 9. 26	Mid-to-long term business goals for the years from 2014 to 2018	Approved as proposed	Resolution
	Approval to call for the 53rd extraordinary general meeting of shareholders	Approved as proposed	Resolution
	Results of external and internal audits in the second quarter of 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>
2013. 1. 8	Selection of independent auditors for fiscal years 2013 to 2015	Approved as proposed	Resolution
	Audit plans for fiscal year 2013	Approved as proposed	Resolution
	Education plans for auditors for 2013	Accepted as reported	Report
	Auditor s report for fiscal year 2012	Accepted as reported	Report
2013. 2. 4	Joint selection of independent auditors for KEPCO, KHNP, and KOSPO for fiscal years 2013 to 2015	Approved as proposed	Resolution
	Power of attorney of the standing director and controller & auditor general	Accepted as reported	Report
2013. 3. 11	Auditor s report on the agendas for the annual general meeting of shareholders	Approved as proposed	Resolution
	Auditor s report on the auditing results for the consolidated and separate financial statements for fiscal year 2012	Accepted as reported	Report
	Annual report on internal control over financial reporting for fiscal year 2012	Accepted as reported	Report
	Annual evaluation report on internal control over financial reporting for fiscal year 2012	Accepted as reported	Report
	Results of joint selection of independent auditors for KEPCO, KHNP, and KOSPO for fiscal years 2013 to 2015	Accepted as reported	Report
2013. 3. 27	Approval of selection of independent auditors and auditing fees for fiscal years 2013 to 2015	Approved as proposed	Resolution
	Approval of selection of independent auditors of subsidiaries	Approved as proposed	Resolution
	Auditor s report on the auditing results of the consolidated and separate financial statements for fiscal year 2012	Accepted as reported	Report
2013. 4. 25	Approval of selection of independent auditors of affiliated companies	Approved as proposed	Resolution
	Auditing results by external and internal auditors for the first quarter of 2013	Accepted as reported	Report
2013. 4. 29	Auditor s report for fiscal year 2012 in accordance with U.S. GAAP	Accepted as reported	Report
	Report on the Form 20-F for the fiscal year 2012 to be filed with the U.S. SEC	Accepted as reported	Report
2013. 6. 13	Auditor s report on the agenda for the extraordinary meeting of shareholders	Approved as proposed	Resolution

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2013. 8. 19	Establishment of guidelines for whistleblowing and protection of the whistleblower	Approved as proposed	Resolution
	Amendments to the guidelines for disciplinary actions	Approved as proposed	Resolution
	Approval of selection of independent auditors of affiliated companies	Approved as proposed	Resolution
	Auditor's report on the auditing results of the consolidated financial statements for the first half of 2013	Accepted as reported	Report
	Auditing results by external and internal auditors for the second quarter of 2013	Accepted as reported	Report

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 September 9, 2013

		<b>Number of shareholders</b>	<b>Shares 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	35,390,323	5.51%
KEPCO (held in the form of treasury stock)*		1	18,929,995	2.95%
Korea Resolution & Collection Corporation		1	8,710,933	1.36%
Public	Common shares	981	113,135,563	17.62%
(non-Koreans)	American depository shares	1	30,889,452	4.81%
Public	Corporate	1,471	63,621,064	9.91%
(Koreans)	Individual	403,806	43,209,689	6.73%
Total		406,264	641,964,077	100.0%

\* 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 2.1 billion

B. Actual amount paid to directors

		<b>Total remuneration</b>	
<b>Type</b>	<b>Number of directors</b>	<b>(Jan. 1, 2013</b>	<b>Sep. 30, 2013)</b>
Total	15	Won 1.2 billion	

C. Stock option: None

## 2. Employees as of September 30, 2013

<b>Employees</b>			<b>Total remuneration</b>		
<b>Regular</b>	<b>Contract</b>	<b>Total</b>	<b>Average years of employment</b>	<b>(Jan. 1, 2013</b>	<b>Sep. 30, 2013)</b>
19,250	342	19,592	18.6	Won 1,020 billion	

**VIII. Other information relating to the protection of investors**

1. Number of shareholders meetings held in 2013: Twice

(One annual general meeting of shareholders held on March 29, 2013 / one extraordinary general meeting of shareholders held on June 18, 2013)

2. Pending legal proceedings

<b>Type</b>	<b>Number of cases</b>	<b>Litigation value</b>
Cases where KEPCO and its subsidiaries and affiliates are acting as defendants	604	Won 427 billion
Cases where KEPCO and its subsidiaries and affiliates are acting as plaintiffs	140	Won 155 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/ Han, Key-Shik  
Name: Han, Key-Shik  
Title: Vice President

Date: November 29, 2013

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Financial Statements

September 30, 2013

(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 Group), which comprise the consolidated statement of financial position as of September 30, 2013, the consolidated statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2013, the consolidated statements of changes in equity and cash flows for the nine-month period ended September 30, 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 review.

We conducted our review 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 review, 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 No.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.

The consolidated statement of financial position of the Group as of December 31, 2012, and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by other auditors whose report thereon, dated March 21, 2013, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Group as of December 31, 2012, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

The consolidated statements of comprehensive income (loss) for the three and nine-month periods ended September 30, 2012, the consolidated statements of changes in equity and cash flows for the nine-month period ended September 30, 2012 were reviewed by other auditors whose report thereon, dated November 29, 2012, expressed that nothing came to their attention that caused them to believe that the consolidated interim financial statements referred to above were not presented fairly, in all material respects, in accordance with K-IFRS No.1034, Interim Financial Reporting . The Group restated the consolidated statement of comprehensive income (loss) for the three and nine-month periods ended September 30, 2012, in accordance with certain items as described in note 2(6) to the consolidated interim financial statements. As discussed in note 2(6) to the consolidated interim financial statements, the Group applied the amendments to K-IFRS

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No.1001, Presentation of Financial Statements from the annual period for the year ended December 31, 2012. We were not engaged to audit, review or apply any procedures to the consolidated statement of financial position of the Group as of December 31, 2012 and the consolidated statements of comprehensive income (loss) for the three and nine-month periods ended September 30, 2012, including the changes in accounting policies described in note 2(6).

KPMG Samjong Accounting Corp.

Seoul, Korea

November 14, 2013

This report is effective as of November 14, 2013, 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 September 30, 2013 and December 31, 2012

(Unaudited)

<i>In millions of won</i>	<i>Note</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	5,6,7,41	2,949,827	1,954,949
Current financial assets	5,10,11,12,41	539,532	656,217
Trade and other receivables	5,8,14,20,41,43	6,058,740	7,184,625
Inventories	13	4,108,226	3,440,341
Income tax receivables	38	17,148	30,476
Current non-financial assets	15	655,472	664,047
Non-current assets held for sale			2,828
		14,328,945	13,933,483
Non-current assets:			
Non-current financial assets	5,6,9,10,11,12,41	1,996,716	1,873,676
Non-current trade and other receivables	5,8,14,41,43	1,274,021	1,254,330
Property, plant and equipment	18,45	127,593,072	122,376,140
Investment properties	19	551,336	590,223
Goodwill	16	2,582	
Intangible assets other than goodwill	21	828,321	883,814
Investments in joint ventures	4,17	1,122,092	908,593
Investments in associates	4,17	4,143,146	3,982,340
Deferred tax assets	38	450,680	209,783
Non-current non-financial assets	15	155,267	140,438
		138,117,233	132,219,337
<b>Total assets</b>	<b>4</b>	<b>152,446,178</b>	<b>146,152,820</b>
<b>Liabilities</b>			
Current liabilities:			
Trade and other payables	5,22,24,41,43	5,078,315	6,418,464
Short-term borrowings	5,23,41	2,047,998	689,310
Current financial liabilities	5,11,23,41,43	7,693,487	7,099,509
Income tax payables	38	413,649	334,053
Current non-financial liabilities	20,27,28	4,481,424	4,117,440

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Current provisions	26,41	347,966	158,303
		20,062,839	18,817,079
<b>Non-current liabilities:</b>			
Non-current trade and other payables	5,22,24,41,43	4,179,887	4,173,691
Non-current financial liabilities	5,11,23,41,43	50,731,985	46,050,766
Non-current non-financial liabilities	27,28	6,784,446	6,298,650
Employee benefits obligations	25,41	2,390,696	2,144,334
Deferred tax liabilities	38	5,215,190	5,433,292
Non-current provisions	26,41	12,525,132	12,170,806
		81,827,336	76,271,539
<b>Total liabilities</b>	<b>4</b>	<b>101,890,175</b>	<b>95,088,618</b>

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position, Continued

**As of September 30, 2013 and December 31, 2012**

(Unaudited)

<i>In millions of won</i>	<i>Note</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
<b>Equity</b>			
Contributed capital:	1,29,41		
Share capital		3,209,820	3,209,820
Share premium		843,758	843,758
		4,053,578	4,053,578
Retained earnings:	30		
Legal reserves		1,603,919	1,603,919
Voluntary reserves		22,753,161	25,961,315
Retained earnings before appropriations		7,628,075	4,999,049
		31,985,154	32,564,283
Other components of equity :	31		
Other capital surpluses		694,450	705,448
Accumulated other comprehensive income		147,327	11,957
Treasury stocks		(741,489)	(741,489)
Other equity		13,294,990	13,294,990
		13,395,278	13,270,906
Equity attributable to owners of the Company		49,434,010	49,888,767
Non-controlling interests	16	1,121,993	1,175,435
<b>Total equity</b>		<b>50,556,003</b>	<b>51,064,202</b>
<b>Total liabilities and equity</b>		<b>152,446,178</b>	<b>146,152,820</b>

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Comprehensive Income (Loss)

**For the three and nine-month periods ended September 30, 2013 and 2012**

(Unaudited)

<i>In millions of won</i>	<i>Note</i>	<b>September 30, 2013 Three- month period ended</b>	<b>September 30, 2012 Three- month period ended</b>	<b>September 30, 2012 Three- month period ended</b>	<b>September 30, 2012 Nine- month period ended</b>
<b>Sales</b>	2,4,32,41,43				
Sales of goods		13,559,051	37,731,917	12,737,036	34,543,938
Sales of services		70,492	221,196	87,061	256,826
Sales of construction services	20	576,214	1,569,472	481,397	1,369,817
Revenue related to transfer of assets from customers		82,233	240,767	75,730	223,361
		14,287,990	39,763,352	13,381,224	36,393,942
<b>Cost of sales</b>	2,13,25,39,43				
Cost of sales of goods		(11,572,374)	(35,546,718)	(10,451,400)	(33,968,179)
Cost of sales of services		(74,139)	(207,628)	(97,178)	(261,652)
Cost of sales of construction services		(578,796)	(1,495,114)	(471,669)	(1,254,298)
		(12,225,309)	(37,249,460)	(11,020,247)	(35,484,129)
<b>Gross profit</b>		2,062,681	2,513,892	2,360,977	909,813
<b>Selling and administrative expenses</b>	2,25,33,39,43	(515,360)	(1,402,033)	(454,712)	(1,305,624)
<b>Operating profit (loss)</b>	2,4,48	1,547,321	1,111,859	1,906,265	(395,811)
<b>Other income</b>	2, 34	96,154	271,893	66,582	266,209
<b>Other expenses</b>	34	(14,464)	(40,610)	(13,238)	(47,832)
<b>Other profit</b>	35	90,130	129,658	17,954	93,326
<b>Finance income</b>	5,11,36	738,348	384,920	395,590	577,989
<b>Finance costs</b>	5,11,37	(1,079,656)	(2,081,451)	(941,022)	(2,043,093)

**Equity method income (loss) of associates and joint ventures**

Share in income (loss) of associates and joint ventures	17	(23,033)	94,193	(32,455)	154,467
Gains on disposal of investments in associates and joint ventures	16, 17	1,055	1,059		
Share in loss of associates and joint ventures	17	(23,105)	(65,302)	(6,396)	(20,049)
Gains (losses) on disposal of investments in associates and joint ventures	16, 17		(1,134)	282	
Impairment losses on investments in associates and joint ventures	17	(1,719)	(4,211)		
		(46,802)	24,605	(38,569)	134,418
<b>Profit (loss) before income tax</b>		1,331,031	(199,126)	1,393,562	(1,414,794)
<b>Income tax benefit (expense)</b>	38	(357,368)	(251,638)	(437,330)	93,034
<b>Profit (loss) for the period</b>		973,663	(450,764)	956,232	(1,321,760)

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Comprehensive Income (Loss), Continued

**For the three and nine-month periods ended September 30, 2013 and 2012**

(Unaudited)

*In millions of won, except per share information*

	<i>Note</i>	<b>September 30, 2013 Three- month period ended</b>	<b>September 30, 2012 Three- month period ended</b>	<b>September 30, 2012 Three- month period ended</b>	<b>September 30, 2012 Nine- month period ended</b>
<b>Other comprehensive income (loss)</b>	5,11,25,31				
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial losses, net of tax	25,30	(68,228)	(42,731)	(148,275)	(211,953)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	30	(1,723)	(1,676)	(221)	58
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	31	(515)	92,684	83,606	(18,837)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	5,11,31	28,535	(1,376)	(48,181)	(58,092)
Foreign currency translation of foreign operations, net of tax	31	(145,103)	(45,097)	(32,507)	(32,983)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	31	(18,669)	91,286	(27,130)	(70,645)
<b>Other comprehensive income (loss), net of tax</b>		(205,703)	93,090	(172,708)	(392,452)
<b>Total comprehensive income (loss) for the period</b>		767,960	(357,674)	783,524	(1,714,212)
<b>Profit (loss) attributable to:</b>					
Owners of the Company	40	945,455	(535,064)	939,552	(1,382,877)
Non-controlling interests		28,208	84,300	16,680	61,117
		973,663	(450,764)	956,232	(1,321,760)

**Total comprehensive income (loss) attributable to:**

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Owners of the Company	768,696	(443,760)	784,978	(1,746,412)
Non-controlling interests	(736)	86,086	(1,454)	32,200
	767,960	(357,674)	783,524	(1,714,212)

**Earnings (loss) per share**

40

Basic and diluted earnings (loss) per share	1,518	(859)	1,508	(2,220)
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*See accompanying notes to the consolidated interim financial statements.*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity

**For the nine-month period ended September 30, 2012**

(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, 2012</b>	4,053,578	35,769,094	13,447,624	53,270,296	533,654	53,803,950
<b>Total comprehensive income for the period:</b>						
Profit (loss) for the period		(1,382,877)		(1,382,877)	61,117	(1,321,760)
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial losses, net of tax		(206,610)		(206,610)	(5,343)	(211,953)
Share in other comprehensive income of associates and joint ventures, net of tax		58		58		58
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			(18,802)	(18,802)	(35)	(18,837)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			(38,305)	(38,305)	(19,787)	(58,092)
Foreign currency translation of foreign operations, net of tax			(29,188)	(29,188)	(3,795)	(32,983)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax			(70,688)	(70,688)	43	(70,645)
<b>Transactions with owners of the Company,</b>						

**recognized directly in equity:**

Dividends paid				(53,706)	(53,706)
Issuance of share capital				77,055	77,055
Changes in consolidation scope	66,419	66,419	26,641	93,060	
Others				2,777	2,777

**Balance at September 30, 2012**

4,053,578	34,179,665	13,357,060	51,590,303	618,621	52,208,924
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*See accompanying notes to the consolidated interim financial statements.*



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity, Continued

**For the nine-month period ended September 30, 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 (loss) for the period		(535,064)		(535,064)	84,300	(450,764)
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial losses, net of tax		(42,389)		(42,389)	(342)	(42,731)
Share in other comprehensive loss of associates and joint ventures, net of tax		(1,676)		(1,676)		(1,676)
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			92,758	92,758	(74)	92,684
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			(5,545)	(5,545)	4,169	(1,376)
Foreign currency translation of foreign operations, net of tax			(43,236)	(43,236)	(1,861)	(45,097)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax			91,392	91,392	(106)	91,286

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

Dividends paid				(41,815)	(41,815)
Issuance of share capital				31,010	31,010
Changes in consolidation scope	(10,743)	(10,743)	(110,127)	(120,870)	
Dividends paid (hybrid securities)				(12,304)	(12,304)
Others	(254)	(254)	(6,292)	(6,546)	

**Balance at September 30,  
2013**

4,053,578	31,985,154	13,395,278	49,434,010	1,121,993	50,556,003
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*See accompanying notes to the consolidated interim financial statements.*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

**For the nine-month periods ended September 30, 2013 and 2012**

(Unaudited)

<i>In millions of won</i>	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Loss for the period	(450,764)	(1,321,760)
Adjustments for:		
Income tax expense (benefit)	251,638	(93,034)
Depreciation	5,429,116	5,179,962
Amortization	66,074	66,715
Employee benefit expense, net	283,693	257,806
Bad debt expense	47,809	28,665
Interest expense	1,767,271	1,752,726
Losses on sale of financial assets	4,202	
Losses on disposal of property, plant and equipment	32,989	27,497
Losses on abandonment of property, plant, and equipment	201,327	163,647
Impairment losses on property, plant and equipment	1,161	
Losses on disposal of intangible assets	1	
Impairment losses on intangible assets	2	18
Accretion expense to provisions, net	375,937	97,857
Gain on foreign currency translation, net	(3,130)	(314,844)
Valuation and transaction losses (gains) on derivative instruments, net	(9,931)	217,479
Share in income of associates and joint ventures, net	(28,891)	(134,418)
Gain on sale of financial assets		(189)
Gain on sale of property, plant and equipment	(29,184)	(25,476)
Gain on disposal of investments in associates and joint ventures	(76)	
Impairment losses on investments in associates and joint ventures	4,211	
Interest income	(135,228)	(150,609)
Dividends income	(9,736)	(9,043)
Impairment losses on available-for-sale financial assets	10,673	
Others, net	(20,041)	(1,972)
	8,239,887	7,062,787
Changes in:		
Trade receivables	1,104,288	(997,909)
Other receivables non trade	75,579	(106,013)
Accrued income	2,273	(20,887)
Other receivables	3,343	6,272

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Other current assets	26,360	(219,332)
Inventories	(888,242)	(625,796)
Other non-current assets	(10,851)	(24,851)
Trade payables	(1,098,177)	(853,630)
Other payables	(213,835)	(33,326)
Accrued expenses	(215,369)	(121,895)
Other current liabilities	887,043	483,220
Other non-current liabilities	118,617	670,616
Disposal of investments in associates and joint ventures	45,601	48,429
Provisions	(74,249)	(51,667)
Payments of employee benefit obligations	(109,711)	(146,119)
Plan assets	(16,353)	(22,838)
	(363,683)	(2,015,726)

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Cash Flows, Continued

**For the nine-month periods ended September 30, 2013 and 2012**

(Unaudited)

<i>In millions of won</i>	<b>2013</b>	<b>2012</b>
<b>Cash generated from operating activities</b>		
Dividends received	41,683	10,335
Interest paid	(1,879,777)	(1,781,224)
Interest received	102,533	110,011
Income taxes paid	(559,492)	(279,865)
<b>Net cash from operating activities</b>	<b>5,130,387</b>	<b>1,784,558</b>
<b>Cash flows investing activities</b>		
Proceeds from disposals of subsidiaries, associates and joint ventures	2,966	
Acquisition of subsidiaries, associates and joint ventures	(384,420)	(309,622)
Proceeds from disposals of property, plant and equipment	39,214	13,746
Acquisition of property, plant and equipment	(10,230,506)	(8,439,223)
Proceeds from disposals of intangible assets	8,318	1,433
Acquisition of intangible assets	(51,318)	(43,435)
Acquisition of goodwill	(2,582)	
Proceeds from disposals of financial assets	683,502	667,645
Acquisition of financial assets	(671,890)	(851,315)
Increase in loans, net	(36,738)	(11,614)
Increase (decrease) in deposits, net	10,342	(45,406)
Increase of government grants	16,358	39,210
Business acquisition, net of cash acquired	(39,227)	3,193
Others, net	(6,653)	48,208
<b>Net cash used in investing activities</b>	<b>(10,662,634)</b>	<b>(8,927,180)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings, net	1,377,838	415,803
Proceeds from long-term borrowings and debt securities	10,644,699	12,820,077
Repayment of long-term borrowings and debt securities	(5,412,323)	(3,543,766)
Payment of finance lease liabilities	(91,550)	(95,632)
Settlement of derivative instruments, net	50,251	3,567
Contributed capital from non-controlling interests, net	48,325	188,386
Dividends paid (hybrid securities)	(12,304)	
Dividends paid	(41,815)	(54,272)

Others, net	(2,732)	(731)
<b>Net cash from financing activities</b>	<b>6,560,389</b>	<b>9,733,432</b>
<b>Net increase in cash and cash equivalents before effect of exchange rate fluctuations</b>	<b>1,028,142</b>	<b>2,590,810</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(33,264)</b>	<b>(2,872)</b>
<b>Net increase in cash and cash equivalents</b>	<b>994,878</b>	<b>2,587,938</b>
<b>Cash and cash equivalents at January 1</b>	<b>1,954,949</b>	<b>1,387,921</b>
<b>Cash and cash equivalents at September 30</b>	<b>2,949,827</b>	<b>3,975,859</b>

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

**For the nine-month periods ended September 30, 2013 and 2012**

(Unaudited)

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

Korea Electric Power Corporation (the Company), controlling company as defined in Korean International Financial Reporting Standards (K-IFRS) No. 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 Company also provides power plant construction services. The Company'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 September 30, 2013, the Company's share capital amounts to 3,209,820 million and the Company's shareholders :

	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	144,025,015	22.44%
Other	169,862,004	26.46%
	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 No.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, 2012.

**(2) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement 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, which are the Company'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

**September 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

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

The preparation of the consolidated interim 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 Group owns Wolsong #1 nuclear power plant, which started its operation on November 21, 1982, and completed its operation on November 20, 2012, maxing out the permitted operation period of 30 years. As of December 31, 2012, the Group is in the process of obtaining safety assessments to obtain an approval from the Nuclear Safety and Security Commission for resuming the plant's operating for the 2nd operation term. The Group has prepared the accompanying 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 Group 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 Group records the fair value of estimated decommissioning costs as a liability in the period in which the Group 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. Under the Korean Electricity Business Act (EBA) Article 94, the Group 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 Group 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 Group does not realize estimated future taxable income during the carry forward periods.

(iv) Valuations of financial instruments at fair values

As described in Note 41, the Group uses inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 41 explain the assumptions used for valuations of financial instruments and sensitivity analysis of these assumptions.

(v) Defined employee liabilities

The Group 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.

(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 September 30, 2013 and 2012 is 1,157,804 million and 1,205,752 million, respectively.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

**(5) Changes in accounting policies**

**(i) K-IFRS No.1110, Consolidated Financial Statements**

The Group adopted K-IFRS No.1110, Consolidated Financial Statements since January 1, 2013. As a result, the Group changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. K-IFRS No. 1110 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of de facto circumstances.

The standard includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return.

Management believes that the impact of adoption of the standard on the Group's consolidated financial statements is not significant.

**(ii) K-IFRS No.1111, Joint Arrangements**

The Group adopted K-IFRS No.1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements 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. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant K-IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method.

The Group classified ownership of joint arrangements into two types - joint operations and joint ventures according to rights to the assets and obligations for the liabilities, relating to the arrangement. Management believes that there are no impacts of the adoption of the standard on the Group's consolidated financial statements since all arrangements are considered as joint ventures and equity method accounting was applied in prior years.

(iii) K-IFRS No.1112, Disclosure of Interests in Other Entities

The Group adopted K-IFRS No.1112, Disclosure of Interests in Other Entities since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

(iv) Amendments to K-IFRS No. 1019, Employee Benefits

The Group has applied the amendments to K-IFRS No. 1019, Employee Benefits since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

(v) K-IFRS No. 1113, Fair Value Measurement

The Group adopted K-IFRS No.1113, Fair Value Measurement since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued****(6) Impact of change in accounting policy**

The accompanying consolidated interim statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2012 have been restated for the following changes:

**(i) Presentation of financial statements**

The Group has adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements from the annual period ended December 31, 2012. The Group's operating income (loss) is calculated as revenue less: (1) cost of goods sold, and (2) selling, general and administrative expenses, and is presented separately in the consolidated statement of comprehensive income (loss).

The Group restated the accompanying consolidated statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2012, as follows:

<i>In millions of won</i>	<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Operating income (loss) before adoption of the amendment	1,977,563	(84,108)
Differences		
Other income		
Reversal of other provisions		(123)
Reversal of allowance for doubtful accounts		(3,535)
Gains on assets contributed	(50)	(865)
Gains on liabilities exempted	(94)	(697)
Compensation and reparations revenue	(9,456)	(74,413)
Gains on electricity infrastructure development fund	(6,536)	(23,746)
Revenue from research contracts		(1,656)
Rental income	(45,159)	(137,002)
Others	(5,287)	(24,172)

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Other expense		
Accretion expenses of other provisions	9	80
Depreciation expenses on investment properties	240	710
Depreciation expenses on idle assets	1,657	4,964
Donations	11,332	27,666
Others		14,412
Other Loss		
Gains on disposal of property, plant and equipment	(6,687)	(25,476)
Gains on disposal of other non-current assets		(584)
Reversal of impairment loss on intangible assets	(5)	(7)
Gains on foreign currency translation		(3,876)
Gains on foreign currency transaction	(18,394)	(51,204)
Gains on insurance		(5,375)
Other profits	(26,446)	(122,136)
Losses on disposal of property, plant and equipment	4,901	27,497
Losses on disposal of intangible assets		7
Losses on impairment of intangible assets		18
Losses on foreign currency translation	521	1,112
Losses on foreign currency transaction	3,936	44,878
Other losses	24,220	41,820
Operating income (loss) after adoption of the amendment	1,906,265	(395,811)

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

**(6) Impact of change in accounting policy, continued**

(ii) Reclassification of other comprehensive income

The Group early adopted K-IFRS No. 1001 Presentation of financial statement , which requires items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The Group applied this change in accounting policies retrospectively, and accordingly restated the comparative information of the consolidated statement of comprehensive income for the nine-month period ended September 30, 2012.

(iii) Fuel cost adjustment

As of July 1, 2011, the Korean government approved a fuel cost pass-through adjustment ( FCPTA ), allowing the Group to ultimately pass-through increases in fuel costs to customers. Currently, the Korean government has issued a temporary hold-order on the Group in collecting on the pass-through of fuel cost from customers, as a means to stabilizing inflation in Korea. The Group recorded unbilled FCPTA amounts as a deduction of the relevant cost and recognized them as a related non-current non-financial asset, and restated the consolidated statements of comprehensive loss for the three-month and nine-month periods ended September 30, 2012 to improve comparability. The impact of the restatement was a decrease in sales and cost of sales by 1,468,714 million.

(iv) Revenue related to transfer of assets from customers

As noted above, the amendments to K-IFRS No. 1001 Presentation of financial statements requires operating profit (loss) to be calculated by revenue less: 1) cost of goods sold, and 2) selling, general and administrative expenses. However, according to accounting guidelines for public enterprises and quasi-government agencies prepared and distributed by the Ministry of Strategy and Finance in November 2012, the revenue related to the transfer of assets from customers was classified as other income. However, since it is not included in the items to be excluded from operating income per the amendments to K-IFRS No. 1001, it has been reclassified to sales in the accompanying consolidated interim statements of comprehensive income (loss). The financial statements for the three-month and nine-month periods ended September 30, 2012 have been restated to improve comparability. The impact of the restatement was an increase in sales to 223,361 million and a decrease in other income by 223,361 million, for the nine-month period ended September 30, 2012.

The Group applied these changes in accounting policies retrospectively, and accordingly restated the comparative information of the consolidated interim statement of comprehensive income (loss) for the nine-month periods ended September 30, 2012. The impact of reclassification of FCPTA and customer's donation is as below:

<i>In millions of won</i>	<b>Before</b>		<b>After</b>		<b>Difference</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Sales	13,724,005	37,639,295	13,381,224	36,393,942	(342,781)	(1,245,353)
Cost of sales	11,438,758	36,952,843	11,020,247	35,484,129	418,511	1,468,714
Other income	143,332	490,590	66,582	266,209	(76,750)	(224,381)
Selling and Administrative expenses	455,732	1,306,644	454,712	1,305,624	1,020	1,020

#### **(7) New standards and interpretations not yet adopted**

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group for annual period beginning after January 1, 2013, and the Group has not early adopted them.

##### *Amendments to K-IFRS No.1032 Financial Instruments: Disclosures*

The amendments to K-IFRS No.1032 will require changes to the presentation of offsetting financial assets and financial liabilities. The amendments to K-IFRS No.1032 are effective for annual periods beginning on or after January 1, 2014. The Group is in the process of evaluating the impact on the consolidated financial statements upon the adoption of amendments.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies**

**(1) Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Group and entities (including special purpose entities) controlled by the Group (or its subsidiary). The Group applied control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of de facto circumstances.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income 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 Group 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 used the Group.

Transactions between the Company and its subsidiaries are eliminated during the consolidation and will not be shown in notes.

Changes in the Group's ownership interests in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group'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 Group.

When the Group 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 Group 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 No.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 Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in income or loss as incurred.

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

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

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

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(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 if it entitles the holder to a proportionate share of the entity's net assets in an event of a liquidation, the non-controlling interest 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 K-IFRS.

When the consideration transferred by the Group 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 No.1039, Financial Instruments: Recognition and Measurement, or with K-IFRS No.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 Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group 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 Group 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.

### **(3) Investments in associates**

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. If the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS No.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.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(3) Investments in associates, continued**

After the disposal takes place, the Group shall account for any retained interest in associates in accordance with K-IFRS No.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 Group's share of the income or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group'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 Group'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 No.1039, Financial Instruments: Recognition and Measurement, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group'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 No.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 No.1036 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group 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 No.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 Group 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 Group reclassifies the gain or loss from equity to income or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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

**(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 Group is a joint operator, the Group 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 Group is joint ventures, the Group is to account for that investment using the equity method accounting (see note 3 (3)), except when the Group is applicable to the K-IFRS No.1105 Non-current Assets Held for Sale .

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(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 Group 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 Group 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) Revenue**

Revenue from the sale of goods, rendering of services or use of the Group 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 Group.

**(i) Sales of Goods**

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

The Group 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 Group estimates daily power volumes for residential, commercial, general, etc electricity. 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 Service

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 measures reliably the services performed. Refer to note 2 (4) below for Construction contract related revenue recognition.

(iii) Dividend income and interest income

Dividend income is recognized in profit or loss on the date that the Group'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 Group's policy for recognition of revenue from operating leases is described in note 3 (8) below.



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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(6) Revenue, continued**

(v) Deferral of revenue – Transfer of assets from customers

The Group recovers a substantial amount of the cost related to its electric power distribution facilities from customers through transfer of assets, while the remaining portion is recovered through electricity sales from such customers in the future. As such, the Group believes there exists a continued service obligation to the customers in accordance with K-IFRS 2118, Transfer of assets from customers when the Group 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 Group defers the amounts received, which are then recognized as revenue over the transferred asset's useful life.

**(7) Construction service revenue**

The Group provides services related to the construction of power plants or 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.



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(8) Leases**

The Group classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Group 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 Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group'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 Group'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 Group 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 Group 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 Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

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.

**(9) Foreign currencies**

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

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(9) Foreign currencies, continued**

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 Group'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.

**(10) Borrowing costs**

The Group 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.

**(11) Government grants**

Government grants are not recognized unless there is reasonable assurance that the Group 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 Group received grants related to assets

Government grants whose primary condition is that the Group 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 Group received grants related to income

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

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(12) Employee benefits**

(i) Retirement benefits: defined contribution plans

When an employee has rendered service to the Group during a period, the Group 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

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(13) 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 Group 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 Group 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 Group 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 Group 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 Group 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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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(13) 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.

**(14) 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 Group 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 Group uses the production method to measure and recognizes as expense the economic benefits of the assets.

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

**Useful lives (years)**

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Buildings	8 ~ 40
Structures	8 ~ 50
Machinery	6 ~ 32
Vehicles	4
Loaded heavy water	30
Asset retirement costs	18, 30, 40
Finance lease assets	20
Ships	9
Others	4 ~ 9

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

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

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**3. Significant Accounting Policies, Continued**

**(15) 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 Group 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.

**(16) 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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(Unaudited)

**3. Significant Accounting Policies, Continued****(16) Intangible assets, continued**

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

	Useful lives (years)	Amortization methods
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

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

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

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

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

**(iv) Derecognition of intangible assets**

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

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

At the end of each reporting period, the Group 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 Group 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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Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(17) Impairment of non-financial assets, 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.

**(18) 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.

**(19) Provisions**

Provisions are recognized when the Group 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 Group 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 Group is required to inspect the PCBs contents of transformers and dispose of PCBs in excess of safety standards under the legally settled procedures. The Group'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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**3. Significant Accounting Policies, Continued**

**(19) Provisions, continued**

(ii) Provision for decommissioning costs of nuclear power plants

The Group records the fair value of estimated decommissioning costs as a liability in the period in which the Group 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 Group is levied to pay the spent nuclear fuel fund for the management of spent nuclear fuel. The Group recognizes the provision of present value of the payments.

(iv) Provision for low and intermediate radioactive wastes

Under the Radioactive Waste Management Act, the Group 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

In accordance with regulations on nuclear and hydro-electric power plants' social responsibility to support the surrounding communities of the power plants sites; KHNP, the Group's nuclear generation subsidiary, accrues 0.25won per KWH of KHNP's generation volume as a provision 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.

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

The Group 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 Group recognizes financial assets in the statement of financial position when the Group 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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**3. Significant Accounting Policies, Continued**

**(20) 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 Group 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 Group'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 No. 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 Group 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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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) 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 Group'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 Group'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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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) 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 Group 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 Group is recognized as a separate asset or liability. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group 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 Group retains an option to repurchase part of a transferred asset), the Group 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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**3. Significant Accounting Policies, Continued**

**(21) Non-derivative financial liabilities and equity instruments issued by the Group**

(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 Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group'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 Group's own equity instruments.

(iii) Financial liabilities

Financial liabilities are recognized when the Group 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 Group 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 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 Group'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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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) Non-derivative financial liabilities and equity instruments issued by the Group, 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 No. 1037, Provisions, Contingent Liabilities and Contingent Assets; or (b) the amount initially recognized less, cumulative amortization recognized in accordance with K-IFRS No. 1018, Revenue.

(vii) De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group'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.

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

The Group 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

**September 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(ii) Hedge accounting

The Group 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 Group 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 Group 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 Group 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

**September 30, 2013**

(Unaudited)

**4. Segment Information****(1) Assets, liabilities, revenue and expenses**

The Group's segments are classified at the business unit level, at which the Group generates separately identifiable revenue and expense, and the related information is reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The Group's reporting segments, in accordance with K-IFRS No.1108, are Electric power generation (Nuclear), Electric power generation (Non-nuclear), Transmission and distribution, and Others; others mainly represent the business unit that manages the Group's foreign operations.

Transactions that occur between each segment are based on arms-length transactions priced at market prices that would be applicable to an independent third-party. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

**(2) Sales, income and profit (loss) of the segments for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

won

		September 30, 2013							
Total segment revenue		Intersegment revenue		Revenue from external customers		Operating income (loss)		Depreciation and amortization	
Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended	
1,624,124	5,402,178	1,624,124	5,374,065		28,113	215,189	916,824	662,158	
6,993,886	21,557,877	6,943,891	21,280,641	49,995	277,236	269,867	1,123,176	487,335	
14,244,150	39,577,829	290,574	770,083	13,953,576	38,807,746	1,011,716	(1,038,067)	665,719	

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630,268	1,939,686	345,849	1,289,429	284,419	650,257	62,645	234,812	21,189
(9,204,438)	(28,714,218)	(9,204,438)	(28,714,218)			(12,096)	(124,886)	(8,089)
14,287,990	39,763,352			14,287,990	39,763,352	1,547,321	1,111,859	1,828,312

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**4. Segment Information, Continued**

(2) Sales, income and profit (loss) of the segments for the three and nine-month periods ended September 30, 2013 and 2012 are as follows, continued:

won

Total segment revenue		September 30, 2012				Operating income (loss)		Deprecia amorti
		Intersegment revenue		Revenue from external customers				
Three- month period ended	Nine- month period ended	Three- month period ended	Nine- month period ended	Three- month period ended	Nine- month period ended	Three- month period ended	Nine- month period ended	Three- month period ended
1,770,774	5,427,500	1,763,349	5,412,677	7,425	14,823	406,957	1,257,124	617,850
6,856,103	22,689,771	6,819,054	22,469,864	37,049	219,907	342,551	1,604,263	474,041
13,451,077	36,442,883	330,631	842,768	13,120,446	35,600,115	1,082,664	(3,464,741)	662,511
628,672	1,884,210	412,368	1,325,113	216,304	559,097	93,695	311,545	19,648
(9,325,402)	(30,050,422)	(9,325,402)	(30,050,422)			(19,602)	(104,002)	(6,152)
13,381,224	36,393,942			13,381,224	36,393,942	1,906,265	(395,811)	1,767,898

(\*) Revenue and operating loss has been restated, see note 2(6).



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**4. Segment Information, Continued****(3) Total assets and liabilities of the segments as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won*

Segment	September 30, 2013			
	Segment assets	Investments in associates and joint ventures	Acquisition of non-current assets	Segment liabilities
Electric power generation (Nuclear)	46,483,274	1,400	1,831,796	25,753,940
Electric power generation (Non-nuclear)	34,800,213	1,263,872	4,416,755	17,825,189
Transmission and distribution	96,756,544	3,959,439	3,625,499	56,341,240
Others	8,056,487	40,527	459,784	3,038,497
Consolidation adjustments	(33,650,340)		(49,428)	(1,068,691)
	152,446,178	5,265,238	10,284,406	101,890,175

*In millions of won*

Segment	December 31, 2012			
	Segment assets	Investments in associates and joint ventures	Acquisition of non-current assets	Segment liabilities
Electric power generation (Nuclear)	45,061,851		2,928,345	24,638,944
Electric power generation	31,214,058	986,343	3,735,111	14,640,938

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(Non-nuclear)

Transmission and distribution	96,234,698	3,865,492	4,368,190	54,963,618
Others	7,655,810	39,098	718,966	2,637,369
Consolidation adjustments	(34,013,597)		(236,063)	(1,792,251)
	146,152,820	4,890,933	11,514,549	95,088,618

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

The Group is engaged in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. Geographical information on revenue from external customers for the three and nine-month periods ended September 30, 2013 and 2012 and non-current assets as of September 30, 2013 and December 31, 2012 are as follows:

*In millions of won*

Geographical unit	Revenue from external customers				Non-current assets (*2)	
	September 30, 2013		September 30, 2012		September 30,	December 31,
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	2013	2012
Domestic	13,682,300	38,076,381	12,835,880	34,822,883	129,773,504	124,433,063
Overseas (*1)	605,690	1,686,971	545,344	1,571,059	4,622,312	4,448,485
	14,287,990	39,763,352	13,381,224	36,393,942	134,395,816	128,881,548

(\*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 key clients**

There is no individual client comprising more than 10% of the Group's revenue for the nine-month periods ended September 30, 2013 and 2012.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**5. Classification of Financial Instruments****(1) Classification of financial assets as of September 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

	September 30, 2013					Total
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Derivative assets (using hedge accounting)	
<b>Current assets:</b>						
Cash and cash equivalents		2,949,827				2,949,827
<b>Current financial assets</b>						
Held-to-maturity investments				189		189
Derivative assets	32,455					32,455
Other financial assets		506,888				506,888
Trade and other receivables		6,058,740				6,058,740
	32,455	9,515,455		189		9,548,099
<b>Non-current assets:</b>						
<b>Non-current financial assets</b>						
Available-for-sale financial assets			1,251,530			1,251,530
Held-to-maturity investments				2,015		2,015
Derivative assets	6,597				110,866	117,463
Other financial assets		625,708				625,708
Trade and other receivables		1,274,021				1,274,021
	6,597	1,899,729	1,251,530	2,015	110,866	3,270,737
	39,052	11,415,184	1,251,530	2,204	110,866	12,818,836





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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(1) Classification of financial assets as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

	Financial assets at fair value through profit or loss		December 31, 2012			Total
			Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	
<b>Current assets:</b>						
Cash and cash equivalents		1,954,949				1,954,949
<b>Current financial assets</b>						
Held-to-maturity investments				196		196
Derivative assets	52,061				63,945	116,006
Other financial assets		540,015				540,015
Trade and other receivables		7,184,625				7,184,625
	52,061	9,679,589		196	63,945	9,795,791
<b>Non-current assets:</b>						
Non-current financial assets						
Available-for-sale financial assets			1,141,194			1,141,194
Held-to-maturity investments				2,020		2,020
Derivative assets	3,830				123,866	127,696
Other financial assets		602,766				602,766
Trade and other receivables		1,254,330				1,254,330
	3,830	1,857,096	1,141,194	2,020	123,866	3,128,006
	55,891	11,536,685	1,141,194	2,216	187,811	12,923,797



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(2) Classification of financial liabilities as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won***September 30, 2013**

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities recognized at amortized cost</b>	<b>Derivative liabilities (using hedge accounting)</b>	<b>Total</b>
<b>Current liabilities:</b>				
Borrowings		2,812,825		2,812,825
Debt securities		6,680,446		6,680,446
Derivative liabilities	239,893		8,321	248,214
Trade and other payables		5,078,315		5,078,315
	239,893	14,571,586	8,321	14,819,800
<b>Non-current liabilities:</b>				
Borrowings		4,926,628		4,926,628
Debt securities		45,498,387		45,498,387
Derivative liabilities	126,208		180,762	306,970
Trade and other payables		4,179,887		4,179,887
	126,208	54,604,902	180,762	54,911,872
	366,101	69,176,488	189,083	69,731,672

*In millions of won***December 31, 2012****Total**

	Financial liabilities at fair value through profit or loss	Financial liabilities recognized at amortized cost	Derivative liabilities (using hedge accounting)	
<b>Current liabilities:</b>				
Borrowings		2,215,961		2,215,961
Debt securities		5,478,720		5,478,720
Derivative liabilities	46,939		47,199	94,138
Trade and other payables		6,418,464		6,418,464
	46,939	14,113,145	47,199	14,207,283
<b>Non-current liabilities:</b>				
Borrowings		4,674,935		4,674,935
Debt securities		40,849,793		40,849,793
Derivative liabilities	322,199		203,839	526,038
Trade and other payables		4,173,691		4,173,691
	322,199	49,698,419	203,839	50,224,457
	369,138	63,811,564	251,038	64,431,740

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(3) Classification of comprehensive income (loss) from financial instruments for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

*In millions of won*

		<b>September 30, 2013</b>		<b>September 30, 2012</b>	
		<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Cash and cash equivalents	Interest income	13,830	54,676	28,423	66,442
Available-for-sale financial assets	Dividends income	(48)	9,736		9,043
	Interest income	241	1,051		
Held-to-maturity investments	Interest income	14	45	17	51
Loans and receivables (Including Trade and other receivables)	Interest income	23,944	79,456	33,120	84,116
Financial assets at fair value through profit or loss	Losses on valuation of derivatives	(133,646)	(3,010)	(85,214)	(13,562)
	Gains (losses) on transaction of Derivatives	(101)	12,555	1,997	9,611
	Gains on disposal of financial assets				189
Derivative assets (using hedge accounting)	Gains (losses) on valuation of derivatives (profit or loss)	(81,812)	10,964	(73,628)	(57,619)
	Gains (losses) on valuation of derivatives (equity, before tax)	7,762	(22,072)	(5,312)	12,460
	Gains on transaction of derivatives	24,443	29,663	2,153	2,579
Financial liabilities carried at amortized cost	Interest expense of borrowings and debt securities	(414,896)	(1,275,767)	(484,502)	(1,365,639)
		(14,538)	(66,948)	(30,213)	(90,706)

	Interest expense of trade and other payables				
	Interest expense of others	(142,230)	(424,555)	(101,953)	(296,381)
Financial liabilities at fair value through profit or loss	Losses on valuation of derivatives	(138,548)	(37,006)	(95,401)	(98,788)
	Losses on transaction of derivatives	(24,075)	(9,477)	(7,578)	(7,076)
Derivative liabilities (using hedge accounting)	Losses on valuation of derivatives (profit or loss)	(127,897)	(10,279)	(38,811)	(42,576)
	Gains (losses) on valuation of derivatives (equity, before tax)	49,512	12,448	(38,838)	(64,838)
	Gains (losses) on transaction of derivatives	(12,121)	16,521	(7,002)	(10,048)

## 6. Restricted Deposits

Restricted deposits as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>		September 30, 2013	December 31, 2012
Cash and cash equivalents	Escrow accounts	79,000	72,979
Cash and cash equivalents	Collateral provided for lawsuit	330	329
Long-term financial instruments	Guarantee deposits for checking account	5	5
Long-term financial instruments	Guarantee deposits for banking accounts at oversea branches	306	303
		79,641	73,616

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**7. Cash and Cash Equivalents**

Cash and cash equivalents as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Cash	843,273	734,986
Cash equivalents	2,106,554	1,249,704
Government grants		(29,741)
	2,949,827	1,954,949

**8. Trade and Other receivables**

(1) Trade and other receivables as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 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	5,719,192	(67,917)	(188)	5,651,087
Other receivables	454,601	(44,562)	(2,386)	407,653
	6,173,793	(112,479)	(2,574)	6,058,740
<b>Non-current assets</b>				
Trade receivables	436,253		(23)	436,230
Other receivables	884,667	(41,350)	(5,526)	837,791
	1,320,920	(41,350)	(5,549)	1,274,021



7,494,713	(153,829)	(8,123)	7,332,761
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*In millions of won*

	<b>December 31, 2012</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	6,776,526	(47,312)	(416)	6,728,798
Other receivables	504,067	(45,791)	(2,449)	455,827
	7,280,593	(93,103)	(2,865)	7,184,625
<b>Non-current assets</b>				
Trade receivables	451,179		(144)	451,035
Other receivables	989,445	(179,287)	(6,863)	803,295
	1,440,624	(179,287)	(7,007)	1,254,330
	8,721,217	(272,390)	(9,872)	8,438,955

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**8. Trade and Other receivables, Continued****(2) Other receivables as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won*

	<b>September 30, 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>				
Other receivables	214,088	(44,562)		169,526
Accrued income	65,815			65,815
Deposits	166,798		(2,386)	164,412
Finance lease receivables	4,252			4,252
Others	3,648			3,648
	454,601	(44,562)	(2,386)	407,653
<b>Non-current assets</b>				
Other receivables	101,372	(7,727)		93,645
Deposits	212,849		(5,526)	207,323
Finance lease receivables	391,374			391,374
Others	179,072	(33,623)		145,449
	884,667	(41,350)	(5,526)	837,791
	1,339,268	(85,912)	(7,912)	1,245,444

*In millions of won*

	<b>December 31, 2012</b>			
	<b>Gross amount</b>	<b>Allowance for doubtful</b>	<b>Present value discount</b>	<b>Book value</b>

	<b>accounts</b>			
<b>Current assets</b>				
Other receivables	294,989	(45,791)		249,198
Accrued income	42,067			42,067
Deposits	160,801		(2,449)	158,352
Finance lease receivables	4,134			4,134
Others	2,076			2,076
	504,067	(45,791)	(2,449)	455,827
<b>Non-current assets</b>				
Other receivables	57,386	(1,684)		55,702
Deposits	224,112		(6,863)	217,249
Finance lease receivables	389,326			389,326
Others	318,621	(177,603)		141,018
	989,445	(179,287)	(6,863)	803,295
	1,493,512	(225,078)	(9,312)	1,259,122

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. But once trade receivables are overdue, the Group imposes a 2.0% interest rate on the overdue trade receivables. The Group holds deposits of three-months expected electricity rate for customers requesting temporary usage and customers with past defaulted payment.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**8. Trade and Other receivables, Continued****(3) Aging analysis of trade receivables as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Trade receivables: (not overdue, not impaired)	5,991,551	7,125,836
Less than 60 days	7	4
60 ~ 90 days	32,111	33,124
90 ~ 120 days	10,349	9,853
120 days ~ 1year	68,778	25,621
Over 1 year	52,649	33,267
Trade receivables: (impairment reviewed)	163,894	101,869
	6,155,445	7,227,705
Less allowance for doubtful accounts	(67,917)	(47,312)
Less present value discount	(211)	(560)
	6,087,317	7,179,833

The Group 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 and incurred but not identified as impairment for the Group of trade receivables with similar credit risk characteristics.

The Group 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 September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Other receivables: (not overdue, not impaired)	1,222,426	1,252,525
Less than 60 days	22,417	
60 ~ 90 days	3,241	7,430
90 ~ 120 days	2,435	1,870
120 days ~ 1year	21,991	5,520
Over 1 year	66,758	226,167
Other receivables: (impairment reviewed)	116,842	240,987
	1,339,268	1,493,512
Less allowance for doubtful accounts	(85,912)	(225,078)
Less present value discount	(7,912)	(9,312)
	1,245,444	1,259,122

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

- (5) **Changes in allowance for doubtful accounts for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Trade receivables</b>	<b>Other receivables</b>
<b>Beginning balance</b>	47,312	225,078	24,586	203,198
Bad debt expense	42,233	5,576	37,447	3,994
Write-off	(21,628)	(641)	(14,721)	(3,331)
Reversal		(226)		(152)
Others (*)		(143,875)		21,369
<b>Ending balance</b>	<b>67,917</b>	<b>85,912</b>	<b>47,312</b>	<b>225,078</b>

- (\*) The allowance on the loan was converted to cumulative equity method loss when loan was converted to investment in associates.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

Available-for-sale financial assets as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	Ownership	September 30, 2013		December 31, 2012	
		Current	Non-current	Current	Non-current
<b>Equity securities</b>					
<b>Listed:</b>					
Kwanglim Co., Ltd.	0.44%		144		168
Sungjee Construction Co., Ltd.	0.01%		8		5
Korea District Heating Corp. (*1)	19.55%		223,916		167,541
Ssangyong Motor Co., Ltd.	0.03%		329		205
LG Uplus Corporation (*1)	8.80%		443,628		299,593
Fission Uranium Corp.	0.52%		1,051		533
Denison Mines Corp.	12.63%		69,288		76,765
Energy Fuel INC	9.06%		14,276		12,425
PT Adaro Energy Tbk	1.50%		39,957		84,288
Cockatoo Coal Limited (*3)	4.91%		3,055		6,487
Korea Line Corporation	0.00%		2		
Strathmore Minerals Corp.	0.00%				4,132
			795,654		652,142
<b>Unlisted:</b>					
Construction Guarantee	0.02%		782		784
Global Dynasty overseas resource development private equity firm	7.46%		1,275		881
Plant & Mechanical Contractors Financial Cooperative of Korea	0.01%		36		36

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Dongnam Co., Ltd.	0.46%	72	72
Mobo Co., Ltd.	0.00%	14	14
Fire Guarantee	0.02%	20	20
Korea Software Financial Cooperative	0.23%	301	301
Woobang ENC Co., Ltd.	0.00%	22	22
Women s venture fund	10.00%	780	780
Engineering Financial Cooperative	0.10%	60	60
Intellectual Discovery, Ltd.	9.13%	5,000	5,000
Electric Contractors Financial Cooperative	0.03%	151	152
Korea Specialty Contractor Financial Cooperative	0.01%	417	417
Information & Communication Financial Cooperative	0.01%	10	10
Troika overseas resource development private equity firm	3.66%	8,573	8,573
POSTECH Venture Capital Corporation	0.00%		240
POSTECH electric power fund	13.33%	3,040	2,800
Poonglim Industrial Co., Ltd.	0.01%	78	
Namkwang Engineering & Construction Co., Ltd.	0.01%	5	
HANKOOK Silicon Co., Ltd.	11.05%	7,023	
LIG E&C Co., Ltd.	0.00%	5	
Pumyang Construction Co., Ltd.	0.00%	3	



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

Available-for-sale financial assets as of September 30, 2013 and December 31, 2012 are as follows, continued:

<i>In millions of won</i>	Ownership	September 30,	December 31,
		2013	2012
		Current	Non-current
Dae Kwang Semiconductor Co., Ltd.	0.07%	6	
Sanbon Department Store	0.01%	124	
Korea Bio Fuel Co., Ltd.	15.00%	1,500	1,500
SAMBOAUTO. Co., Ltd.	0.02%	38	38
Korea Electric Engineers Association	0.26%	40	40
Korea electrical manufacturers Association	1.05%	240	240
Korea investment - Korea EXIM Bank CERs private special asset Investment Trust I	14.18%	6,803	6,803
Hanwha Venture Capital Corporation			180
Hanwha electric power venture fund	16.40%	1,804	2,280
Hwan Young Steel Co., Ltd.	0.14%	97	97
IBK-AUCTUS green growth Private equity firm (*1)	6.29%	6,054	6,054
K&C- Gyeongnam youth job Creation investment fund	10.00%	1,340	1,420
Areva Nc Expansion	13.49%	247,448	241,472
Green & Sustainable Energy Investment Corp. (*2)	20.00%	14	14
Kanan Hydroelectric Power Corp.(*2)	20.00%	18	19
Set Holding	2.50%	123,551	169,637
Siam Solar Power	10.00%	951	
3i Powergen Inc.	15.00%	1,553	1,630
Navanakorn Electric Co., Ltd. (*2)	29.00%	16,475	14,948

	435,723	466,534
<b>Debt securities</b>		
Ambre Energy Limited	20,147	22,518
Government and municipal bonds	6	
	20,153	22,518
	1,251,530	1,141,194

- (\*1) The fair values of the securities of Korea District Heating Corp. and LG Uplus Corporation have declined below their respective acquisition costs for more than a year. As such, cumulative losses of 35,619 million that were previously recognized in other comprehensive loss have been reclassified to as profit or loss for the year ended December 31, 2012. Also, as the recoverable amount of IBK-AUCTUS green growth private equity firm has delined below the book value in prior year ended December 31, 2012, the impairment loss on available-for-sale financial assets of 1,106 million has been recognized as profit or loss for the year ended December 31, 2012.
- (\*2) Although the Group holds 20% or more of the equity shares of these investments, the Group cannot exercise significant influence.
- (\*3) For the nine-month period ended September 30, 2013, the fair value of Cockatoo Coal Limited equity instrument, the listed stock, has declined below the acquisition cost significantly and the impairment loss on available-for-sale financial assets of 10,673 million was recognized as profit or loss.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

Held-to-maturity investments as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	September 30, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Government and municipal bonds and others	189	2,015	196	2,020

**11. Derivatives**

(1) Derivatives as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	September 30, 2013		December 31, 2012	
	Current	Non-Current	Current	Non-Current
<b>Derivative assets</b>				
Currency forward	212	17	245	40
Currency swap	32,243	115,455	115,761	127,652
Interest rate swap		1,991		4
	32,455	117,463	116,006	127,696
<b>Derivative liabilities</b>				
Currency forward	29,429	46	10,323	105
Currency swap	217,160	203,433	70,011	389,948
Interest rate swap	1,625	103,491	4,313	135,985
Other derivatives			9,491	
	248,214	306,970	94,138	526,038

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**11. Derivatives, Continued****(2) Currency swap contracts which are not designated as hedge instruments as of September 30, 2013 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	\$ 75,000	6.83	5.50	1,128.20
RBS	2010~2014	141,125	125,000	6.78	5.50	1,129.00
Morgan Stanley	2010~2014	112,320	100,000	6.71	5.50	1,123.20
HSBC	2010~2014	112,320	100,000	6.71	5.50	1,123.20
Bank of America	2010~2014	110,310	100,000	6.93	5.50	1,103.10
UBS	2011~2015	220,356	200,000	3.90	3.00	1,101.78
RBS	2011~2015	110,110	100,000	3.90	3.00	1,101.10
Barclays Bank PLC	2011~2015	108,390	100,000	3.78	3.00	1,083.90
Credit Suisse	2011~2015	108,390	100,000	3.22	3.00	1,083.90
Morgan Stanley	2011~2015	63,006	60,000	4.06	3.00	1,050.10
Goldman Sachs	2010~2015	156,643	140,000	3.92	3.00	1,118.88
Deutsche Bank	2012~2018	110,412	¥ 10,000,000	6.21	4.19	11.04
IBK	2013~2018	111,800	\$ 100,000	3.16	2.79	1,118.00
Morgan Stanley	2010~2015	118,800	100,000	4.61	3M Libor + 1.64	1,188.00
M-UFJ	2010~2015	116,100	100,000	4.00	3M Libor + 1.00	1,161.00
DBS	2011~2014	56,150	50,000	4.21	3M Libor + 1.00	1,123.00
SMBC	2011~2014	56,150	50,000	4.21	3M Libor + 1.00	1,123.00
Mizuho Corporate Bank	2011~2014	112,800	100,000	3.86	3M Libor + 0.80	1,128.00
DBS	2011~2014	109,500	100,000	3.80	3M Libor + 0.85	1,095.00
Deutsche Bank	2009~2014	126,610	100,000	5.39	6.25	1,266.10
Nomura	2009~2014	126,610	100,000	5.35	6.25	1,266.10
Nomura	2009~2014	126,610	100,000	5.33	6.25	1,266.10
Morgan Stanley	2009~2014	126,610	100,000	5.32	6.25	1,266.10
Morgan Stanley	2010~2014	126,610	100,000	5.30	6.25	1,266.10
Barclays Bank PLC	2010~2014	126,610	100,000	5.29	6.25	1,266.10
Citibank	2010~2014	126,610	100,000	5.27	6.25	1,266.10

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JP Morgan	2010~2014	126,610	100,000	4.93	6.25	1,266.10
Deutsche Bank	2010~2014	126,610	100,000	4.93	6.25	1,266.10
RBS	2010~2014	126,610	100,000	4.93	6.25	1,266.10
Citibank	2010~2015	116,080	100,000	3.97	3.13	1,160.80
Deutsche Bank	2010~2015	116,080	100,000	3.98	3.13	1,160.80
RBS	2010~2015	116,080	100,000	3.97	3.13	1,160.80
HSBC	2010~2015	116,080	100,000	3.23	3.13	1,160.80
UBS	2010~2015	116,080	100,000	3.23	3.13	1,160.80
Citibank	2012~2022	112,930	100,000	2.79	3.00	1,129.30
JP Morgan	2012~2022	112,930	100,000	2.79	3.00	1,129.30
Bank of America	2012~2022	112,930	100,000	2.79	3.00	1,129.30
Goldman Sachs	2012~2022	112,930	100,000	2.79	3.00	1,129.30
HSBC	2012~2022	111,770	100,000	2.89	3.00	1,117.70
Hana Bank	2012~2022	111,770	100,000	2.87	3.00	1,117.70
Standard Chartered	2012~2022	111,770	100,000	2.89	3.00	1,117.70
Deutsche Bank	2012~2022	55,885	50,000	2.79	3.00	1,117.70
DBS	2013~2018	108,140	100,000	2.63	3M USD Libor+0.84	1,081.40
DBS	2013~2018	108,140	100,000	2.57	3M USD Libor+0.84	1,081.40
DBS	2013~2018	108,140	100,000	2.57	3M USD Libor+0.84	1,081.40

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

(3) **Currency swap contracts which are designated as hedge instruments as of September 30, 2013 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	\$ 100,000	1.05	6.00	1,132.00
Barclays Bank PLC	2006~2016	113,200	100,000	1.05	6.00	1,132.00
Credit Suisse	2006~2016	113,200	100,000	1.05	6.00	1,132.00
Goldman Sachs	2011~2017	105,260	100,000	3.99	3.63	1,052.60
Barclays Bank PLC	2011~2017	105,260	100,000	3.99	3.63	1,052.60
Citibank	2011~2017	105,260	100,000	3.99	3.63	1,052.60
HSBC	2012~2014	45,264	40,000	3.25	3M Libor+1.50	1,131.60
Citibank	2012~2014	33,948	30,000	3.25	3M Libor+1.50	1,131.60
RBS	2012~2014	22,632	20,000	3.25	3M Libor+1.50	1,131.60
UOB	2012~2014	33,948	30,000	3.25	3M Libor+1.50	1,131.60
DBS	2012~2014	56,580	50,000	3.20	3M Libor+1.50	1,131.60
ANZ	2012~2014	22,632	20,000	3.20	3M Libor+1.50	1,131.60
Citibank	2012~2014	20,369	18,000	3.20	3M Libor+1.50	1,131.60
Credit Suisse	2012~2014	45,264	40,000	2.77	3M Libor+1.50	1,131.60
RBS	2012~2014	58,843	52,000	2.77	3M Libor+1.50	1,131.60
HSBC	2013~2020	USD 92,940	AUD 100,000	5.75	3M Libor+1.22	0.93
HSBC	2013~2020	USD 93,480	AUD 100,000	5.75	3M Libor+1.18	0.93
Citibank	2013~2018	54,570	\$ 50,000	2.90	3M Libor+1.01	1,091.40
Standard Chartered	2013~2018	54,570	50,000	2.90	3M Libor+1.01	1,091.40
Credit Suisse	2013~2018	111,410	100,000	3.22	3M Libor+1.50	1,114.10
UBS AG	2006~2016	98,100	100,000	5.48	5.50	981.00
Credit Suisse	2006~2016	98,100	100,000	5.48	5.50	981.00
Barclays Bank PLC	2006~2016	71,888	75,000	4.81	5.50	958.51
Deutsche Bank	2006~2016	71,888	75,000	4.81	5.50	958.51
Barclays Bank PLC	2012~2017	142,500	125,000	3.83	3.13	1,140.00
Morgan Stanley	2012~2017	142,500	125,000	3.83	3.13	1,140.00

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RBS	2012~2017	142,500		125,000	3.83	3.13	1,140.00
JP Morgan	2012~2017	142,500		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
Barclays Bank PLC	2004~2014	172,875	\$	150,000	5.10	5.75	1,152.50
Barclays Bank PLC	2013~2018	81,188		75,000	2.65	1.88	1,082.50
RBS	2013~2018	81,188		75,000	2.65	1.88	1,082.50
Deutsche Bank	2013~2018	81,188		75,000	2.65	1.88	1,082.50
Citibank	2013~2018	81,188		75,000	2.65	1.88	1,082.50
BTMU	2010~2015	55,900		50,000	4.03	3M USD Libor+1.20	1,118.00
RBS	2012~2017	115,140		100,000	3.38	2.50	1,151.40
BNP Paribas	2012~2017	115,140		100,000	3.38	2.50	1,151.40
Hana Bank	2012~2017	115,140		100,000	3.38	2.50	1,151.40
Barclays Bank PLC	2012~2017	57,570		50,000	3.38	2.50	1,151.40
Standard Chartered	2012~2017	57,570		50,000	3.38	2.50	1,151.40
Nomura	2012~2017	57,570		50,000	3.38	2.50	1,151.40
Credit Agricole	2012~2017	57,570		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

**September 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

- (4) **Interest rate swap contracts which are not designated as hedge instruments as of September 30, 2013 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
Hongkong-Shanghai Bank, Seoul branch	2012~2016	50,000	3.49	3M CD + 0.25
Standard Chartered	2012~2016	200,000	3.55	3M CD + 0.26
Standard Chartered	2012~2017	160,000	3.57	3M CD + 0.32
JP Morgan	2013~2018	150,000	3.58	3M CD + 0.31
Korea Exchange Bank	2011~2014	100,000	4.08	3M CD + 0.03
Korea Exchange Bank	2011~2014	100,000	3.89	3M CD + 0.05
Shinhan Bank	2011~2014	100,000	3.63	3M CD + 0.18
Korea Exchange Bank	2011~2014	200,000	3.66	3M CD + 0.24
Korea Exchange Bank	2011~2013	100,000	3.53	3M CD + 0.14
Korea Exchange Bank	2011~2013	100,000	3.56	3M CD + 0.19
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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**11. Derivatives, Continued****(5) Interest rate swap contracts which are designated as hedge instruments, as of September 30, 2013 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 110,472	4.16	6M USD Libor
KFW	2009~2027	USD 110,472	4.16	6M USD Libor
CA-CIB (Credit Agricole)	2012~2033	USD 107,728	3.98 ~ 4.10	6M USD Libor
SMBC	2012~2033	USD 140,875	4.05 ~ 4.18	6M USD Libor

**(6) Currency forward contracts which are not designated as hedge instruments, as of September 30, 2013 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	2013.04.25~2013.09.30	2013.10.02~2014.03.05	137,424	\$ 126,217	1,066.70~1,118.70
Credit Suisse	2013.05.21~2013.09.30	2013.10.02~2014.07.02	271,003	245,006	1,093.20~1,122.40
RBS	2013.09.06	2014.01.28	4,261	3,942	1,080.80
RBS	2013.07.04	2014.06.30	130,104	117,000	1,112.00
Nomura	2013.07.04	2014.06.30	128,981	117,000	1,102.40
HSBC	2013.07.04	2014.07.07	128,677	117,000	1,099.80
The Bank of Nova Scotia	2013.09.09	2013.10.11	10,900	10,000	1,090.00
The Bank of Nova Scotia	2013.08.29	2013.10.04	11,130	9,984	1,114.80
The Bank of Nova Scotia	2013.09.16	2013.11.25	5,433	5,000	1,086.67

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The Bank of Nova					
Scotia	2013.09.23	2013.11.25	10,815	10,000	1,081.50
Standard Chartered	2013.09.30	2013.10.01	8,975	8,358	1,073.73
Barclays Bank					
PLC	2013.09.12	2013.11.18	10,872	10,000	1,087.20
Citibank	2013.09.30	2013.10.15	10,872	10,000	1,087.22
RBS	2013.08.29	2013.10.04	11,135	10,000	1,113.50
Korea Exchange					
Bank	2013.09.26	2013.10.07	6,450	6,000	1,075.05
RBS	2013.09.27	2013.10.10	3,228	3,000	1,075.85
Credit Suisse	2013.09.27	2013.10.07	3,229	3,000	1,076.43
BNP Paribas	2013.09.23	2013.10.07	3,230	3,000	1,076.55
BNP Paribas	2013.09.27	2013.10.10	3,222	3,000	1,073.85
Credit Agricole	2013.09.26	2013.10.07	2,147	2,000	1,073.70
Credit Agricole	2013.09.27	2013.10.10	3,222	3,000	1,073.85
Goldman Sachs	2013.09.27	2013.10.10	3,227	3,000	1,075.50
Goldman Sachs	2013.09.27	2013.10.10	3,225	3,000	1,074.90
Shinhan Bank	2013.07.26	2013.10.30	5,579	5,000	1,115.80
Barclays Bank					
PLC	2013.09.02	2013.12.04	5,544	5,000	1,108.75
BNP Paribas	2013.08.08~2013.09.17	2013.10.24~2013.12.04	27,452	25,000	1,074.10~1,118.45
Credit Agricole	2013.07.26~2013.09.09	2013.10.07~2013.12.11	33,054	30,000	1,093.10~1,116.85
Citibank	2013.08.05~2013.08.08	2013.11.07~2013.11.12	16,597	14,838	1,118.10~1,119.20
Credit Suisse	2013.07.24~2013.09.09	2013.10.10~2013.12.04	44,970	40,781	1,090.60~1,118.70
Goldman Sachs	2013.08.08	2013.11.12	11,184	10,000	1,118.35
HSBC	2013.08.06~2013.09.10	2013.11.08~2013.12.12	23,108	21,049	1,088.60~1,118.15
JP Morgan	2013.07.24~2013.09.06	2013.10.28~2013.12.10	11,092	10,000	1,100.05~1,118.25
Morgan Stanley	2013.09.02	2013.12.04	5,556	5,000	1,111.25
The Bank of Nova					
Scotia	2013.08.08~2013.09.18	2013.10.07~2014.01.10	61,133	56,000	1,077.40~1,118.20
RBS	2013.07.24~2013.09.09	2013.10.28~2014.01.10	41,334	37,395	1,095.00~1,118.65
Standard Chartered	2013.09.02	2013.12.04	5,536	5,000	1,107.15
Societe Generale	2013.09.03	2013.12.05	1,100	1,000	1,100.00
UBS	2013.07.26~2013.09.06	2013.10.30~2013.12.10	10,275	9,269	1,100.20~1,115.75
Standard Chartered	2011.08.08	2013.10.28~2015.12.28	\$ 21,381	23,517	1,093.10~1,103.20
Hana Bank	2013.07.31	2013.11.06	¥ 43,200	494	11.43
Hana Bank	2013.07.31	2013.12.26	4,800	55	11.44

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

- (7) Gains and losses on valuation and transaction of derivatives for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:

	Net income effects of valuation gains (losses)				Net income effects of transaction gains (losses)				Accumulated other comprehensive income (loss)		
	September 30, 2013		September 30, 2012		September 30, 2013		September 30, 2012		September 30, 2013		September 30, 2012
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended
Forward	(39,764)	(29,205)	(2,750)	(3,705)	(1,341)	5,781	1,198	(178)	27,810	4,004	
Swap	(442,048)	(19,922)	(260,535)	(178,663)	(7,343)	59,651	(6,536)	(6,576)	28,790	(23,370)	(13,770)
Swap	(91)	9,796	(27,836)	(28,325)	(1,802)	(4,765)	(4,733)	(8,515)	674	9,742	(30,380)
Derivatives			(1,933)	(1,852)	(1,368)	(11,405)	(359)	10,335			
	(481,903)	(39,331)	(293,054)	(212,545)	(11,854)	49,262	(10,430)	(4,934)	57,274	(9,624)	(44,150)

- (\*1) Losses on valuation of derivatives using cash flow hedge accounting 1,376 million, net of tax recognized in accumulated other comprehensive income for the nine-month period ended September 30, 2013.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**12. Other financial assets**

Other financial assets as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Loans and receivables	54,754	687,202	72,888	668,733
Present value discount	(1,316)	(62,686)	(1,224)	(67,009)
Long-term/Short-term financial instruments	453,450	1,192	468,351	1,042
	506,888	625,708	540,015	602,766

**13. Inventories**

Inventories as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>		
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	<b>Book value</b>
Raw materials	2,725,831	(294)	2,725,537
Merchandises	900		900
Work-in-progress	76,175		76,175
Finished goods	44,739		44,739
Supplies	656,739	(4,273)	652,466
Inventories in transit	600,358		600,358
Other inventories	8,051		8,051
	4,112,793	(4,567)	4,108,226

<i>In millions of won</i>	<b>December 31, 2012</b>		
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	<b>Book value</b>

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Raw materials	2,285,822	(65)	2,285,757
Merchandises	379		379
Work-in-progress	68,127		68,127
Finished goods	53,640		53,640
Supplies	523,397	(4,496)	518,901
Inventories in transit	506,547		506,547
Other inventories	6,990		6,990
	3,444,902	(4,561)	3,440,341

There is no reversal of inventory valuation allowance for the nine-month period ended September 30, 2013, whereas 5,568 million incurred for the year ended December 31, 2012. The amounts of valuation losses of inventories during the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are 1,448 million and 6,920 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

The Group has entered into power purchase agreement ( PPA ) of providing Jordan Electric Power Company with Qatrana gas combined power plant for 25 years. In addition, the Group also provides fly ashes transferring pipe conduit as a finance lease, and the average lease term is 7 years. A new finance lease of the manufacturing facility for Artificial Light-weight Aggregate has been transferred to tangible assets due to the termination of the contract with Ecollite Co., Ltd. during the nine-month period ended September 30, 2013.

**(2) Finance lease receivables as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</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	46,901	4,252	46,758	4,134
1 ~ 5 years	198,243	33,777	192,651	27,422
More than 5 years	753,127	357,597	783,314	361,904
	998,271	395,626	1,022,723	393,460

**(3) There are no impaired finance lease receivables as of September 30, 2013 and December 31, 2012.****(4) There are no changes in valuation allowance for finance lease receivables for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012.****15. Non-Financial Assets**

Non-financial assets as of September 30, 2013 and December 31, 2012 are as follows:

*In millions of won*

	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Advance payment	268,097	13,131	146,042	4,607
Prepaid expenses	183,894	113,294	230,260	100,804
Others	203,481	28,842	287,745	35,027
	655,472	155,267	664,047	140,438

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries****(1) Investments in subsidiaries as of September 30, 2013 and December 31, 2012 are as follows:**

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			September 30, 2013	December 31, 2012
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.	Architectural engineering for utility plant and others	KOREA	74.86%	74.86%
Korea Plant Service & Engineering Co., Ltd.	Utility plant maintenance and Others	KOREA	70.00%	70.00%
Korea Nuclear Fuel Co., Ltd.	Nuclear fuel	KOREA	96.36%	96.36%
Korea Electric Power Data Network Co., Ltd.	Electric Power information technology and others	KOREA	100.00%	100.00%
Garorim Tidal Power Plant Co., Ltd. (*2)	Power generation	KOREA	49.00%	49.00%
Korea Power Engineering & Power Services Co., Ltd.	Operation and maintenance of utility plant	KOREA	52.43%	52.43%
Dongducheon Dream Power Co., Ltd. (*4)	Power generation	KOREA		49.00%



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KEPCO International HongKong Ltd.	Holding company	HONG KONG	100.00%	100.00%
KEPCO International Philippines Inc.	Holding company	PHILIPPINES	100.00%	100.00%
KEPCO Gansu International Ltd.	Holding company	HONG KONG	100.00%	100.00%
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 Ltd.	Uranium mine development	FRANCE	100.00%	100.00%
KEPCO Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KOSEP Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KOMIPO Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KOWEPO Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KOSPO Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KEPCO Middle East Holding Company	Holding company	BAHRAIN	100.00%	100.00%
Qatrana Electric Power Company	Construction and operation of utility plant	JORDAN	80.00%	80.00%
KHNP Canada Energy Ltd.	Resources development	CANADA	100.00%	100.00%
KEPCO Bylong Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
Korea Waterbury Uranium Limited Partnership	Resources development	CANADA	79.64%	79.64%
KEPCO Canada Uranium Investment Limited Partnership	Resources development	CANADA	100.00%	100.00%
Sylardus Holding B.V. (*3)	Holding company	NETHERLANDS		100.00%
Akkuyu Finance B.V. (*3)	Construction and operation of utility plant	NETHERLANDS		100.00%

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Akkuyu Fuel B.V. (*3)	Construction and operation of utility plant	NETHERLANDS		100.00%
Akkuyu Operations B.V. (*3)	Construction and operation of utility plant	NETHERLANDS		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%

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(1) Investments in subsidiaries as of September 30, 2013 and December 31, 2012 are as follows, continued:**

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			September 30, 2013	December 31, 2012
KOSPO Jordan LLC	Operation of utility plant	JORDAN	100.00%	100.00%
EWP Cebu 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%
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 Resource Indonesia	Resources development	INDONESIA	100.00%	100.00%
EWP Barbados 1 SRL	Holding company	BARBADOS	100.00%	100.00%
California Power Holdings, LLC	Power generation	USA	100.00%	100.00%
Gyeonggi Green Energy Co., Ltd.	Power generation	KOREA	62.01%	49.00%
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%

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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%
Nepal Water & Energy Development Company Pty Ltd. (*1, 2)	Construction and operation of utility plant	NEPAL	50.00%	50.00%
PT. EWP Indonesia	Holding company	INDONESIA	100.00%	100.00%
KOWEPO America LLC.	Solar photovoltaic power generation	USA	100.00%	100.00%
KEPCO Netherlands J3 B.V.	Holding company	NETHERLANDS	100.00%	100.00%
Korea Offshore Wind Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
EWP Barbados 2 SRL	Holding company	BARBADOS	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.	Power generation	USA	100.00%	100.00%
Mira Power Limited (*1)	Power generation	PAKISTAN	76.00%	76.00%
KOSEP Material Co., Ltd.	Power generation	KOREA	77.04%	
Commerce and Industry Energy Co., Ltd.	Power generation	KOREA	59.03%	29.51%
KEPCO Singapore Holding Pte., Ltd.	Holding company	SINGAPORE	100.00%	
KOWEPO India Private Limited	Holding company	INDIA	100.00%	
KEPCO KPS Philippines Corp.	Utility plant maintenance and others	PHILIPPINES	100.00%	

(\*1) As of September 30, 2013, the reporting period end date of all consolidated subsidiaries is December 31, except for Nepal Water & Energy Development Company Pty Ltd. and Mira Power Limited.

(\*2) The Group owns less than 50% of the shares of the respective entities. However, these subsidiaries are included in the consolidated financial statements as the Group obtains the majority of the voting power through the shareholders agreement.

(\*3) Disposed during the nine-month period ended September 30, 2013, and losses on disposal of investments in associated and joint ventures amounted to 113 million was recognized.

(\*4) Reclassified as investments in associates and joint ventures due to the lost of control during the nine-month period ended September 30, 2013 and gains on disposal of investments in associated and joint ventures amounted to 1,056 million was recognized.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(2) Subsidiaries newly included in or excluded from consolidation for the nine-month period ended September 30, 2013 are as follows:****(i) Subsidiaries newly included in consolidation**

<b>Subsidiary</b>	<b>Reason</b>
KOSEP Material Co., Ltd.	New investment
Commerce and Industry Energy Co., Ltd.	Step acquisition
KEPCO Singapore Holding Pte., Ltd.	New investment
KOWEPO India Private Limited	New investment
KEPCO KPS Philippines Corp.	New investment

**(ii) Subsidiaries excluded from consolidation**

<b>Subsidiary</b>	<b>Reason</b>
Dongducheon Dream Power Co., Ltd.	Decrease of voting power to appoint directors
Sylardus Holding B.V.	Liquidation
Akkuyu Finance B.V.	Liquidation
Akkuyu Fuel B.V.	Liquidation
Akkuyu Operations B.V.	Liquidation

**(3) Summary of financial information of consolidated subsidiaries as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 are as follows:***In millions of won***September 30, 2013**

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<b>Subsidiaries</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Sales</b>	<b>Profit (loss) for the period</b>
Korea Hydro & Nuclear Power Co., Ltd.	46,483,274	25,753,940	5,402,178	398,219
Korea South-East Power Co., Ltd.	8,358,588	4,590,524	3,294,449	226,024
Korea Midland Power Co., Ltd.	6,024,982	2,976,212	4,413,689	175,808
Korea Western Power Co., Ltd.	6,678,252	3,476,987	4,402,494	160,390
Korea Southern Power Co., Ltd.	6,964,655	3,498,654	5,395,336	113,144
Korea East-West Power Co., Ltd.	6,773,736	3,282,811	4,051,909	92,338
KEPCO Engineering & Construction Company, Inc.	777,676	386,459	515,215	37,570
Korea Plant Service & Engineering Co., Ltd.	825,993	272,518	786,914	85,384
Korea Nuclear Fuel Co., Ltd.	500,364	224,318	163,286	12,518
Korea Electric Power Data Network Co., Ltd.	331,574	103,261	236,236	4,091
Garorim Tidal Power Plant Co., Ltd.	36,047	1,555		(1,438)
Korea Power Engineering & Power Services Co., Ltd.	7,879	1,445	14,708	1,424
KEPCO International HongKong Ltd.	246,097	90		10,221
KEPCO International Philippines Inc.	102,828	577		(12)
KEPCO Gansu International Ltd.	15,998	495		(3)
KEPCO Philippines Holdings Inc.	119,578			327
KEPCO Philippines Corporation	14,883	173		510
KEPCO Ilijan Corporation	717,550	91,408	105,915	56,438
KEPCO Lebanon SARL	6,781	9,251		(765)
KEPCO Neimenggu International Ltd.	181,074			1,277
KEPCO Shanxi International Ltd.	496,155	223,674		(2,266)
KOMIPO Global Pte Ltd.	129,360	22		8,148
KEPCO Canada Energy Ltd.	74,325	12,925		(139)
KEPCO Netherlands B.V.	213,580	68		2,473
KOREA Imouraren Uranium Investment Ltd.	247,457	151		(35)
KEPCO Australia Pty., Ltd.	515,043	169,518	3,584	(18,390)
KOSEP Australia Pty., Ltd.	19,393	991	3,550	1,182
KOMIPO Australia Pty., Ltd.	19,381	988	3,550	1,177

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

Subsidiaries	September 30, 2013			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
KOWEPO Australia Pty., Ltd.	19,533	989	3,550	1,179
KOSPO Australia Pty., Ltd.	19,602	990	3,550	1,180
KEPCO Middle East Holding Company	108,877	102,679		3,206
Qatrana Electric Power Company	532,054	480,042	13,098	16,167
KHNP Canada Energy Ltd.	53,005	26		(43)
KEPCO Bylong Australia Pty., Ltd.	84,089	136		(5,128)
Korea Waterbury Uranium Limited Partnership	21,443	18		109
KEPCO Canada Uranium Investment Limited Partnership	79,718	23		(41)
Korea Electric Power Nigeria Ltd.	14	5	223	9
KEPCO Holdings de Mexico	10	11		(12)
KST Electric Power Company	419,053	410,803		(413)
KEPCO Energy Service Company	754	458	2,724	300
KEPCO Netherlands S3 B.V.	541	14		(43)
PT. KOMIPO Pembangkitan Jawa Bali	17,350	6,766	16,002	7,043
PT. Cirebon Power Service	1,466	600	5,518	248
KOWEPO International Corporation	1,981	33		
KOSPO Jordan, LLC.	16,458	10,406	5,872	2,181
EWP Cebu Corporation	7,505	292	216	(789)
EWP Philippine Holdings Corporation	228	7		(1)
EWP America Inc. (*)	107,528	79,646	39,501	(2,929)
KNF Canada Energy Limited	2,377	16		(58)
PT KEPCO Resource Indonesia	1,685			(39)
EWP Barbados 1 SRL	307,777	146	2,074	(3,273)
Gyeonggi Green Energy Co., Ltd.	399,737	325,285		(699)
PT. Tanggamus Electric Power	11,092	424		(2,305)

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Gyeongju Wind Power Co., Ltd.	47,193	31,968	5,003	1,047
KOMIPO America Inc.	7,750	6		
Boulder Solar Power, LLC.	8,232	6		(1,694)
KOSEP USA, INC.	31,702	11		(550)
Nepal Water & Energy Development Company Pty Ltd.	28,565	10,017		(1,548)
PT. EWP Indonesia	821	1		(250)
KOWEPO America, LLC.	6,107	58		(971)
KEPCO Netherlands J3 B.V.	104,252	73		(73)
Korea Offshore Wind Power Co., Ltd.	3,734	986		(2,141)
EWP Barbados 2 SRL	44			(634)
Global One Pioneer B.V.	55			(16)
Global Energy Pioneer B.V.	55			(16)
KOSEP Wind Power, LLC.	795	352	1,452	235
Mira Power Limited	6,203	112		(631)
KOSEP Material Co., Ltd	13,846	451		(106)
Commerce and Industry Energy Co., Ltd.	105,506	86,801	7,809	(1,365)
KEPCO Singapore Holding Pte., Ltd.				
KOWEPO India Private Limited	1,721			
KEPCO KPS Philippines Corp.	384	14	137	(30)

(\*) 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

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

Subsidiaries	December 31, 2012			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
Korea Hydro & Nuclear Power Co., Ltd.	45,061,851	24,638,944	6,717,341	126,181
Korea South-East Power Co., Ltd.	7,218,552	3,564,786	4,672,289	179,139
Korea Midland Power Co., Ltd.	5,767,527	2,828,679	5,427,872	132,306
Korea Western Power Co., Ltd.	5,716,612	2,615,447	5,967,870	118,319
Korea Southern Power Co., Ltd.	6,441,594	3,038,450	6,955,053	103,368
Korea East-West Power Co., Ltd.	6,069,774	2,593,576	5,950,683	164,489
KEPCO Engineering & Construction Company, Inc.	861,882	435,913	785,586	134,310
Korea Plant Service & Engineering Co., Ltd.	756,214	224,674	1,006,609	117,888
Korea Nuclear Fuel Co., Ltd.	500,744	221,196	238,627	30,844
Korea Electric Power Data Network Co., Ltd.	320,860	96,911	338,769	3,714
Garorim Tidal Power Plant Co., Ltd.	37,476	1,546		(1,404)
Korea Power Engineering & Power Services Co., Ltd.	7,093	2,043	10,381	3,206
Dongducheon Dream Power Co., Ltd.	235,002	856		(4,289)
KEPCO International HongKong Ltd.	246,889	35		25,262
KEPCO International Philippines Inc.	102,564	728		13,264
KEPCO Gansu International Ltd.	15,934	493		(8)
KEPCO Philippines Holdings Inc.	125,971	162		1,650
KEPCO Philippines Corporation	18,020	826		(573)
KEPCO Ilijan Corporation	678,488	109,610	146,295	83,647
KEPCO Lebanon SARL	7,111	8,850		(1,846)
KEPCO Neimenggu International Ltd.	182,669			22,307
KEPCO Shanxi International Ltd.	496,410	223,186		(2,960)

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KOMIPO Global Pte Ltd.	111,765	115		(4,780)
KEPCO Canada Energy Ltd.	81,560	13,602		(43)
KEPCO Netherlands B.V.	219,828	31		10,345
KOREA Imouraren Uranium Investment Ltd.	241,481	114		(51)
KEPCO Australia Pty., Ltd.	547,886	168,837	5,446	1,034
KOSEP Australia Pty., Ltd.	19,878	495	5,301	2,067
KOMIPO Australia Pty., Ltd.	19,869	957	5,307	1,142
KOWEPO Australia Pty., Ltd.	20,036	491	5,301	1,636
KOSPO Australia Pty., Ltd.	20,112	959	5,309	1,146
KEPCO Middle East Holding Company	105,319	102,250		2,526
Qatrana Electric Power Company	467,457	432,000	19,172	24,499
KHNP Canada Energy Ltd.	55,238	705		(20)
KEPCO Bylong Australia Pty., Ltd.	73,016	252		(4,007)
Korea Waterbury Uranium Limited Partnership	22,623	701		(39)
KEPCO Canada Uranium Investment Limited Partnership	89,223			(5)
Sylardus Holding B.V.	103	178		(52)
Akkuyu Finance B.V.	6	80		(27)
Akkuyu Fuel B.V.	7	75		(26)
Akkuyu Operations B.V.	6	74		(26)
Korea Electric Power Nigeria Ltd.	6	5	252	(39)
KEPCO Holdings de Mexico	31	13		(13)
KST Electric Power Company	345,416	387,121		(8,498)
KEPCO Energy Service Company	73	53	296	13
KEPCO Netherlands S3 B.V.	480	10		(88)
PT. KOMIPO Pembangkitan Jawa Bali	19,175	8,449	21,439	5,714
PT. Cirebon Power Service	1,182	277	7,256	541
KOWEPO International Corporation	2,080	34		(182)
KOSPO Jordan, LLC.	6,375	1,108	14,186	2,606
EWP Cebu Corporation	10,329	1,441	9,991	2,744

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

- (3) **Summary of financial information of consolidated subsidiaries as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

Subsidiaries	December 31, 2012			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
EWP Philippine Holdings Corporation	241	6		(1)
EWP America Inc. (*)	117,971	87,346	44,618	(6,113)
KNF Canada Energy Limited	2,412	5		(38)
PT KEPCO Resource Indonesia	1,715			1
EWP Barbados 1 SRL	309,581	138	2,817	1,696
Gyeonggi Green Energy Co., Ltd.	103,342	68,991		(465)
PT. Tanggamus Electric Power	12,583	386		(3,199)
Gyeongju Wind Power Co., Ltd.	48,501	34,355	1,605	980
KOMIPO America Inc.	6,427			
Boulder Solar Power, LLC.	8,553	6		(24)
KOSEP USA, INC.	30,734	249		(424)
Nepal Water & Energy Development Company Pty Ltd.	21,114	12,114		(2,901)
PT. EWP Indonesia	882			(289)
KOWEPO America, LLC.	4,517	346		(2,147)
KEPCO Netherlands J3 B.V.	33,138	31		(31)
Korea Offshore Wind Power Co., Ltd.	4,966	76		(37)
EWP Barbados 2 SRL	779			(614)
Global One Pioneer B.V.	71			(1)
Global Energy Pioneer B.V.	71			(1)
KOSEP Wind Power, LLC.	213			(1)
Mira Power Limited	1,841	11		(2)

- (\*) 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

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

(4) Details of non-controlling interest prior to inter-group eliminations as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 are as follows:

*In millions of won*

Description	September 30, 2013					Others	Total
	KEPCO Ilijan Corporation	Korea Plant Service & Dongducheon Engineering Co., Ltd.	Dream Power Co., Ltd.	KEPCO Garorim Engineering & Construction Group, Inc.	Tidal Power Plant Co., Ltd.		
Current assets	250,390	435,535		523,284	623	526,852	1,736,684
Non-current assets	467,160	390,458		254,392	35,424	1,593,519	2,740,953
Current liabilities	(58,208)	(197,652)		(333,655)	(1,489)	(248,940)	(839,944)
Non-current liabilities	(33,200)	(74,866)		(52,804)	(66)	(1,330,271)	(1,491,207)
Net assets	626,142	553,475		391,217	34,492	541,160	2,146,486
Book value of non-controlling interest	306,809	166,043		98,352	17,591	596,472	1,185,267
Sales	105,915	786,914		515,215		225,562	1,633,606
Profit (loss) for the period	56,438	85,384		37,570	(1,438)	42,019	219,973
Profit (loss) for the period attributable to non-controlling interest	27,655	25,615		9,445	(733)	17,381	79,363
Cash flows from operating activities	50,976	38,034		21,795	(732)	795	110,868
Cash flows from investing activities	(51)	(29,004)	(20,006)	(1,156)	178	(88,364)	(138,403)
Cash flows from	(12,735)	5,832		4,802		170,116	168,015

financing activities  
before dividends to  
non-controlling  
interest

Dividends to non-controlling interest		(19,440)		(18,564)		(15,964)	(53,968)
Effect of exchange rate fluctuation	(833)	(156)		(242)		(1,964)	(3,195)
Net increase (decrease) of cash and cash equivalents	37,357	(4,734)	(20,006)	6,635	(554)	64,619	83,317

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(4) Details of non-controlling interest prior to inter-group eliminations as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

Description	December 31, 2012						Total
	KEPCO Ilijan Corporation	Korea Plant Service & Engineering Co., Ltd.	Dongducheon Dream Power Co., Ltd.	Engineering & Construction Group, Inc.	KEPCO Garorim Tidal Power Co., Ltd.	Others	
Current assets	198,537	406,455	49,216	637,560	3,702	390,147	1,685,617
Non-current assets	479,951	349,759	185,786	224,322	33,774	1,163,374	2,436,966
Current liabilities	(67,762)	(173,630)	(764)	(394,425)	(1,492)	(235,801)	(873,874)
Non-current liabilities	(41,848)	(51,044)	(92)	(41,488)	(54)	(925,458)	(1,059,984)
Net assets	568,878	531,540	234,146	425,969	35,930	392,262	2,188,725
Book value of non-controlling interest	278,750	159,462	119,414	107,089	18,324	553,471	1,236,510
Sales	146,295	1,006,609		785,586		298,479	2,236,969
Profit (loss) for the period	83,647	117,888	(4,289)	134,310	(1,404)	47,671	377,823
Profit (loss) for the period attributable to non-controlling interest	40,987	35,366	(2,188)	33,766	(716)	4,215	111,430
Cash flows from operating activities	40,173	49,350	(6,639)	23,764	125	50,305	157,078
Cash flows from investing activities	(5,455)	(24,105)	(88,471)	7,417	(310)	(147,804)	(258,728)
Cash flows from	(25,889)	(3,648)	101,502	40		97,177	169,182

financing activities  
before dividends to  
non-controlling  
interest

Dividends to non-controlling interest	(12,358)	(18,222)		(20,425)		(4,249)	(55,254)
Effect of exchange rate fluctuation	(4,031)	(137)		(128)		(2,202)	(6,498)
Net increase (decrease) of cash and cash equivalents	(7,560)	3,238	6,392	10,668	(185)	(6,773)	5,780



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued****(5) Business combination**

On April 29, 2013, the Group has obtained control of Commerce and industry energy Co., Ltd. by additionally acquiring 29.5% of its equity shares, which engages in the integrated Commerce and industry energy business. As a result, the Group's ownership for Commerce and industry energy Co., Ltd. has increased from 29.5% to 59.0%. The goodwill recognized in the nine-month period ended September 30, 2013 are as follow:

*In millions of won*

	<b>Amount</b>
<b>I. Fair Value of Consideration Transferred</b>	
Carrying value of the equity method investees owned before	5,829
Fair value adjustment(*1)	(1,022)
Cash and cash equivalents paid and fair value of related commitments	4,808
	<b>9,615</b>
<b>II. Fair value of non-controlling interest (*2)</b>	
	4,882
	<b>14,497</b>
<b>III. Recognized amounts of identifiable assets acquired and liabilities assumed</b>	
<b>&lt;Assets&gt;</b>	
Cash and cash equivalents	7,292
Trade and other receivables	1,631
Inventories	515
Property people & equipment	82,733
Other assets	3,460
<b>&lt;Liabilities&gt;</b>	
Trade and other payables	(1,777)

Borrowings	(81,752)
Other liabilities	(187)
Fair value of net assets	11,915
<b>IV. Goodwill</b>	2,582

(\*1) Prior to business combination, 29.5% of the Group's equity shares was re-measured to fair value. As a result, the differences incurred from the remeasurement amounted to 1,022 million is recognized as a loss on the disposal of its interest in associates and joint ventures.

(\*2) Non-controlling interest is measured by proportionate share of non-controlling of the identifiable net assets. Assumed that if the Group acquired the equity shares of Commerce and industry energy Co., Ltd. on January 1, 2013, the sales and loss for the period would be shown on the consolidated comprehensive income statements for the nine-month period ended September 30, 2013 amounted to 39,769,581 million and 454,067 million, respectively. After the acquisition, the subsidiary incurred sales and loss for the period amount to 7,809 million and 1,365 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

- (i) Details of goodwill as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Acquisition cost	2,582	
Accumulated impairment		
Carrying book value	2,582	

- (ii) Changes in goodwill for the nine-month period ended September 30, 2013 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>
Beginning balance	
Changes	
Newly recognized	2,582
Elimination due to disposal	
Others	
Ending balance	2,582

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

**(1) Investments in associates and joint ventures as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won*

Investees	Key operation activities	Location	September 30, 2013		
			Percentage of ownership	Acquisition cost	Book value
<b>&lt;Associates&gt;</b>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	48%	76,193	74,704
Korea Gas Corporation	Importing and wholesaling LNG	KOREA	24%	94,500	1,995,223
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	KOREA	29%	4,727	22,744
YTN Co., Ltd.	Broadcasting	KOREA	21%	59,000	37,224
Cheongna Energy Co., Ltd.	Generating and distributing vapor and hot/cold water	KOREA	44%	43,900	27,862
Gangwon Wind Power Co., Ltd. (*1)	Wind power generation	KOREA	15%	5,725	12,151
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29%	88,885	107,691
Korea Power Exchange (*5)	Management of power market	KOREA	100%	127,839	181,214
AMEC Partners Korea (*2)	Resources development	KOREA	19%	707	226
Hyundai Energy Co., Ltd. (*8)	Power generation	KOREA	46%	71,070	40,367
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	36%	1,516	
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25%	3,810	4,546
Alternergy Philippine Investments Corporation	Power generation	PHILIPPINES	50%	3,881	1,605
Muju Wind Power Co., Ltd.	Power generation	KOREA	25%	2,850	2,710
Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25%	638	602
Daeryun Power Co., Ltd.	Power generation	KOREA	20%	25,477	24,639
JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25%	100	77
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30%	3,801	5,042
KNH Solar Co., Ltd.	Power generation	KOREA	27%	1,296	1,293
SPC Power Corporation	Power generation	PHILIPPINES	38%	20,635	45,863

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

Investees	Key operation activities	Location	September 30, 2013		
			Percentage of ownership	Acquisition cost	Book value
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34%	413,153	563,899
PT. Cirebon Electric Power	Power generation	INDONESIA	28%	39,217	29,563
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	5,076
PT Wampu Electric Power	Power generation	INDONESIA	46%	18,935	15,034
PT. Bayan Resources TBK	Resources development	INDONESIA	20%	615,860	625,734
S-Power Co., Ltd.	Power generation	KOREA	40%	108,000	107,564
Pioneer Gas Power Limited (*7)	Power generation	INDIA	40%	48,709	49,043
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25%	29	
Busan Solar Co., Ltd. (*2)	Power generation	KOREA	20%	793	765
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25%	50	3
Green Biomass Co., Ltd.	Power generation	KOREA	34%	714	279

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Gumi-ochang Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	288	369
Chungbuk Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	166	181
Cheonan Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	122	129
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29%	2,978	2,091
D Solarenergy Co., Ltd(*1)	Power generation	KOREA	10%	400	339
Dongducheon Dream Power Co., Ltd.	Power generation	KOREA	44%	140,079	137,252
KS Solar Corp. Ltd.(*2)	Power generation	KOREA	19%	20	19
KOSCON Photovoltaic Co., Ltd(*1)	Power generation	KOREA	19%	245	315
Yeongwol Energy Station Co., Ltd(*1)	Power generation	KOREA	13%	1,862	1,862
Yeonan Photovoltaic Co., Ltd(*1)	Power generation	KOREA	19%	157	134
Q1 Solar Co., Ltd	Power generation	KOREA	28%	1,005	870
Jinhuvish Power Generation (*1)	Power generation	INDIA	5%	9,000	8,650
Best Solar Energy Co., Ltd.	Power generation	KOREA	23%	1,242	988
Seokcheon Solar Power Co., Ltd.(*1)	Power generation	KOREA	10%	970	1,026
SE Green Energy Co., Ltd.	Power generation support	KOREA	48%	3,821	3,756
Daegu Photovoltaic Co., Ltd.	Power generation	KOREA	29%	1,230	1,066
Jeongam Wind Power Co., Ltd.	Power generation	KOREA	40%	800	487
Korea Power Engineering Service Co., Ltd.	Construction and service	KOREA	29%	290	794
Golden Route J Solar Power Co., Ltd. (*1)	Photovoltaic power generation	KOREA	10%	82	75
				2,051,043	4,143,146

**<Joint ventures>**

KEPCO-Uhde Inc. (*6)	Power generation	KOREA	66%	11,355	9,766
Eco Biomass Energy Sdn. Bhd. (*6)	Power generation	MALAYSIA	62%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	27,660	28,017
Shuweihat Asia Power Investment B.V.	Holding company	NETHERLANDS	49%	507	79
Shuweihat Asia Operation & Maintenance Company	Maintenance of utility plant	CAYMAN	55%	30	30

(\*6)

Waterbury Lake Uranium

L.P.	Power generation	CANADA	40%	25,839	24,193
ASM-BG Investicii AD	Power generation	BULGARIA	50%	16,101	18,423
RES Technology AD	Power generation	BULGARIA	50%	15,595	14,934
KV Holdings, Inc.	Power generation	PHILIPPINES	40%	2,103	1,922
KEPCO SPC Power Corporation (*6)	Construction and operation of utility plant	PHILIPPINES	75%	94,579	149,917

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

Investees	Key operation activities	September 30, 2013		Acquisition cost	Book value
		Location	Percentage of ownership		
Canada Korea Uranium Limited Partnership (*4)	Resources development	CANADA	13%	5,404	4,926
KEPCO Energy Resource Nigeria Limited	Holding company	NIGERIA	30%	8,463	5,383
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40%	16,621	19,699
Datang Chifeng Renewable Power Co., Ltd.	Power generation	CHINA	40%	121,928	161,787
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	10,858	10,712
Rabigh Electricity Company	Sales of electricity	SAUDI ARABIA	40%	109,743	
Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40%	70	2,435
Jamaica Public Service Company Limited	Power generation	JAMAICA	40%	301,910	291,493
KW Nuclear Components Co., Ltd.	R&D	KOREA	45%	833	2,850
Busan shinho Solar power Co., Ltd.	Power generation	KOREA	25%	2,100	2,743
STX Electric Power Co., Ltd.	Power generation	KOREA	49%	176,400	174,162
YEONGAM Wind Power Co., Ltd.	Power generation	KOREA	49%	11,584	11,174
Global Trade Of Power System Co., Ltd.	Exporting products and technology of small or medium business by	KOREA	29%	290	243



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proxy					
Expressway Solar-light Power Generation Co., Ltd	Power generation	KOREA	29%	3,132	3,499
Yeongam F1 Solar Power Plant	Power generation	KOREA	29%	1,740	2,079
KODE NOVUS 1 LLC.	Power generation	USA	50%	19,213	14,957
KODE NOVUS 2 LLC.	Power generation	USA	49%	12,498	10,247
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	50%	4,990	4,284
Arman Asia Electric Power Company (*6)	Power generation	JORDAN	60%	104,721	103,037
KEPCO-ALSTOM Power Electronics Systems, Inc. (*6)	R&D	KOREA	51%	5,629	5,066
Dongbu Power Dangjin Corporation	Power generation	KOREA	40%	40,000	39,481
Honam Wind Power Co., Ltd.	Power generation	KOREA	46%	3,600	3,472
Incheon New Power Co., Ltd.	Power generation	KOREA	29%	461	453
Seokmun Energy Co., Ltd.	Integrated energy business	KOREA	34%	680	629
				1,166,298	1,122,092
				3,217,341	5,265,238

- (\*1) The Group holds less than 20% of the equity shares of the entity. However, the Group 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 Group's financial and operating policy of the board of directors.
- (\*2) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*3) The Group holds less than 20% of the equity shares of the entity. However, the Group 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 Group has significant financial transactions with the associate which can affect its influence on the entity.
- (\*4) The Group holds less than 20% of the equity shares of the entity. However, the Group 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 Group's financial and operating policy of the board of directors.
- (\*5) The Group holds 100% of the equity shares of the entity. However, the Government regulates the Group's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Group's other subsidiaries. The Group can exercise significant influence by its right to nominate directors to the board of directors of the entity.

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Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

- (\*6) The Group holds more than 50% of the equity shares of the entity. However, 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, except for Pioneer Gas Power Limited.
- (\*8) As of September 30, 2013, 21% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank while 29% is held by the Group. According to the shareholders' agreement reached on March 2011, not only does the Group 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 Group. In connection with this agreement, the Group applied the equity method on the investment in Hyundai Energy Co., Ltd. with 50% of ownership.

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(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

Investees	Key operation activities	December 31, 2012		Acquisition cost	Book value
		Location	Percentage of ownership		
<b>&lt;Associates&gt;</b>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	48%	57,360	56,007
Korea Gas Corporation	Importing and wholesaling LNG	KOREA	24%	94,500	2,049,340
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	KOREA	29%	4,727	18,936
YTN Co., Ltd.	Broadcasting	KOREA	21%	59,000	37,876
Cheongna Energy Co., Ltd.	Generating and distributing vapor and hot/cold water	KOREA	30%	43,900	33,379
Gangwon Wind Power Co., Ltd. (*1)	Wind power generation	KOREA	15%	5,725	12,113
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29%	88,885	110,346
Korea Power Exchange (*5)	Management of power market	KOREA	100%	127,839	176,264
AMEC Partners Korea (*2)	Resources development	KOREA	19%	707	141
Hyundai Energy Co., Ltd.	Power generation	KOREA	29%	57,150	49,463
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	29%	168	1,266
	Power generation	KOREA	25%	3,810	3,728

Taebaek Wind Power Co., Ltd.					
Alternergy Philippine Investments Corporation	Power generation	PHILIPPINES	50%	3,313	1,600
Muju Wind Power Co., Ltd.	Power generation	KOREA	25%	2,850	2,711
Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25%	638	613
Daeryun Power Co., Ltd.	Power generation	KOREA	20%	25,477	25,017
JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25%	100	78
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30%	3,801	3,926
Commerce and industry energy Co., Ltd.	Power generation	KOREA	30%	8,500	7,066
KNH Solar Co., Ltd.	Power generation	KOREA	27%	1,296	1,089
SPC Power Corporation	Power generation	PHILIPPINES	38%	20,635	36,760
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34%	413,153	549,730
PT. Cirebon Electric Power	Power generation	INDONESIA	28%	39,217	17,022
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	5,646
PT Wampu Electric Power	Power generation	INDONESIA	46%	18,935	15,644
PT. Bayan Resources TBK	Resources development	INDONESIA	20%	615,860	642,636
S-Power Co., Ltd.	Power generation	KOREA	40%	82,000	81,679
Pioneer Gas Power Limited (*7)	Power generation	INDIA	40%	39,899	37,875
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25%	29	27
Busan Solar Co., Ltd. (*2)	Power generation	KOREA	20%	643	546
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25%	50	5
Green Biomass Co., Ltd.	Power generation	KOREA	34%	714	637
Gumi-ochang Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	288	282

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Chungbuk Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	166	159
Cheonan Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	122	109
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29%	2,978	2,624
				1,828,711	3,982,340

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won*

Investees	Key operation activities	December 31, 2012		Acquisition cost	Book value
		Location	Percentage of ownership		
<b>&lt;Joint ventures&gt;</b>					
KEPCO-Uhde Inc. (*6)	Power generation	KOREA	66%	11,355	10,269
Eco Biomass Energy Sdn. Bhd. (*6)	Power generation	MALAYSIA	62%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	27,660	28,705
Shuweihat Asia Power Investment B.V.	Holding company	NETHERLANDS	49%	398	
Shuweihat Asia Operation & Maintenance Company (*6)	Maintenance of utility plant	CAYMAN	55%	30	29
Waterbury Lake Uranium L.P.	Resources development	CANADA	40%	25,839	24,906
ASM-BG Investicii AD	Power generation	BULGARIA	50%	14,731	16,024
RES Technology AD	Power generation	BULGARIA	50%	14,698	14,637
KV Holdings, Inc.	Power generation	PHILIPPINES	40%	2,103	2,023
KEPCO SPC Power Corporation (*6)	Construction and operation of utility plant	PHILIPPINES	75%	94,579	121,737
Canada Korea Uranium Limited Partnership (*4)	Resources development	CANADA	13%	5,404	5,083
KEPCO Energy Resource Nigeria Limited	Holding company	NIGERIA	30%	8,463	5,663
	Power generation	CHINA	40%	16,621	20,381

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Gansu Datang Yumen Wind Power Co., Ltd.					
Datang Chifeng Renewable Power Co., Ltd.	Power generation	CHINA	40%	121,928	156,449
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	10,858	10,125
Rabigh Electricity Company	Construction of utility plant and sales of electricity	SAUDI ARABIA	40%	1,357	
Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40%	70	814
Jamaica Public Service Company Limited	Power generation	JAMAICA	40%	301,910	293,007
KW Nuclear Components Co., Ltd.	R&D	KOREA	43%	833	1,222
Busan shinho Solar power Co., Ltd.	Power generation	KOREA	25%	2,100	2,056
STX Electric Power Co., Ltd.	Power generation	KOREA	49%	98,000	96,698
YEONGAM Wind Power Co., Ltd.	Power generation	KOREA	49%	11,584	11,563
Global Trade Of Power System Co., Ltd.	Exporting products and technology of small or medium sized business by proxy	KOREA	29%	290	213
Expressway Solar-light Power Generation Co., Ltd.	Power generation	KOREA	29%	3,132	3,132
Yeongam F1 Solar Power Plant	Power generation	KOREA	29%	1,740	1,673
KODE NOVUS 1 LLC.	Power generation	USA	50%	19,213	17,691
KODE NOVUS 2 LLC.	Power generation	USA	49%	12,498	11,550
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	50%	4,990	4,844
Arman Asia Electric Power Company (*6)	Power generation	JORDAN	60%	981	687
KEPCO-ALSTOM Power Electronics Systems, Inc. (*6)	R&D	KOREA	51%	5,629	5,629
Dongbu Power Dangjin Corporation	Power generation	KOREA	40%	40,000	40,000
Honam Wind Power Co., Ltd.	Power generation	KOREA	30%	1,783	1,783
				870,438	908,593
				2,699,149	4,890,933

- (\*1) The Group holds less than 20% of the equity shares of the entity. However, the Group 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 Group's financial and operating policy of the board of directors.
- (\*2) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of September 30, 2013 and December 31, 2012 are as follows, continued:**

- (\*3) The Group holds less than 20% of the equity shares of the entity. However, the Group 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 Group has significant financial transactions with the associate which can affect its influence on the entity.
- (\*4) The Group holds less than 20% of the equity shares of the entity. However, the Group 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 Group's financial and operating policy of the board of directors.
- (\*5) The Group holds 100% of the equity shares of the entity. However, the Government regulates the Group's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Group's other subsidiaries. The Group can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (\*6) The Group holds more than 50% of the equity shares of the entity. However, 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, except for Pioneer Gas Power Limited.

**(2) The fair value of associates which are actively traded on the open market and have a readily available market value as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>			
<b>Investees</b>		<b>September 30, 2013</b>	<b>December 31, 2012</b>
<b>&lt;Associates&gt;</b>			
Korea Electric Power Industrial Development Co., Ltd.		45,001	49,066
Korea Gas Corporation		1,077,300	1,419,390
YTN Co., Ltd.		25,110	31,770
PT. Bayan Resources TBK		528,134	625,864



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

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

(3) Changes in investments in associates and joint ventures for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:

*In millions of won*

Investees	September 30, 2013						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.	56,007	18,833			(41)	(91)	(4)	74,704
Korea Gas Corporation	2,049,340			(30,996)	14,269	29,272	(66,662)	1,995,223
Korea Electric Power Industrial Development Co., Ltd.	18,936			(255)	4,119		(56)	22,744
YTN Co., Ltd.	37,876			(90)	(596)	36	(2)	37,224
Cheongna Energy Co., Ltd.	33,379				(5,468)		(49)	27,862
Gangwon Wind Power Co., Ltd.	12,113			(1,988)	2,026			12,151
Hyundai Green Power Co., Ltd.	110,346			(8,107)	5,572		(120)	107,691
Korea Power Exchange	176,264				5,000		(50)	181,214
AMEC Partners Korea	141				85			226
Hyundai Energy Co., Ltd.	49,463	13,920			(22,853)		(163)	40,367
Ecollite Co., Ltd.	1,266	1,349			(896)		(1,719)	
Taebaek Wind Power Co., Ltd.	3,728				818			4,546
Alternergy Philippine Investments Corporation	1,600	569			(474)	(90)		1,605
Muju Wind Power Co., Ltd.	2,711				(1)			2,710
	613				(11)			602

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Pyeongchang Wind Power Co., Ltd.						
Daeryun Power Co., Ltd.	25,017		(253)	(19)	(106)	24,639
JinanJangsu Wind Power Co., Ltd.	78				(1)	77
Changjuk Wind Power Co., Ltd.	3,926		1,116			5,042
Commerce and industry energy Co., Ltd	7,066		(1,237)		(5,829)	
KNH Solar Co., Ltd.	1,089		211		(7)	1,293
SPC Power Corporation	36,760		11,780	(2,365)	(312)	45,863
Gemeng International Energy Co., Ltd.	549,730		3,102	11,067		563,899
PT. Cirebon Electric Power	17,022		6,401	6,423	(283)	29,563
KNOC Nigerian East Oil Co., Ltd.			(34)	(20)	54	
KNOC Nigerian West Oil Co., Ltd.			98	2	(100)	
Dolphin Property Limited			97	6	(103)	
E-Power S.A.	5,646	(1,878)	1,227	48	33	5,076
PT Wampu Electric Power	15,644		(694)		84	15,034
PT. Bayan Resources TBK	642,636		(14,167)	(2,735)		625,734
S-Power Co., Ltd.	81,679	26,000	142	(125)	(132)	107,564
Pioneer Gas Power Limited	37,875	8,811	308	2,129	(80)	49,043
Eurasia Energy Holdings						
Xe-Pian Xe-Namnoy Power Co., Ltd	27		(27)			
Busan Solar Co., Ltd.	546	150	69			765
Hadong Mineral Fiber Co., Ltd.	5		(1)		(1)	3
Green Biomass Co., Ltd.	637		(358)			279
Gumi-ochang Photovoltaic Power Co., Ltd.	282		87			369
Chungbuk Photovoltaic Power Co., Ltd.	159		22			181
Cheonan Photovoltaic Power Co., Ltd.	109		20			129
PT. Mutiara Jawai	2,624		(180)	(423)	70	2,091
D Solarenergy Co., Ltd		400	(61)			339
Dongducheon Dream Power Co., Ltd.			(2,827)		140,079	137,252
KS Solar Corp. Ltd.		20	(1)			19
KOSCON Photovoltaic Co., Ltd.		245	70			315
Yeongwol Energy Station Co., Ltd.		1,862				1,862
Yeonan Photovoltaic Co., Ltd.		157	(23)			134
Q1 Solar Co., Ltd.		1,005	(135)			870



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

(3) Changes in investments in associates and joint ventures for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

Investees	September 30, 2013						Ending balance	
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others		
Jinbhuvish Power Generation		9,000				(350)	8,650	
Best Solar Energy Co., Ltd.		1,242			(254)		988	
Seokcheon Solar Power Co., Ltd.		970			56		1,026	
SE Green Energy Co., Ltd.		3,821			(46)	(19)	3,756	
Daegu Photovoltaic Co., Ltd.		1,230			(164)		1,066	
Jeongam Wind Power Co., Ltd.		800			(313)		487	
Korea Power Engineering Service Co., Ltd.		290			504		794	
Golden Route J Solar Power Co., Ltd.		82			(7)		75	
	3,982,340	90,756		(43,314)	6,077	42,746	64,541	4,143,146
<b>&lt;Joint ventures&gt;</b>								
KEPCO-Uhde Inc.	10,269				(522)		19	9,766

Eco Biomass Energy Sdn. Bhd.						
Datang Chaoyang Renewable Power Co., Ltd.	28,705		(50)	665	(1,303)	28,017
Shuweiha Asia Power Investment B.V.		109	(28)	(8)	6	79
Shuweiha Asia Operation & Maintenance Company	29			1		30
Waterbury Lake Uranium L.P.	24,906			(414)	(299)	24,193
ASM-BG Investicii AD	16,024	1,371	593	435		18,423
RES Technology AD	14,637	897	(997)	397		14,934
KV Holdings, Inc.	2,023		(9)	(92)		1,922
KEPCO SPC Power Corporation	121,737		10,181	17,739	260	149,917
Canada Korea Uranium Limited Partnership	5,083				(157)	4,926
KEPCO Energy Resource Nigeria Limited	5,663		(130)	(150)		5,383
Gansu Datang Yumen Wind Power Co., Ltd.	20,381		(1,162)	480		19,699
Datang Chifeng Renewable Power Co., Ltd.	156,449		5,654	3,475	(3,791)	161,787
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	10,125		369	218		10,712
Rabigh Electricity Company (*)		108,385	13,148	26,526	(148,059)	
Rabigh Operation & Maintenance Company	814		(1,830)	3,448	3	2,435
Jamaica Public Service Company Limited	293,007		(2,823)	1,309		291,493
KW Nuclear Components Co., Ltd.	1,222		(457)	2,085		2,850
Busan shinho Solar power Co., Ltd.	2,056		698		(11)	2,743
STX Electric Power Co., Ltd.	96,698	78,400	(560)	(376)		174,162
YEONGAM Wind Power Co., Ltd.	11,563		(326)		(63)	11,174
Global Trade Of Power System Co. , Ltd	213		30			243
Expressway Solar-light Power Generation Co., Ltd.	3,132		379	(12)		3,499
Yeongam F1 Solar Power Plant	1,673		406			2,079

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KODE NOVUS 1 LLC.	17,691		(3,146)	142	270	14,957
KODE NOVUS 2 LLC.	11,550		(1,390)	87		10,247
Daejung Offshore Wind Power Co., Ltd.	4,844		(359)		(201)	4,284
Arman Asia Electric Power Company	687	103,740	(1,384)	340	(346)	103,037
KEPCO-ALSTOM Power Electronics Systems, Inc.	5,629		(563)			5,066



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

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(Unaudited)

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

(3) Changes in investments in associates and joint ventures for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

Investees	September 30, 2013						
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others	Ending balance
Dongbu Power Dangjin Corporation	40,000				(549)	30	39,481
Honam Wind Power Co., Ltd.	1,783	1,817			(128)		3,472
Incheon New Power Co., Ltd.		461				(8)	453
Seokmun Energy Co., Ltd.		680			(51)		629
	908,593	295,860		(2,287)	22,814	50,757 (153,645)	1,122,092
	4,890,933	386,616		(45,601)	28,891	93,503 (89,104)	5,265,238

(\*) During the nine-month period ended September 30, 2013, part of loans to Rabigh Electricity Company was converted to equity, causing the investment to increase by 108,385 million.

*In millions of won*

Investees	December 31, 2012						
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income	Ending balance

(loss)

## &lt;Associates&gt;

Daegu Green Power Co., Ltd.	11,621	45,060	(316)	(343)	(15)	56,007	
Korea Gas Corporation	1,968,886		(14,364)	89,689	5,697	(568)	2,049,340
Korea Electric Power Industrial Development Co., Ltd.	20,968		(2,467)	788		(353)	18,936
YTN Co., Ltd.	36,977		(225)	1,454	(10)	(320)	37,876
Cheongna Energy Co., Ltd.	24,576	13,900		(5,097)			33,379
Gang won Wind Power Co., Ltd.	10,112		(852)	2,682	171		12,113
Hyundai Green Power Co., Ltd.	84,109	24,650	(11,014)	12,601	42	(42)	110,346
Korea Power Exchange	163,041			13,223			176,264
AMEC Partners Korea	176			(35)			141
Hyundai Energy Co., Ltd.	53,281			(3,758)		(60)	49,463
Ecollite Co., Ltd.	1,219			(283)	330		1,266
Taebaek Wind Power Co., Ltd.	3,680			48			3,728
Alternergy Philippine Investments Corporation	1,078	1,052		(498)	(32)		1,600
Muju Wind Power Co., Ltd.	2,735			(24)			2,711
Pyeongchang Wind Power Co., Ltd.	627			(14)			613
Daeryun Power Co., Ltd.	20,227	4,687		127	(24)		25,017
JinanJangsu Wind Power Co., Ltd.	78						78
Changjuk Wind Power Co., Ltd.	3,749			177			3,926
Commerce and industry energy Co., Ltd.	8,497			(1,431)			7,066
Gyeongju Wind Power Co., Ltd.	1,430					(1,430)	
KNH Solar Co., Ltd.	1,295			(206)			1,089
SPC Power Corporation	37,660		(1,512)	1,035	(617)	194	36,760
Gemeng International Energy Co., Ltd.	555,104			27,918	(33,292)		549,730
PT. Cirebon Electric Power	15,513			4,253	(1,502)	(1,242)	17,022
KNOC Nigerian East Oil Co., Ltd.				1,286	650	(1,936)	
KNOC Nigerian West Oil Co., Ltd.				1,915	565	(2,480)	
Dolphin Property Limited				64	17	(81)	
E-Power S.A	3,967		(96)	2,083	(308)		5,646
PT Wampu Electric Power	16,452	1,558		(1,173)		(1,193)	15,644
PT. Bayan Resources TBK	671,096		(15,594)	(449)	(11,946)	(471)	642,636
S-Power Co., Ltd.		82,000		(57)	(260)	(4)	81,679
Pioneer Gas Power Limited		39,899			(2,024)		37,875
Eurasia Energy Holdings		461		(461)			



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

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**September 30, 2013**

(Unaudited)

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

(3) Changes in investments in associates and joint ventures for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

Investees	Beginning balance	December 31, 2012					Ending balance	
		Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others		
Xe-Pian Xe-Namnoy Power Co., Ltd.		29				(2)	27	
Busan Solar Co., Ltd.		643			(97)		546	
Hadong Mineral Fiber Co., Ltd.		50			(45)		5	
Green Biomass Co., Ltd.		714			(77)		637	
Gumi-ochang Photovoltaic Power Co., Ltd.		288			(6)		282	
Chungbuk Photovoltaic Power Co., Ltd		166			(7)		159	
Cheonan Photovoltaic Power Co., Ltd		122			(13)		109	
PT. Mutiara Jawa		2,978			(110)	(244)	2,624	
	3,718,154	218,257		(46,124)	145,186	(43,132)	(10,001)	3,982,340

&lt;Joint ventures&gt;

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KEPCO-Uhde Inc. Eco Biomass Energy Sdn. Bhd.	11,172		(894)		(9)	10,269
Datang Chaoyang Renewable Power Co., Ltd.	29,971		(2,479)	1,905	(1,702)	1,010
Shuweihat Asia Power Investment B.V.		114	(98)		(16)	
Shuweihat Asia Operation & Maintenance Company			30		(1)	29
Waterbury Lake Uranium L.P.	21,691	4,053			(667)	(171)
ASM-BG Investicii AD	14,921		2,765		(1,662)	16,024
RES Technology AD	14,563		1,298		(1,224)	14,637
KV Holdings, Inc. Kings Plaza JV, LLC	2,044		(89)	79	(11)	2,023
KEPCO SPC Power Corporation	8,651	(9,150)	499			
Canada Korea Uranium Limited Partnership	98,943		24,591		(1,875)	78
KEPCO Energy Resource Nigeria Limited	5,348		(12)		(253)	5,083
Gansu Datang Yumen Wind Power Co., Ltd.	6,056		(186)		(207)	5,663
Datang Chifeng Renewable Power Co., Ltd.	22,368		(715)		(1,272)	20,381
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	183,455		(22,561)	3,077	(10,225)	2,703
Rabigh Electricity Company			6,143		(32,009)	25,866
Rabigh Operation & Maintenance Company	6,931		633		(1,488)	4,049
Jamaica Public Service Company Limited	137		722		(45)	814
KW Nuclear Components Co.,	311,750		(2,216)	3,680	46	(20,253)
				1,222		1,222

Ltd.					
Busan shinho Solar power Co., Ltd.	2	2,098	(44)		2,056
STX Electric Power Co., Ltd.	19,416	78,400	(741)	(377)	96,698
YEONGAM Wind Power Co., Ltd.		11,583	(20)		11,563
Global Trade Of Power System Co., Ltd		290	(77)		213
Expressway Solar-light Power Generation Co., Ltd		3,132			3,132
Yeongam F1 Solar Power Plant		1,740	(67)		1,673
KODE NOVUS 1 LLC.		19,213	(485)	(1,037)	17,691
KODE NOVUS 2 LLC.		12,498	(189)	(759)	11,550
Daejung Offshore Wind Power Co., Ltd.		4,990	(146)		4,844
Arman Asia Electric Power Company		981	(232)	(62)	687

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

- (3) **Changes in investments in associates and joint ventures for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

Investees	Beginning balance	December 31, 2012			Other			Ending balance
		Acquisition	Disposal	Dividends received	Share of income (loss)	comprehensive income (loss)	Others	
KEPCO-ALSTOM Power Electronics Systems, Inc.		5,629						5,629
Dongbu Power Dangjin Corporation		40,000						40,000
Honam Wind Power Co., Ltd.		1,783						1,783
	767,202	186,504	(9,150)	(27,345)	40,674	(53,330)	4,038	908,593
	4,485,356	404,761	(9,150)	(73,469)	185,860	(96,462)	(5,963)	4,890,933

- (4) **Summary of financial information of associates and joint ventures as of September 30, 2013 and December 31, 2012 and for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:**

*In millions of won*

Investees	September 30, 2013			Profit (loss) for the period
	Total assets	Total liabilities	Sales	

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<b>&lt;Associates&gt;</b>				
Daegu Green Power Co., Ltd.	425,141	269,159	80	(429)
Korea Gas Corporation	41,031,231	32,874,141	27,088,846	(73,481)
Korea Electric Power Industrial Development Co., Ltd.	147,206	68,779	212,189	13,638
YTN Co., Ltd.	368,235	194,536	82,600	(1,984)
Cheongna Energy Co., Ltd.	426,788	369,207	29,475	(11,852)
Gangwon Wind Power Co., Ltd.	139,271	58,593	28,786	13,505
Hyundai Green Power Co., Ltd.	1,131,248	759,900	232,717	19,213
Korea Power Exchange	204,403	23,189	41,487	8,179
AMEC Partners Korea	1,786	595	1,417	448
Hyundai Energy Co., Ltd.	536,617	444,596	16,322	(48,079)
Ecollite Co., Ltd.	6,877	2,117		(983)
Taebaek Wind Power Co., Ltd.	55,963	36,903	8,442	3,836
Alternergy Philippine Investments Corporation	3,243	33		(597)
Muju Wind Power Co., Ltd.	10,838			(4)
Pyeongchang Wind Power Co., Ltd.	2,413	5		(46)
Daeryun Power Co., Ltd.	601,359	476,918		(1,239)
JinanJangsu Wind Power Co., Ltd.	310			(1)
Changjuk Wind Power Co., Ltd.	48,612	30,914	8,360	4,186
KNH Solar Co., Ltd.	29,783	24,994	3,628	781
SPC Power Corporation	136,216	15,700	42,274	19,681
Gemeng International Energy Co., Ltd.	5,849,851	4,191,325	1,254,389	95,127
PT. Cirebon Electric Power	990,840	883,340	218,033	23,274
KNOC Nigerian East Oil Co., Ltd.	241,749	293,632		(5,293)
KNOC Nigerian West Oil Co., Ltd.	146,839	187,983		(4,675)
Dolphin Property Limited	7,411	9,875	448	(448)
E-Power S.A.	67,847	54,340	32,394	4,162
PT Wampu Electric Power	111,381	78,698	23,432	(1,510)
PT. Bayan Resources TBK	1,752,440	1,217,634	853,185	(2,861)
S-Power Co., Ltd.	484,385	215,475		354
Pioneer Gas Power Limited	175,693	111,124	46	12
Eurasia Energy Holdings	899	2,733	1,382	(2,992)
Xe-Pian Xe-Namnoy Power Co., Ltd.	36,464	37,081	45	(495)
Busan Solar Co., Ltd.	25,859	21,997	1,966	374
Hadong Mineral Fiber Co., Ltd.	12			(4)



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

- (4) **Summary of financial information of associates and joint ventures as of September 30, 2013 and December 31, 2012 and for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued :**

*In millions of won*

Investees	September 30, 2013			Profit (loss) for the period
	Total assets	Total liabilities	Sales	
Green Biomass Co., Ltd.	7,010	6,190	609	(983)
Gumi-ochang Photovoltaic Power Co., Ltd.	20,191	16,497	2,898	874
Chungbuk Photovoltaic Power Co., Ltd.	7,295	5,485	807	224
Cheonan Photovoltaic Power Co., Ltd.	5,672	4,381	584	195
PT. Mutiara Jawa	15,191	8,221		(852)
D Solarenergy Co., Ltd.	11,077	7,699		(611)
Dongducheon Dream Power Co., Ltd.	652,493	334,834		(6,754)
KS Solar Corp. Ltd.	3,143	3,071	30	(7)
KOSCON Photovoltaic Co., Ltd.	13,968	12,310	852	368
Yeongwol Energy Station Co., Ltd.	14,193	340		
Yeonan Photovoltaic Co., Ltd.	8,905	8,198	51	(118)
Q1 Solar Co., Ltd.	24,716	21,608	611	(440)
Jinhuvish Power Generation	64,965	465		
Best Solar Energy Co., Ltd.	9,551	5,256		(1,106)
Seokcheon Solar Power Co., Ltd.	14,606	4,161	690	580
SE Green Energy Co., Ltd.	8,171	307		(97)
Daegu Photovoltaic Co., Ltd.	21,641	17,967	357	(509)
Jeongam Wind Power Co., Ltd.	1,221	2		(782)
Korea Power Engineering Service Co., Ltd.	2,948	210	2,872	1,738
Golden Route J Solar Power Co., Ltd.	5,397	4,649	445	(68)
<b>&lt;Joint ventures&gt;</b>				
KEPCO-Uhde Inc.	16,207	1,410		(790)
Eco Biomass Energy Sdn. Bhd.				

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Datang Chaoyang Renewable Power Co., Ltd.	171,027	100,984	15,471	1,358
Shuweiha Asia Power Investment B.V.	174	13		(41)
Shuweiha Asia Operation & Maintenance Company	123	69		
Waterbury Lake Uranium L.P.	60,863	381		
ASM-BG Investicii AD	104,373	67,527	12,336	1,836
RES Technology AD	96,837	66,969	8,071	(1,608)
KV Holdings, Inc.	4,817	11		777
KEPCO SPC Power Corporation	530,671	333,411	130,670	21,227
Canada Korea Uranium Limited Partnership	41,636	42		
KEPCO Energy Resource Nigeria Limited	102,660	84,716		(474)
Gansu Datang Yumen Wind Power Co., Ltd.	115,283	66,211	7,069	(2,737)
Datang Chifeng Renewable Power Co., Ltd.	937,178	532,631	79,801	10,846
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	72,709	45,928	7,397	2,351
Rabigh Electricity Company	2,645,909	2,483,460	189,349	28,880
Rabigh Operation & Maintenance Company	13,885	7,798	13,226	8,940
Jamaica Public Service Company Limited	1,285,374	769,045	902,995	(7,058)
KW Nuclear Components Co., Ltd.	23,955	17,623	9,785	4,379
Busan shinho Solar power Co., Ltd.	57,323	46,353	6,694	2,550
STX Electric Power Co., Ltd.	369,655	14,223		(1,143)
YEONGAM Wind Power Co., Ltd.	96,688	73,885		(655)
Global Trade Of Power System Co., Ltd.	931	92	1,977	128
Expressway Solar-light Power Generation Co., Ltd.	26,304	14,237	1,817	1,349
Yeongam F1 Solar Power Plant	7,542	372	1,361	1,400
KODE NOVUS 1 LLC.	118,155	97,706	2,099	(6,387)
KODE NOVUS 2 LLC.	62,214	41,301	1,234	(2,836)
Daejung Offshore Wind Power Co., Ltd.	8,592	7		(720)
Arman Asia Electric Power Company	559,605	387,877		(1,309)
KEPCO-ALSTOM Power Electronics Systems, Inc.	10,232	299		(1,045)
Dongbu Power Dangjin Corporation	93,817	680		(2,238)
Honam Wind Power Co., Ltd.	19,850	12,440		(267)
Incheon New Power Co., Ltd.	1,696	134		
Seokmun Energy Co., Ltd.	1,863	14		(151)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

- (4) **Summary of financial information of associates and joint ventures as of September 30, 2013 and December 31, 2012 and for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

Investees	December 31, 2012			Profit (loss) for the period
	Total assets	Total liabilities	Sales	
<b>&lt;Associates&gt;</b>				
Daegu Green Power Co., Ltd.	148,814	31,645	5	(707)
Korea Gas Corporation	40,631,086	32,252,753	35,714,565	366,675
Korea Electric Power Industrial Development Co., Ltd.	125,614	60,319	250,183	1,822
YTN Co., Ltd.	345,862	169,119	124,276	5,735
Cheongna Energy Co., Ltd.	446,396	376,358	31,125	(11,556)
Gangwon Wind Power Co., Ltd.	145,628	65,203	34,342	18,770
Hyundai Green Power Co., Ltd.	952,240	572,151	283,539	43,555
Korea Power Exchange	189,548	13,284	82,667	14,308
AMEC Partners Korea	1,119	375	1,045	(181)
Hyundai Energy Co., Ltd.	201,781	92,109		
Ecollite Co., Ltd.	5,283	880		(878)
Taebaek Wind Power Co., Ltd.	51,901	36,988	3,849	194
Alternergy Philippine Investments Corporation	3,207	8		(899)
Muju Wind Power Co., Ltd.	10,843			(96)
Pyeongchang Wind Power Co., Ltd.	2,455	1		(53)
Daeryun Power Co., Ltd.	366,059	240,264		(559)
JinanJangsu Wind Power Co., Ltd.	310			
Changjuk Wind Power Co., Ltd.	40,922	27,835	1,749	591
Commerce and industry energy Co., Ltd.	101,001	77,685	14,075	(4,083)
KNH Solar Co., Ltd.	30,665	26,657	1,385	(764)
SPC Power Corporation	104,886	8,150	11,851	6,131

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Gemeng International Energy Co., Ltd.	5,234,058	3,617,205	1,575,590	75,650
PT. Cirebon Electric Power	1,009,607	947,711	159,655	15,462
KNOC Nigerian East Oil Co., Ltd.	239,810	291,330		(7,636)
KNOC Nigerian West Oil Co., Ltd.	145,322	187,148		(6,704)
Dolphin Property Limited	6,264	9,415	506	(101)
E-Power S.A.	73,829	58,312	60,416	6,931
PT Wampu Electric Power	80,850	46,842		(2,549)
PT. Bayan Resources TBK	1,976,368	1,407,518	1,645,400	76,426
S-Power Co., Ltd.	205,853	1,985		(142)
Pioneer Gas Power Limited	65,000	16,371		
Eurasia Energy Holdings	3,421	3,562		(1,275)
Xe-Pian Xe-Namnoy Power Co., Ltd.	13,539	13,432		
Busan Solar Co., Ltd.	12,991	10,233	444	(492)
Hadong Mineral Fiber Co., Ltd.	19			(181)
Green Biomass Co., Ltd.	8,034	6,160		(226)
Gumi-ochang Photovoltaic Power Co., Ltd.	20,136	17,316	1,314	(60)
Chungbuk Photovoltaic Power Co., Ltd.	8,599	7,014	302	(77)
Cheonan Photovoltaic Power Co., Ltd.	6,252	5,154	173	(121)
PT. Mutiara Jawa	9,068	16		(380)
<b>&lt;Joint ventures&gt;</b>				
KEPCO-Uhde Inc.	16,063	504		(1,354)
Eco Biomass Energy Sdn. Bhd.	17,494	3,888		
Datang Chaoyang Renewable Power Co., Ltd.	195,746	123,983	19,117	5,179
Shuweiha Asia Power Investment B.V.	65	65		(189)
Shuweiha Asia Operation & Maintenance Company	70	17		(45)
Waterbury Lake Uranium L.P.	62,885	621		
ASM-BG Investicii AD	99,485	67,437	15,453	3,551
RES Technology AD	98,036	68,762	9,428	(704)
KV Holdings, Inc.	5,057			198
KEPCO SPC Power Corporation	527,718	333,972	159,412	33,100
Canada Korea Uranium Limited Partnership	40,866	41		(10)
KEPCO Energy Resource Nigeria Limited	24,732	5,855		(898)
Gansu Datang Yumen Wind Power Co., Ltd.	125,198	74,422	9,619	(1,789)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

- (4) **Summary of financial information of associates and joint ventures as of September 30, 2013 and December 31, 2012 and for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

Investees	December 31, 2012			Profit (loss) for the period
	Total assets	Total liabilities	Sales	
Datang Chifeng Renewable Power Co., Ltd.	945,001	553,772	103,162	10,445
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	70,554	45,241	4,046	1,586
Rabigh Electricity Company	2,383,131	2,579,352	6,479	44,518
Rabigh Operation & Maintenance Company	4,350	2,315	9,002	1,810
Jamaica Public Service Company Limited	1,167,350	761,650	1,286,441	19,694
KW Nuclear Components Co., Ltd.	25,540	22,824	8,990	3,560
Busan shinho Solar power Co., Ltd.	35,324	27,140		(176)
STX Electric Power Co., Ltd.	203,754	6,411		(1,490)
YEONGAM Wind Power Co., Ltd.	23,470			(58)
Global Trade Of Power System Co., Ltd.	754	20		(266)
Expressway Solar-light Power Generation Co., Ltd.	12,451	1,650		1
Yeongam F1 Solar Power Plant	55,011	49,241		(230)
KODE NOVUS 1 LLC.	122,061	95,603	166	(1,222)
KODE NOVUS 2 LLC.	87,303	63,731		(387)
Daejung Offshore Wind Power Co., Ltd.	9,750	42		(292)
Arman Asia Electric Power Company	55,119	53,973		(386)
KEPCO-ALSTOM Power Electronics Systems, Inc.	11,473	435		
Dongbu Power Dangjin Corporation	94,967	532		(3,942)
Honam Wind Power Co., Ltd.	9,112	3,243		(72)

**(5) As of September 30, 2013, there is no unrecognized equity interest to investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses.**

**(6) As of September 30, 2013, 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 Group, established a consortium with two other investors, Deutche Capital Hongkong Ltd. and Shanxi International Energy Group Co., Ltd. with the Group'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 Group with the Group's percentage of ownership being 34%. KEPCO Shanxi International Ltd. has entered 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 September 30, 2013, the Group 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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

**(6) As of September 30, 2013, shareholders' agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows, continued:**

(iii) Hyundai Energy Co., Ltd.

As of September 30, 2013, Hyundai Energy Co., Ltd., an associate of the Group, which engages in the integrated energy business, carries long-term borrowings for project financing amounting to 450 billion from Korea Development Bank and others. In connection with these borrowings, the Group pledged its investment securities in Hyundai Energy Co., Ltd. to secure the long-term borrowings amounting to 390 billion on behalf of its investee. In addition, the Group has placed guarantees for the business performance of Hyundai Energy Co., Ltd., and has a payment guarantee in relation to the repayment of the principal and interest in arrears of unsubordinated borrowings amounting to 60 billion.

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 Group 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 Group. 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 Group 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 Group 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.

(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 Group, 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 Group 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 Group is obligated to acquire those shares after evaluating the economic feasibility of the facilities installed by Samsung Heavy Industries Co., Ltd.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**18. Property, Plant and Equipment****(1) Property, plant and equipment as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won*

	<b>September 30, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses (*)</b>	<b>Book value</b>
Land	13,690,936	(3,137)			13,687,799
Buildings	12,411,894	(46,258)	(3,976,039)	(853)	8,388,744
Structures	51,141,584	(186,483)	(13,816,165)	(1,183)	37,137,753
Machinery	44,700,449	(103,323)	(12,496,303)	(12,390)	32,088,433
Ships	5,011		(3,500)		1,511
Vehicles	177,203	(94)	(143,998)		33,111
Equipment	832,165	(788)	(663,599)		167,778
Tools	694,029	(89)	(569,832)		124,108
Construction-in-progress progress	27,619,284	(86,214)			27,533,070
Finance lease assets assets	2,385,240		(1,617,925)		767,315
Asset retirement cost costs	7,719,361		(2,012,544)		5,706,817
Others	7,489,654		(5,533,021)		1,956,633
	168,866,810	(426,386)	(40,832,926)	(14,426)	127,593,072

*In millions of won*

	<b>December 31, 2012</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses (*)</b>	<b>Book value</b>
Land	13,504,739	(3,106)			13,501,633
Buildings	12,093,805	(44,387)	(3,538,059)	(853)	8,510,506
Structures	49,877,698	(177,173)	(12,462,959)	(1,183)	37,236,383
Machinery	42,782,904	(105,112)	(10,087,349)	(11,229)	32,579,214
Ships	5,011		(3,225)		1,786

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Vehicles	173,373	(128)	(136,128)	37,117
Equipment	801,679	(922)	(618,524)	182,233
Tools	659,851	(192)	(537,720)	121,939
Construction-in-progress progress	21,279,062	(94,676)		21,184,386
Finance lease assets assets	2,385,238		(1,521,561)	863,677
Asset retirement cost costs	7,720,913		(1,757,747)	5,963,166
Others	7,286,289		(5,092,189)	2,194,100
	158,570,562	(425,696)	(35,755,461)	(13,265)
				122,376,140

(\*) The Group 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

**September 30, 2013**

(Unaudited)

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

(2) Changes in property, plant and equipment for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>					<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Others</b>	
Land	13,501,633	18,220	(21,611)		189,557	13,687,799
Buildings	8,510,506	2,250	(7,098)	(436,450)	319,536	8,388,744
Structures	37,236,383	272	(148,572)	(1,461,406)	1,511,076	37,137,753
Machinery	32,579,214	214,473	(61,049)	(2,446,316)	1,802,111	32,088,433
Ships	1,786			(275)		1,511
Vehicles	37,117	1,857	(291)	(13,548)	7,976	33,111
Equipment	182,233	35,162	(513)	(65,480)	16,376	167,778
Tools	121,939	18,737	(229)	(42,342)	26,003	124,108
Construction-in-progress progress	21,184,386	9,933,870	(3,537)		(3,581,649)	27,533,070
Finance lease assets	863,677		(7,456)	(101,048)	12,142	767,315
Asset retirement cost	5,963,166			(426,170)	169,821	5,706,817
Others	2,194,100	5,665	(131)	(436,081)	193,080	1,956,633
	122,376,140	10,230,506	(250,487)	(5,429,116)	666,029	127,593,072

<i>In millions of won</i>	<b>December 31, 2012</b>					<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Others</b>	
Land	13,158,742	151,350	(3,580)		195,121	13,501,633
Buildings	8,152,423	12,350	(7,055)	(560,069)	912,857	8,510,506
Structures	36,528,004	712	(297,660)	(1,883,418)	2,888,745	37,236,383
Machinery	30,011,098	352,216	(101,987)	(3,328,844)	5,646,731	32,579,214
Ships	1,240		(6)	(294)	846	1,786
Vehicles	38,217	3,526	(49)	(16,701)	12,124	37,117

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Equipment	172,458	43,291	(760)	(86,330)	53,574	182,233
Tools	116,455	26,159	(78)	(54,655)	34,058	121,939
Construction-in-progress progress	19,911,800	10,841,215			(9,568,629)	21,184,386
Finance lease assets assets	992,200			(128,451)	(72)	863,677
Asset retirement cost	1,725,446			(291,867)	4,529,587	5,963,166
Others	1,576,798	16,015		(551,747)	1,153,034	2,194,100
	112,384,881	11,446,834	(411,175)	(6,902,376)	5,857,976	122,376,140

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**19. Investment Properties****(1) Investment properties as of September 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

	<b>September 30, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	528,441				528,441
Buildings	38,384	(13)	(15,476)		22,895
	566,825	(13)	(15,476)		551,336

*In millions of won*

	<b>December 31, 2012</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	564,195				564,195
Buildings	42,460	(243)	(16,189)		26,028
	606,655	(243)	(16,189)		590,223

**(2) Changes in investment properties for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:**

*In millions of won*

	<b>September 30, 2013</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	564,195		(35,754)	528,441
Buildings	26,028	(685)	(2,4448)	22,895
	590,223	(685)	(38,202)	551,336

*In millions of won*

**December 31, 2012**

	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Impairment</b>	<b>Others</b>	<b>Ending balance</b>
Land	498,280					65,915	564,195
Buildings	18,869			(974)		8,133	26,028
	517,149			(974)		74,048	590,223

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**19. Investment Properties, Continued**

- (3) **Income and expenses related to investment properties for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Rental income	2,560	7,625	2,055	6,481
Operating and maintenance expenses (related to investment property which incurs rental income)	(227)	(685)	(240)	(710)
	2,333	6,940	1,815	5,771

- (4) **Fair value of investment properties as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
Land	528,441	555,849	564,195	596,197
Buildings	22,895	23,639	26,028	26,918
	551,336	579,488	590,223	623,115

As of January 1, 2010, K-IFRS date adoption, the Group assessed the fair value of its investment property by using an independent third party. The independent third party has adequate experiences and qualifications to assess investment properties in Republic of Korea. The independent third party used benchmarking methods considering the economic value and similar other properties in the market. 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 Group's investment property is held under freehold interests.

## 20. Construction Contracts

(1) Changes in balance of construction contracts for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:

*In millions of won*

	<b>Beginning balance</b>	<b>September 30, 2013 Increase and decrease(*)</b>	<b>Recognized revenue</b>	<b>Ending balance</b>
Nuclear power plant construction in UAE	20,359,685	108,641	(1,206,704)	19,261,622
Kazakhstan EPC and others	607,231	52,420	(362,769)	296,502
	20,966,916	160,681	(1,569,472)	19,558,124

(\*) For the nine-month period ended September 30, 2013, the increased balance of contracts from new orders and other is 22,111 million and the increased balance of contracts from changes in size of construction is 138,570 million.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**20. Construction Contracts, Continued**

- (2) **Changes in balance of construction contracts for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

		<b>December 31, 2012</b>		
	<b>Beginning balance</b>	<b>Increase and decrease(*)</b>	<b>Recognized revenue</b>	<b>Ending balance</b>
Nuclear power plant construction in UAE	22,689,640	(839,900)	(1,490,055)	20,359,685
Kazakhstan EPC and others	864,937	108,283	(365,990)	607,230
	<b>23,554,577</b>	<b>(731,617)</b>	<b>(1,856,045)</b>	<b>20,966,915</b>

- (\*) For the year ended December 31, 2012, the increased balance of contracts from new orders and others is 201,823 million and the decreased balance of contracts from changes in size of construction is 933,440 million.

- (3) **Accumulated earned revenue, expense and others related to the Group's construction as of September 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

	<b>September 30, 2013</b>				
	<b>Accumulated earned revenue</b>	<b>Accumulated expense</b>	<b>Accumulated profit</b>	<b>Unearned advance receipts</b>	<b>Retention</b>
Nuclear power plant construction in UAE	4,465,561	4,233,951	231,609		
Kazakhstan EPC and others	841,966	815,803	26,164	149	

5,307,527	5,049,754	257,773	149
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*In millions of won*

	December 31, 2012			
	Accumulated earned revenue	Accumulated expense	Accumulated profit	Unearned advance receipts Retention
Nuclear power plant construction in UAE	3,258,857	3,090,859	167,998	
Kazakhstan EPC and others	629,980	592,340	37,640	541
	3,888,837	3,683,199	205,638	541

(4) **Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as of September 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

	September 30, 2013		December 31, 2012	
	Assets (*1)	Liabilities (*2)	Assets (*1)	Liabilities (*2)
Nuclear power plant construction in UAE		656,158		464,489
Kazakhstan EPC and Others	112,947	2,723	136,760	11,085
	112,947	658,881	136,760	475,574

(\*1) Accounted for as trade receivables in the Group's financial statements.

(\*2) Accounted for as advance received in the Group's financial statements.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**21. Intangible Assets other than goodwill****(1) Intangible assets as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won*

	<b>September 30, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Software	325,277	(248)	(259,828)		65,201
Licences and franchises	3,398		(3,036)		362
Copyrights, patents rights and other industrial rights	30,680		(6,831)		23,849
Mining rights	495,829		(5,799)		490,030
Development expenditures	705,800	(10,374)	(635,664)		59,762
Intangible assets under development	57,813	(11,219)			46,594
Usage rights of donated assets and other	372,179	(56)	(306,434)		65,689
Leasehold rights	19,112		(18,290)		822
Others	151,460	(1)	(63,011)	(12,436)	76,012
	2,161,548	(21,898)	(1,298,893)	(12,436)	828,321

*In millions of won*

	<b>December 31, 2012</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Software	319,044	(198)	(235,675)		83,171
Licences and franchises	3,398		(2,554)		844
Copyrights, patents rights and other industrial rights	20,621		(4,140)		16,481
Mining rights	530,169		(4,363)		525,806
Development expenditures	691,918	(12,371)	(611,229)		68,318
Intangible assets under development	44,316	(7,305)			37,011

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Usage rights of donated assets and other	372,145	(64)	(299,802)		72,279
Leasehold rights	19,112		(18,265)		847
Others	148,738	(1)	(57,244)	(12,436)	79,057
	2,149,461	(19,939)	(1,233,272)	(12,436)	883,814

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

(2) Changes in intangible assets for as of September 30, 2013 and December 31, 2012 are as follows:

*In millions of won*

	September 30, 2013						Ending balance
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others	
Software	83,171	8,818	(8,829)	(29,925)		11,426	65,201
Licences and franchises	844			(482)			362
Copyrights, patents rights and other industrial rights	16,481	473	(6)	(2,669)		9,570	23,849
Mining rights	525,806	17,125		(1,330)		(51,571)	490,030
Development expenditures	68,318	629		(20,505)		11,320	59,762
Intangible assets under development	37,011	22,281			(2)	(12,696)	46,594
Usage rights of donated assets and other	72,279			(6,590)			65,689
Leasehold rights	847			(25)			822
Others	79,057	1,992	(23)	(4,548)		(466)	76,012
	883,814	51,318	(8,318)	(66,074)	(2)	(32,417)	828,321

*In millions of won*

	December 31, 2012						Ending balance
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others	
Software	93,071	7,214	(3)	(38,548)		21,437	83,171
Licences and franchises	1,487			(643)			844
Copyrights, patents rights and other industrial rights	4,075	2,356	(294)	(634)	(6)	10,984	16,481
Mining rights	470,882	22,510		(4,188)		36,602	525,806
Development expenditures	72,508	2,463		(33,621)		26,968	68,318
	45,903	28,580			(13)	(37,459)	37,011

Intangible assets under development

Usage rights of donated assets and other	79,979			(8,812)		1,112	72,279
Leasehold rights	880			(34)		1	847
Others	79,924	4,592	(2,311)	(6,880)	(440)	4,172	79,057
	848,709	67,715	(2,608)	(93,360)	(459)	63,817	883,814

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**21. Intangible Assets other than goodwill, Continued****(3) Significant specific intangible assets as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won and thousands of Australian dollar***September 30, 2013**

Type	Description	Currency	Amount	Remaining useful years
Software				2 months ~
	ERP system and others	KRW	9,587	2 years and 5 months
Copyrights, patents rights and other industrial rights	Smart technology verification and standard design project conducting right	KRW	8,000	4 years
Mining rights	Mining right of Bylong mine	AUD	401,225	
Development expenditures	Development of manufacturing technology Zircaloy tube	KRW	1,086	3 months
Development expenditures	KOSPO Evolutionary Efficient & Powerful System(KEEPS)	KRW	9,176	3 years and 9 months
Development expenditures	Development of maintenance system for utility plant	KRW	2,027	4 years and 2 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	6,429	
Usage rights of donated assets	Songdo international business district(sector 1, 3) sharing charge	KRW	6,221	4 years and 1 months
Usage rights of donated assets	Dangjin power plant load facility usage right	KRW	47,222	7 years and 6 months
Others	Shingwangju electricity supply facility usage right	KRW	3,809	5 years and 8 months
Others		KRW	3,647	8 years and 2 months

Sillim electricity supply facility  
usage right

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

- (4) Significant specific intangible assets as of September 30, 2013 and December 31, 2012 are as follows, continued:**

*In millions of won and thousands of Australian dollars***December 31, 2012**

Type	Description	Currency	Amount	Remaining useful years
Software				5 months ~
	ERP system	KRW	13,417	3 years and 2 months
Mining rights	Mining right of Bylong mine	AUD	401,225	
Development expenditures	Development of manufacturing technology Zircaloy tube	KRW	2,460	1 year
Development expenditures	WH type improved nuclear fuel	KRW	532	3 months
Development expenditures	KOSPO Evolutionary Efficient & Powerful System(KEEPS)	KRW	11,367	4 years and 6 months
Intangible assets under development	Smart technology verification and standard design project conducting right	KRW	2,816	
Usage rights of donated assets	Songdo international business district(sector 1, 3) Sharing charge	KRW	7,363	4 years and 10 months
Usage rights of donated assets	Dangjin power plant load facility usage right	KRW	51,944	9 years
Others	Shingwangju electricity supply facility usage right	KRW	4,314	6 years and 5 months

- (5) For the nine-month periods ended September 30, 2013 and 2012, the Group recognized research and development expenses of 379,625 million and 368,379 million, respectively.**

**22. Trade and Other Payables**

**Trade and other payables as of September 30, 2013 and the December 31, 2012 are as follows**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Trade payables	2,196,764		3,282,240	
Other payables	1,258,092	3,245,383	1,552,780	3,147,010
Accrued expenses	1,405,177	1,995	1,395,274	1,700
Leasehold deposits received	1,635		1,627	
Other deposits received	96,857	89,866	63,104	83,376
Finance lease liabilities	118,234	797,385	121,804	885,365
Dividends payable	1,556		1,605	
Others		45,258	30	56,240
	5,078,315	4,179,887	6,418,464	4,173,691

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**23. Borrowings and debt securities****(1) Borrowings and debt securities as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
<b>Current liabilities</b>		
Short-term borrowings	2,047,998	689,310
Current portion of long-term borrowings	765,913	1,528,237
Current portion of debt securities	6,690,799	5,480,331
Less: Current portion of discount on long-term borrowings	(1,086)	(1,586)
Less: Current portion of discount on debt securities	(10,353)	(1,611)
	9,493,271	7,694,681
<b>Non-current liabilities</b>		
Long-term borrowings	4,946,321	4,695,358
Debt securities	45,587,937	40,944,992
Less : Discount on long-term borrowings	(19,693)	(20,423)
Less : Discount on debt securities	(89,550)	(95,199)
	50,425,015	45,524,728
	59,918,286	53,219,409

**(2) Short-term borrowings as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>			
<b>Type</b>	<b>Creditor</b>	<b>Interest rate (%)</b>	<b>September 30, 2013</b>
Local short-term borrowings	Korea Exchange Bank and others	2.61 ~ 2.80	1,314,332

Foreign short-term borrowings	RBS and others	0.54 ~ 6.50	733,666
			2,047,998

*In millions of won*

Type	Creditor	Interest rate (%)	December 31, 2012
Local short-term borrowings	Korea Exchange Bank and others	2.95 ~ 4.15	461,350
Foreign short-term borrowings	DBS and Others	0.78 ~ 1.25	227,960
			689,310

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(3) Long-term borrowings as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won and thousands of foreign currencies*

		<b>September 30, 2013</b>				
<b>Type</b>		<b>Interest rate (%)</b>		<b>Maturity</b>	<b>Foreign currency</b>	<b>Local currency</b>
<b>Local long-term borrowings</b>						
Korea Development Bank						
	Others	0.50		2013 ~ 2044	\$	8,382
	Facility	4.60		2028		42,900
	Facility	3yr KTB rate	1.25	2027		9,000
Korea Exchange Bank						
	Commercial Paper	3M CD + 0.03~0.54		2013 ~ 2016		1,500,000
	Facility	3yr KTB rate	1.25	2013 ~ 2021		5,312
	Facility	4.60		2028		19,500
	Energy rationalization	3yr KTB rate	1.25	2019		1,100
	Others	2.75		2014		5,551
Korea Industrial Bank						
	Development of power resources	4.00		2016		14,200
	Development of power resources	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
	Development of power resources	3yr KTB rate	1.25	2014		12,300
	PF Refinancing	CD+1.7%		2015		20,625
	PF Refinancing	4.80		2015		11,991
Export-Import Bank of Korea						
	Project loans	2.00		2026		38,300
Korea Finance Corporation						
	Facility	1yr KoFC bond rate + 0.20 ~ 0.31		2017 ~ 2019		2,300,000
Korea Resources Corporation						
	Development of power resources	3yr KTB rate	2.25	2013 ~ 2027		73,920

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	Facility	0.75 ~ 1.75	2013~2023	5,433
	Project loans			13,122
Shinhan Bank and others		3yr AA- CB rate +		
	Facility	1.10	2028	29,300
Woori Bank	PF Refinancing	CD+1.7%	2015	20,625
	PF Refinancing	4.80	2015	11,991
Others	Facility	4.60~5.80	2025 ~ 2028	175,400
	PF Refinancing	4.80	2015	17,267
	Others	3yr KTB rate 2.25	2023 ~ 2028	5,353
				4,374,112

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(3) Long-term borrowings as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won and thousands of foreign currencies*

		<b>September 30, 2013</b>				
<b>Type</b>		<b>Interest rate</b>	<b>Maturity</b>	<b>Foreign</b>	<b>Local</b>	
		<b>(%)</b>		<b>currency</b>	<b>currency</b>	
<b>Foreign long-term borrowings</b>						
Korea National Oil Corporation	Project loans			USD	8,784	9,448
Export-Import Bank of US and others	Project loans	4.48~7.27	2014	USD	16,802	18,073
JBIC	Project Loan	6M Libor + 0.012	2014	USD	20,638	22,198
Export-Import Bank of Korea and others	Direct loans and others	3M Libor + 2.60 ~ 3.70	2027	JOD	208,542	194,473
	Commercial Loan and others	3M Libor+1.50 ~ 2.30	2030~2033	USD	260,960	75,152
XIP	Share holder s and others	8.00	2031	JOD	8,498	39,784
PT PJB	Share holder s loan	12.75	2017	IDR	29,028,090	2,705
Techint	Share holder s loan	5.00	2033	USD	28	53,242
Others	Others	USD 3M Libor +1.63	2013	USD	170,609	502,969
	Facility and others	5.00 ~ 8.00	2019 ~ 2031	USD	11,713	6,281
						924,325
<b>Syndicated Loan</b>						
HSBC and others	Syndicated loan	3M Libor + 0.27 ~ 1.50	2014 ~ 2017	USD	384,712	413,797

	413,797
	5,712,234
Less : Discount of long-term borrowings	(20,779)
Less : Current portion of long-term borrowings	(765,913)
Add : Current portion of discount of long-term borrowings	1,086
	4,926,628



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(3) Long-term borrowings as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won and thousands of foreign currencies*

		December 31, 2012			Foreign	Local
Type		Interest rate		Maturity	currency	currency
		(% )				
<b>Local long-term borrowings</b>						
Korea Development Bank	Others	0.5		2013 ~ 2044	\$	9,393
	Facility	5.80		2026		21,800
	Facility	3yr KTB rate	1.25	2027		9,000
Korea Exchange Bank	Commercial Paper	3.63		2013		100,000
	Commercial Paper	3M CD + 0.03~0.58		2013 ~ 2015		1,900,000
	Facility	3yr KTB rate	1.25	2013 ~ 2021		5,843
	Facility	3yr KTB rate	1.25	2013 ~ 2015		16,000
	Energy rationalization	3yr KTB rate	1.25	2019		1,250
	Development of power					
	resources	3yr KTB rate	1.25	2013		6,000
	Others	3M CD + 0.25		2013		100,000
	Others	2.75		2014		5,200
Korea Industrial Bank	Development of power					
	resources	4.00		2016		18,933
	Development of power					
	resources	3yr KTB rate	1.25	2016		16,000
Kookmin Bank	Development of power					
	resources	4.00		2015		18,810
Hana Bank	Development of power					
	resources	4.00		2014		16,000
	Development of power					
	resources	3yr KTB rate	1.25	2014		24,600
Export-Import Bank of						
Korea	Project loans	2.00		2026		38,300
Korea Finance						
Corporation	Facility	1yr KoFC bond rate				
		+ 0.08 ~ 0.31		2017 ~ 2019		2,300,000
		3yr KTB rate	2.25	2013 ~ 2027		67,651

Korea Resources Corporation	Development of power resources					8,677
	Project loans					
Others	Others	3yr KTB rate	2.25	2023 ~ 2025		3,754
						4,687,211

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(3) Long-term borrowings as of September 30, 2013 and December 31, 2012 are as follows, continued:***In millions of won and thousands of foreign currencies*

Type		December 31, 2012		Maturity	Foreign currency	Local currency	
		Interest rate (%)					
<b>Foreign long-term borrowings</b>							
Korea National Oil Corporation	Project loans	3yr KTB rate	2.25	2021 ~ 2023	USD	8,784	9,409
Korea Finance Corporation	Project loans and others	3M Libor + 1.63		2014	USD	138,240	147,962
Export-Import Bank of US and others	Project loans	4.48 ~ 8.28		2014	USD	56,177	60,171
Export-Import Bank of Korea and others	Direct loans and others	3M Libor + 2.60 ~ 3.70		2015	USD	299,769	320,857
SMBC and others	Senior loan and others	3M Libor + 1.10 ~ 2.30		2013 ~ 2033	USD	309,160	331,126
DBS Bank	Facility	3M Libor + 0.25		2013	USD	200,000	214,220
PT PJB	Share holder s loan	12.75		2017	IDR	29,329,121	3,258
Others	Facility and others	5.00 ~ 8.00		2013 ~ 2031	USD	24,259	25,976
							1,112,979
<b>Syndicated Loan</b>							
Woori Bank	Syndicated loan	3M Libor + 0.27 ~ 1.50		2014 ~ 2017	USD	395,299	423,405
							423,405
							6,223,595
Less : Discount of long-term borrowings							(22,009)
Less : Current portion of long-term borrowings							(1,528,237)

Add : Current portion of discount of long-term borrowings	1,586
	4,674,935

**(4) Local debt securities as of September 30, 2013 and December 31, 2012 are as follows:**

*In  
millions  
of won*

	Issue date	Maturity	Interest rate (%)	September 30, 2013	December 31, 2012
Electricity					
Bonds	2003.06.18 ~ 2013.06.28	2013.04.24 ~ 2032.08.20	2.77 ~ 7.19	27,180,000	25,590,000
Electricity					
Bonds	2010.05.28 ~ 2013.06.25	2015.05.28 ~ 2018.06.25	3M CD + 0.25 ~ 1.05	1,160,000	1,010,000
Corporate					
Bonds	2008.04.11 ~ 2013.06.25	2013.04.11 ~ 2040.12.10	2.60 ~ 7.55	14,160,010	10,080,010
				42,500,010	36,680,010
Less : Discount on local debt securities				(35,804)	(29,436)
Less : Current portion of local debt securities				(4,272,875)	(3,980,000)
Add : Current portion of discount on local debt securities				4,016	814
				38,195,347	32,671,388

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**23. Borrowings and debt securities, Continued****(5) Foreign debt securities as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won*

Type	Issue date	Maturity	Interest rate (%)	September 30, 2013	December 31, 2012
FY-93	1993.04.14	2013.04.14	7.75		374,885
FY-96	1996.04.01 ~ 1996.12.06	2026.12.06 ~ 2096.04.01	6.00 ~ 8.37	269,299	268,589
FY-97	1997.01.31 ~ 1997.08.04	2027.01.31 ~ 2027.08.04	6.75 ~ 7.00	338,510	337,093
FY-03	2003.06.26	2013.06.26	4.75		160,665
FY-04(*)	2004.04.21 ~ 2004.07.21	2014.07.21 ~ 2034.04.21	5.13 ~ 5.75	484,020	481,995
FY-06	2006.03.14 ~ 2006.09.29	2016.03.14 ~ 2016.09.29	4.81 ~ 6.00	1,021,820	696,215
FY-08	2008.04.18 ~ 2008.11.27	2013.04.18 ~ 2018.11.27	4.19 ~ 5.38	219,734	892,160
FY-09	2009.06.17 ~ 2009.07.21	2014.06.17 ~ 2014.07.21	5.50 ~ 6.25	1,613,400	1,606,650
FY-10	2010.09.16 ~ 2010.10.05	2015.09.16 ~ 2015.10.05	3.00 ~ 3.13	1,290,720	1,285,320
FY-10	2010.04.15 ~ 2010.11.18	2013.04.15 ~ 2015.11.18	3M USD Libor+0.80~1.64	268,900	589,105
FY-11	2011.07.13 ~ 2011.07.29	2017.01.29 ~ 2021.07.13	3.63 ~ 4.75	645,360	856,880
FY-11	2011.02.18 ~ 2011.04.15	2014.04.15 ~ 2014.09.17	3M USD Libor+0.80~1.00	430,240	321,330
FY-12	2012.05.10 ~ 2012.09.19	2017.05.10 ~ 2022.09.19	2.50 ~ 3.83	1,882,300	1,874,426
FY-13	2013.02.05 ~ 2013.03.05	2018.02.05 ~ 2018.03.05	3M USD Libor+0.84~1.88	646,651	
FY-13	2013.02.05 ~ 2013.08.14	2018.02.05 ~ 2018.08.14	1.88	667,772	
				9,778,726	9,745,313
Less : Discount on foreign debt securities				(64,099)	(67,374)
Less : Current portion of foreign debt securities				(2,417,924)	(1,500,331)
Add : Current portion of discount on foreign debt securities				6,337	797
				7,303,040	8,178,405

(\*)

Global 4 in FY-04 (USD 300,000,000) can be redeemed on April 23, 2014 if bond holders claim the redemption 75-60 days prior to April 23, 2014.

## 24. Finance Lease Liabilities

### (1) Lease contracts

The Group enters into a power purchase agreements ( PPA ) under which the Group 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 Group 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 September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	September 30, 2013		December 31, 2012	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Less than 1 year	208,406	118,234	221,381	121,804
1 ~ 5 years	722,827	525,533	744,702	542,688
More than 5 years	425,090	271,852	556,276	342,677
	1,356,323	915,619	1,522,359	1,007,169

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**24. Finance Lease Liabilities, Continued**

- (3) **Current and non-current portion of financial lease liabilities as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Current finance lease liabilities	118,234	121,804
Non-current finance lease liabilities	797,385	885,365
	915,619	1,007,169

- (4) **Lease payments recognized as an expense from a lessee position for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Minimum lease payment	64,139	198,816	66,831	206,469
Contingent rent payment	(3,659)	(11,373)	(2,477)	(7,551)
	60,480	187,443	64,354	198,918

- (5) **The Group does not have any irrevocable operating lease contracts as of September 30, 2013 and December 31, 2012.**

**25. Employment Benefits**

- (1) **Principal assumptions on actuarial valuation as of September 30, 2013 and December 31, 2012 are as follows:**

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Discount rate	3.72% ~ 4.12%	3.51% ~ 3.58%
Future salary and benefit levels	1.77% ~ 9.40%	1.80% ~ 15.30%

- (2) **Details of expense relating to defined benefit plans for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Current service cost	84,160	258,707	77,464	227,401
Interest cost	24,292	72,601	25,154	75,280
Expected return on plan assets	(3,430)	(11,879)	(4,549)	(14,711)
Others			(6)	(10)
	105,022	319,429	98,063	287,960



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**25. Employment Benefits, Continued****(2) Details of expense relating to defined benefit plans for the three and nine-month periods ended September 30, 2013 and 2012 are as follows, continued**

For the nine-month periods ended September 30, 2013 and 2012, the expense relating to defined benefit plans of 228,234 million and 237,951 million, respectively, is recognized as cost of sales, and 55,459 and 54,205 million, respectively, is recognized as selling and administrative expenses, and 35,736 million and 38,460 million, respectively, is recognized as others (eg. Construction in-progress and others).

In addition, for the nine-month periods ended September 30, 2013 and 2012, employee benefit obligations expenses of 29,750 and 31,008 million, respectively, is recognized as cost of sales, and 3,593 and 3,342 million, respectively, is recognized as selling and administrative expenses, and 8,482 and 8,306 million, respectively relates to the Group's defined contribution plans.

**(3) Employee benefit obligations as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Present value of defined benefit obligation from funded plans	2,801,472	2,540,264
Fair value of plan assets	(488,206)	(472,342)
	<b>2,313,266</b>	<b>2,067,922</b>
Present value of defined benefit obligation from unfunded plans	2,167	1,943
Net employee benefits obligation from defined benefit plans	<b>2,315,433</b>	<b>2,069,865</b>

**(4) Changes in employee benefit obligations for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	2,542,207	2,328,518
Current service cost	258,707	325,016
Interest cost	72,601	99,473
Actuarial losses	52,924	75,697
Actual payments	(123,075)	(286,501)
Others	275	4
<b>Ending balance</b>	<b>2,803,639</b>	<b>2,542,207</b>

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**25. Employment Benefits, Continued**

- (5) **Changes in the present value of plan assets for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	472,342	459,342
Expected return	11,879	19,600
Actuarial gains (losses)	996	(1,136)
Contributions by the employers	16,353	94,763
Actual payments	(13,364)	(100,227)
Ending balance	488,206	472,342

- (6) **Details of the fair value of plan assets as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Equity instruments	53,556	58,972
Debt instruments	132,615	93,812
Bank deposit	88,095	109,800
Others	213,940	209,758
	488,206	472,342

For the nine-month period ended September 30, 2013 and for the year ended December 31, 2012, actual returns on plan assets are amounted to 12,875 million and 18,464 million, respectively.

- (7) **Other long-term employee benefit obligations as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Other long-term employee benefit obligations	75,263	74,469
	75,263	74,469

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**26. Provisions****(1) Provisions as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Litigation		23,493		26,697
Litigation provisions		23,493		26,697
Decommissioning cost		12,492,703		12,133,393
Nuclear plants		9,781,405		9,462,723
Spent fuel		1,233,827		1,207,842
Waste		1,256,940		1,242,396
PCBs		219,744		219,669
Other recovery provisions		787		763
Others	347,966	8,936	158,303	10,716
Power plant regional support program	117,622		106,763	
Provisions for tax		649	2,644	1,256
Provisions for financial guarantee		7,597		9,086
Provisions for RPS	229,948		48,795	
Others	396	690	101	374
	347,966	12,525,132	158,303	12,170,806

**(2) Changes in provisions for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>Beginning balance</b>	<b>Liabilities incurred</b>	<b>September 30, 2013</b>				<b>Ending balance</b>
			<b>Accretion expenses</b>	<b>Payment</b>	<b>Reversal</b>	<b>Other</b>	
Litigation	26,697	12,823	1,444	(6,455)	(11,016)	23,493	

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Litigation provisions	26,697	12,823	1,444	(6,455)	(11,016)		23,493
Decommissioning cost	12,133,393	289,129	330,447	(260,601)		335	12,492,703
Nuclear plants	9,462,723		318,682				9,781,405
Spent fuel	1,207,842	272,562		(246,577)			1,233,827
Waste	1,242,396	16,543	3,293	(5,627)		335	1,256,940
PCBs	219,669		8,472	(8,397)			219,744
Other recovery provisions	763	24					787
Others	169,019	136,953	126,527	(79,704)	(1,506)	5,613	356,902
Power plant regional support program	106,763		34,510	(32,082)		8,431	117,622
Provisions for tax	3,900			(3,251)			649
Provisions for financial guarantee	9,086				(1,489)		7,597
Provisions for RPS	48,795	136,953	91,608	(44,324)		(3,084)	229,948
Others	475		409	(47)	(17)	266	1,086
	12,329,109	438,905	458,418	(346,760)	(12,522)	5,948	12,873,098

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**26. Provisions, Continued****(2) Changes in provisions for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

	Beginning balance	Liabilities incurred	December 31, 2012			Other	Ending balance
			Accretion expenses	Payment	Reversal		
Litigation	44,409	17,165	202	(16,784)	(18,295)		26,697
Litigation provisions	44,409	17,165	202	(16,784)	(18,295)		26,697
Decommissioning cost	6,942,418	5,213,276	313,128	(337,991)		2,562	12,133,393
Nuclear plants	5,061,265	4,173,744	227,714				9,462,723
Spent fuel	869,549	606,707	39,780	(310,458)		2,264	1,207,842
Waste	796,522	427,768	33,080	(15,272)		298	1,242,396
PCBs	215,082	4,294	12,554	(12,261)			219,669
Other recovery provisions		763					763
Others	105,791	106,561	43,850	(99,794)	(2,882)	15,493	169,019
Power plant regional support program	91,987		41,661	(42,386)		15,501	106,763
Provisions for tax	2,013	75	2,109		(297)		3,900
Provisions for financial guarantee	11,300				(2,214)		9,086
Provisions for RPS		105,857		(57,062)			48,795
Others	491	629	80	(346)	(371)	(8)	475
	7,092,618	5,337,002	357,180	(454,569)	(21,177)	18,055	12,329,109

**27. Deferred Revenues****Deferred revenue related to the Group's construction contracts as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Deferred revenue	313,609	6,009,119	293,792	5,737,519

**28. Non-Financial Liabilities**

Non-financial liabilities as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Advance received	3,314,451	611,938	3,095,628	407,819
Unearned revenue	7,064	113,790	31,660	130,426
Deferred revenue	313,609	6,009,119	293,792	5,737,519
Withholdings	264,882	44,168	254,700	3,886
Others	581,418	5,431	441,660	19,000
	4,481,424	6,784,446	4,117,440	6,298,650



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

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**September 30, 2013**

(Unaudited)

**29. Contributed Capital****(1) Details of shares issued as of September 30, 2013 and December 31, 2012 are as follows:***In millions of won except share information*

	Shares authorized	Shares issued	September 30, 2013			Total
			Par value per share	Owned by government(*)	Owned by others	
Common shares	1,200,000,000	641,964,077	5,000	1,640,385	1,569,435	3,209,820

*In millions of won except share information*

	Shares authorized	Shares issued	December 31, 2012			Total
			Par value per share	Owned by government(*)	Owned by others	
Common shares	1,200,000,000	641,964,077	5,000	1,640,385	1,569,435	3,209,820

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

**(2) There were no changes in number of outstanding capital stock for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012.****(3) Details of share premium as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	September 30, 2013	December 31, 2012
Share premium	843,758	843,758

**30. Retained Earnings and Dividends Paid****(1) Details of retained earnings as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Legal reserve (*)	1,603,919	1,603,919
Voluntary reserves	22,753,160	25,961,315
Retained earnings before appropriations	7,628,075	4,999,049
Retained earnings	31,985,154	32,564,283

(\*) The KEPCO Act requires the Group 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 Group'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.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**30. Retained Earnings and Dividends Paid, Continued****(2) Details of voluntary reserves as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Reserve for investment on social overhead capital	5,277,449	5,277,449
Reserve for research and human development(*)	330,000	330,000
Reserve for business expansion	16,935,711	20,143,866
Reserve for equalizing dividends	210,000	210,000
	<b>22,753,160</b>	<b>25,961,315</b>

(\*) The reserve for research and human development is appropriated by the Group 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 nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	32,564,283	35,769,094
Net loss for the period attributed to owner of the Company	(535,064)	(3,166,616)
Changes in equity method retained earnings	(1,676)	(846)
Actuarial profits(losses)	(42,389)	(37,349)
Ending balance	<b>31,985,154</b>	<b>32,564,283</b>

- (4) Dividends paid for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:

	September 30, 2013			Dividends paid
	Number of	Number of	Number of	per
	shares issued	treasury stocks	shares eligible for	share
			dividends	Paid
Common shares	641,964,077	18,929,995	623,034,082	

	December 31, 2012			Dividends paid
	Number of	Number of	Number of	per
	shares issued	treasury stocks	shares eligible for	share
			dividends	Paid
Common shares	641,964,077	18,929,995	623,034,082	

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

- (5) **Changes in retained earnings of investments in associates and joint ventures for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	(7,904)	(7,058)
Changes	(1,610)	(1,155)
Income tax effect	(66)	309
Ending balance	(9,580)	(7,904)

- (6) **Changes in actuarial losses on employee benefit obligations for the nine-month period ended September 30, 2013 and for the year December 31, 2012 are as follows**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	(76,088)	(230,548)
Changes	(51,600)	(71,399)
Income tax effect	9,211	34,050
Transfer to reserve for business expansion	(18,442)	191,809
Ending balance	(136,919)	(76,088)

**31. Other Components of Equity**

- (1) **Other components of equity of the parent as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Other capital surpluses	694,450	705,448
Accumulated other comprehensive income	147,327	11,957
Treasury stocks	(741,489)	(741,489)
Other equity	13,294,990	13,294,990
	<b>13,395,278</b>	<b>13,270,906</b>

- (2) **Changes in other capital surpluses for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Gains on disposal of treasury stocks</b>	<b>Others</b>	<b>Gains on disposal of treasury stocks</b>	<b>Others</b>
Beginning balance	303,028	402,420	303,028	336,000
Disposal of subsidiary		(10,998)		87,624
Income tax effect				(21,204)
Ending balance	303,028	391,422	303,028	402,420

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**31. Other Components of Equity, Continued****(3) Changes in accumulated other comprehensive income (loss) for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows:***In millions of won*

	<b>2013</b>			
	<b>Available-for-sale financial asset valuation reserve</b>	<b>Share in other comprehensive income of investments in associates and joint ventures</b>	<b>Reserve for overseas operations translation credit</b>	<b>Reserve for gains(loss) on valuation of derivatives</b>
Beginning balance	(23,929)	143,558	(70,107)	(37,565)
Changes in the unrealized fair value of available- for-sale financial assets, net of tax	92,758			
Share in other comprehensive income of associates and joint ventures, net of tax		91,392		
Foreign currency translation of foreign operations, net of tax			(43,235)	
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax				(5,545)
Ending balance	68,829	234,950	(113,342)	(43,110)

*In millions of won*

	<b>2012</b>			
	<b>Available-for-sale financial asset valuation reserve</b>	<b>Share in other comprehensive income (loss) of investments in</b>	<b>Reserve for overseas operations translation credit</b>	<b>Reserve for gains(loss) on valuation of derivatives</b>

**associates and joint  
ventures**

Beginning balance	(26,184)	239,447	34,488	7,344
Changes in the unrealized fair value of available- for-sale financial assets, net of tax	2,255			
Share in other comprehensive loss of associates and joint ventures, net of tax		(95,889)		
Foreign currency translation of foreign operations, net of tax			(104,595)	
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax				(44,909)
Ending balance	(23,929)	143,558	(70,107)	(37,565)

- (4) **There were no changes in treasury stocks for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012**
- (5) **There were no changes in other equity for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012.**



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**32. Sales**

Details of sales for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:

*In millions of won*

	<b>September 30, 2013</b>			
	<b>Domestic</b>		<b>Overseas</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Sales of goods	13,499,707	37,552,342	59,344	179,575
Electricity	13,321,729	37,045,017		
Heat supply	7,332	169,163		
Others	170,646	338,162	59,344	179,575
Sales of service	46,364	131,189	24,128	90,007
Sales of construction services	53,996	152,083	522,218	1,417,389
Revenue related to transfer of assets from customers	82,233	240,767		
	13,682,300	38,076,381	605,690	1,686,971

*In millions of won*

	<b>September 30, 2012</b>			
	<b>Domestic</b>		<b>Overseas</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Sales of goods	12,676,420	34,367,699	60,616	176,239
Electricity	12,573,727	33,905,152		
Heat supply	6,062	141,522		
Others	96,631	321,025	60,616	176,239
Sales of service	58,093	160,962	28,968	95,864
Sales of construction services	25,637	70,861	455,760	1,298,956
Revenue related to transfer of assets from customers	75,730	223,361		

12,835,880	34,822,883	545,344	1,571,059
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**33. Selling and Administrative Expenses**

**Selling and administrative expenses for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Salaries	152,470	418,277	141,251	410,564
Retirement benefit expense	19,890	59,052	18,662	54,205
Welfare and benefit expense	28,678	76,450	25,966	76,622
Insurance expense	1,704	5,432	677	2,767
Depreciation	17,398	51,177	11,753	34,251
Amortization of intangible assets	12,513	37,580	11,773	38,651
Bad debt expense	33,292	42,233	10,656	27,645
Commission	120,238	378,027	124,095	374,424
Advertising expense	6,508	19,320	5,906	17,093
Training expense	2,066	4,341	1,336	3,908
Vehicle maintenance expense	3,177	9,439	3,104	9,224
Publishing expense	524	2,168	467	1,798
Business promotion expense	832	2,676	789	2,426
Rent expense	13,531	29,853	9,578	25,996
Telecommunication expense	5,814	18,801	6,314	17,807
Transportation expense	75	253	65	310
Taxes and dues	11,074	20,708	13,011	22,322
Expendable supplies expense	1,009	3,126	955	3,521
Water, light and heating expense	2,476	7,722	3,041	8,218
Repairs and maintenance expense	8,993	17,435	3,345	8,571
Ordinary development expense	42,425	113,686	36,412	92,119
Travel expense	2,780	9,989	3,603	9,696
Clothing expense	95	1,849	734	2,275
Survey and analysis expense	185	478	188	586
Membership fee	153	696	182	509
Sales promotional expense	5	5		

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Others	27,455	71,260	20,849	60,116
	515,360	1,402,033	454,712	1,305,624

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**34. Other Income and Expense****(1) Other income for the three and nine-month periods ended September 30, 2013 and 2012 are as follows :**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Reversal of other provisions	668	11,032		123
Reversal of allowance for doubtful accounts		226		3,535
Gains on assets contributed	30	100	50	865
Gains on liabilities exempted	479	479	94	697
Compensation and reparations revenue	38,870	72,813	9,456	74,413
Gains on electricity infrastructure development fund	4,677	22,409	6,536	23,746
Revenue from research contracts	2,883	3,550		1,656
Rental income	46,362	144,613	45,159	137,002
Others	2,185	16,671	5,287	24,172
	96,154	271,893	66,582	266,209

**(2) Other expense the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Accretion expenses of other provisions	17	293	9	80
Depreciation expenses on investment properties	227	685	240	710

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Depreciation expenses on idle assets	1,676	4,993	1,657	4,964
Other bad debt expense		5,576		
Donations	9,554	19,350	11,332	27,666
Others	2,990	9,713		14,412
	14,464	40,610	13,238	47,832

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**35. Other Profit**

Details of other profit for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three- month period ended</b>	<b>Nine- month period ended</b>	<b>Three- month period ended</b>	<b>Nine- month period ended</b>
Other profit				
Gains on disposal of property plant, and equipment	7,004	29,184	6,687	25,476
Gains on disposal of other non-current assets				584
Reversal of impairment loss on intangible assets			5	7
Gains on foreign currency translation	3,928	6,350		3,876
Gains on foreign currency transaction	26,687	55,937	18,394	51,204
Insurance proceeds		1,632		5,375
Others	70,438	160,474	26,446	122,136
Other loss				
Losses on disposal of property plant and equipment	(8,681)	(32,989)	(4,901)	(27,497)
Losses on disposal of intangible assets	(1)	(1)		(7)
Impairment loss on property, plant and equipment		(1,161)		
Impairment loss on intangible assets		(2)		(18)
Losses on foreign currency translation		(4,974)	(521)	(1,112)
Losses on foreign currency transaction	(3,062)	(49,237)	(3,936)	(44,878)
Others	(6,183)	(35,555)	(24,220)	(41,820)
	90,130	129,658	17,954	93,326

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**36. Finance Income****(1) Finance income for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Interest income	38,029	135,228	61,560	150,609
Dividends income	(48)	9,736		9,043
Gains on disposal of financial assets				189
Gains on valuation of derivatives		36,387		13,057
Gains on transaction of derivatives	2,001	106,573	4,655	34,833
Gains on foreign currency translation	686,731	76,322	318,111	323,662
Gains on foreign currency transaction	11,635	20,674	11,264	46,596
	738,348	384,920	395,590	577,989

**(2) Interest income included in finance income for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Cash and cash equivalents	13,380	54,676	28,423	66,442
Held-to-maturity investments	241	1,051	17	51
Available-for-sale financial assets	14	45		
Loans and receivables	8,872	30,064	10,927	41,240



Trade and other receivables	15,072	49,392	22,193	42,876
	38,029	135,228	61,560	150,609

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**37. Finance Costs****(1) Finance costs for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Interest expense	571,664	1,767,271	616,668	1,752,726
Losses on sale of financial assets	4,202	4,202		
Impairment of available-for-sale financial assets		10,673		
Losses on valuation of derivatives	481,903	75,718	293,054	225,602
Losses on transaction of derivatives	13,855	57,311	15,085	39,767
Losses on foreign currency translation		74,568		11,582
Losses on foreign currency transaction	8,032	91,708	16,215	13,416
	1,079,656	2,081,451	941,022	2,043,093

**(2) Interest expense included in finance costs for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>September 30, 2012</b>	
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	<b>Three-month period ended</b>	<b>Nine-month period ended</b>
Trade and other payables	14,538	66,948	30,213	90,706
Short-term borrowings	6,721	28,017	19,672	47,730
Long-term borrowings	44,114	147,665	62,722	169,986
Debt securities	559,097	1,650,507	545,350	1,592,967

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Other financial liabilities	142,230	424,555	101,953	296,381
	766,700	2,317,692	759,910	2,197,770
Less: Capitalized borrowing costs	(195,036)	(550,421)	(143,242)	(445,044)
	571,664	1,767,271	616,668	1,752,726

Capitalization rates for the nine-month periods ended September 30, 2013 and 2012 are 3.39% ~ 5.02% and 3.26% ~ 4.46 %, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**38. Income Tax Expense****(1) Income tax expense for the nine-month periods ended September 30, 2013 and 2012 are as follows:**

*In millions of won*

	<b>2013</b>	<b>2012</b>
<b>Current income tax expense</b>		
Payment of income tax	711,920	376,525
Adjustment recognized in the period for current tax of prior period	(18,044)	17,037
Current income tax directly recognized in equity	14,790	87,791
Change in tax reserve for uncertain tax position		
	708,666	481,353
<b>Deferred income tax expense</b>		
Generation and realization of temporary differences	(188,993)	323
Reclassified from equity to loss	(64)	
Recognition of unrecognized tax losses in the past, tax credit and temporary differences prior to prior period	78,971	273,947
Changes in deferred tax on tax losses incurred in the period	(334,859)	(848,657)
Tax credit carry forwards	(12,083)	
Changes in tax rates or tax laws		
	(457,028)	(574,387)
<b>Income tax expense (benefit)</b>	<b>251,638</b>	<b>(93,034)</b>

**(2) Reconciliation between income tax expense and accounting income for the nine-month periods ended September 30, 2013 and 2012 are as follows:**

*In millions of won*

	<b>2013</b>	<b>2012</b>
Loss before income tax expense (benefits)	(199,126)	(1,474,794)
Income tax expense (benefits) computed at applicable tax rate (tax rate: 24.2%)	(48,188)	(342,380)
<b>Adjustments:</b>		
Additional payment of income taxes and income tax refunds	(23,801)	12,425
Effect of applying gradual tax rate	(1,513)	(1,293)
Effect of non-taxable revenue	(92,006)	(156,143)
Effect of non-deductible expenses	4,945	4,689
Effects of tax credits and deduction	(26,010)	(20,869)
Recognition of unrecognized tax losses in the past, tax credit, and temporary differences prior to prior period	84,979	(72,787)
Deffered income tax effect of a change in tax rate from 22% to 24.2%		8,224
Investment in subsidiaries and associates	347,096	522,398
Others, net	6,136	(47,298)
	299,826	249,346
Income tax expense (benefit)	251,638	(93,034)
Average effective tax rate	(126.4%)	6.58%

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

- (3) **Deferred income tax directly adjusted to shareholders' equity (except for accumulated other comprehensive income) for the nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>2013</b>	<b>2012</b>
Dividends of hybrid securities	4,130	
Losses on disposal of subsidiaries and associates		(21,205)
	<b>4,130</b>	<b>(21,205)</b>

- (4) **Income tax recognized as accumulated other comprehensive income for the nine-month periods ended September 30, 2013 and 2012 are as follows:**

<i>In millions of won</i>	<b>2013</b>	<b>2012</b>
Income tax recognized as accumulated other comprehensive income		
Gains (losses) on valuation of available-for-sale financial assets	(23,155)	25,896
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	22,901	(5,714)
Actuarial losses on employee benefit obligations	9,211	93,964
Investments in associates	1,703	(209)
Others		(4,941)
	<b>10,660</b>	<b>108,996</b>

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

(5) **Changes deferred income tax assets (liabilities) recognized in the statements of financial position for the six- month period ended September 30, 2013 and for the year ended 2012 are as follows:**

*In millions of won*

	Beginning balance	Amounts recognized in profit or loss	September 30, 2013		Ending balance
			Amounts recognized in comprehensive income	Amounts recognized directly in equity others	
<b>Deferred income tax on temporary differences</b>					
Employee benefits	547,115	32,449	9,211		588,775
Cash flow hedge	(11,364)	30,740	22,901		42,277
Investments in associates or subsidiaries	(5,273,904)	(299,167)	1,703		(5,571,368)
Property, plant and equipment	(6,326,201)	43,732			(6,282,469)
Finance lease	(159,957)	(729)			(160,686)
Intangible assets	8,534	(59)			8,475
Financial assets at fair value through profit or loss	30,148	37,942			68,090
Available-for-sale financial assets	(73,867)	112,396	(23,155)		15,374
Deferred revenue	43,752	(8,126)			35,626
Provisions	3,003,489	113,372			3,116,861
Doubtful receivables	59	(5,089)			(5,030)
Other finance liabilities	10,794	(12,977)		4,130	1,947
Gains (losses) on foreign exchange translation	6,017	9,165			15,182
Allowance for doubtful accounts	(85)	(1,275)			(1,360)
Accrued income	(1,341)	238			(1,103)
Special deduction	(194,925)	86,724			(108,201)
Impairment of non-current assets					
Reserve for research and human development	(40,485)	(109)			(40,594)

Reserve for investment on social  
overhead capital

Others	398,870	107,081				507,922
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	(8,033,351)	246,308	10,660	4,130	1,971	(7,770,282)
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**Deferred income tax on unused  
tax losses and tax credit**

Tax losses	2,696,165	188,545				2,884,710
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Tax credit	97,196	11,732				108,928
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Others	16,481	(4,347)				12,134
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	2,809,842	195,930				3,005,772
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	(5,223,509)	442,238	10,660	4,130	1,971	(4,764,510)
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

(5) Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the six-month period ended September 30, 2013 and for the year ended 2012 are as follows, continued:

*In millions of won*

		December 31, 2012			
	Beginning balance	Amounts recognized in profit or loss	Amount recognized in other comprehensive income	Amounts recognized directly in equity	Ending balance
<b>Deferred income tax on temporary differences</b>					
Employee benefits	453,084	59,327	34,704		547,115
Cash flow hedge	(71,459)	61,940	(1,845)		(11,364)
Investments in associates or subsidiaries	(5,141,190)	(110,133)	(1,377)	(21,204)	(5,273,904)
Property, plant and equipment	(4,940,423)	(1,385,778)			(6,326,201)
Finance lease	(126,880)	(33,077)			(159,957)
Intangible assets	32,549	(24,015)			8,534
Financial assets at fair value through profit or loss	26,996	3,152			30,148
Available-for-sale financial assets	(119,591)	22,950	22,774		(73,867)
Deferred revenue	46,538	(2,786)			43,752
Provisions	1,742,895	1,260,594			3,003,489
Doubtful receivables	9	50			59
Other finance liabilities	7,066	3,728			10,794
Gains(loss) on foreign exchange translation	97,078	(91,061)			6,017
Allowance for doubtful accounts	(1,646)	1,561			(85)
Accrued income	(2,154)	813			(1,341)
Special deduction	(194,648)	(277)			(194,925)
Reserve for research and human development	(33,563)	(6,922)			(40,485)

Reserve for investment on social overhead capital					
Others	286,400	109,347	3,123		398,870
	(7,938,939)	(130,587)	57,379	(21,204)	(8,033,351)
<b>Deferred income tax on unused tax losses and tax credit</b>					
Tax losses	1,489,803	1,206,362			2,696,165
Tax credit	32,480	64,716			97,196
Others	2,355	14,126			16,481
	1,524,638	1,285,204			2,809,842
	(6,414,301)	1,154,617	57,379	(21,204)	(5,223,509)

**(6) Deferred income tax assets (liabilities) recognized in the statements of financial position as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Deferred income tax asset	450,680	209,783
Deferred income tax liabilities	(5,215,190)	(5,433,292)
	(4,764,510)	(5,223,509)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

- (7) **Details of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Deductible temporary differences	734,675	300,517
Tax losses	2,886,106	2,883,385
	<b>3,620,781</b>	<b>3,183,902</b>

- (8) **Expiration dates of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Tax losses</b>	<b>Tax credits carryback</b>	<b>Tax losses</b>	<b>Tax credits carryback</b>
Less than 1 year	2,883,384		2,883,385	
1~ 2 years				
2~ 3 years				
More than 3 years	734,675	2,722	300,517	
	<b>3,618,059</b>	<b>2,722</b>	<b>3,183,902</b>	

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**39. Expenses Classified by Nature**

Expenses classified by nature for the nine-month periods ended September 30, 2013 and 2012 are as follows

<i>In millions of won</i>	<b>2013</b>		
	<b>Selling and administrative expenses</b>	<b>Cost of sales</b>	<b>Total</b>
Raw materials used		17,739,283	17,739,283
Salaries	418,277	1,875,582	2,293,859
Retirement benefit expense	59,052	257,984	317,036
Welfare and benefit expense	76,450	280,471	356,921
Insurance expense	5,432	49,983	55,415
Depreciation	51,177	5,372,261	5,423,438
Amortization of intangible assets	37,580	28,494	66,074
Bad debt expense	42,233		42,233
Commission	378,027	220,544	598,571
Advertising expense	19,320	4,798	24,118
Training expense	4,341	7,011	11,352
Vehicle maintenance expense	9,439	7,120	16,559
Publishing expense	2,168	2,641	4,809
Business promotion expense	2,676	3,057	5,733
Rent expense	29,853	67,161	97,014
Telecommunication expense	18,801	52,603	71,404
Transportation expense	253	2,733	2,986
Taxes and dues	20,708	149,677	170,385
Expendable supplies expense	3,126	17,652	20,778
Water, light and heating expense	7,722	20,685	28,407
Repairs and maintenance expense	17,435	1,004,229	1,021,664
Ordinary development expense	113,686	265,939	379,625
Travel expense	9,989	33,263	43,252
Clothing expense	1,849	1,600	3,449
Survey and analysis expense	478	1,705	2,183
Membership fee	696	4,869	5,565
Sales Promotional Expenses	5		5
Power purchase and others	71,260	9,778,115	9,849,375

1,402,033	37,249,460	38,651,493
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

Expenses classified by nature for the nine-month periods ended September 30, 2013 and 2012 are as follows, continued:

<i>In millions of won</i>	<b>2012</b>		
	<b>Selling and administrative expenses</b>	<b>Cost of sales</b>	<b>Total</b>
Raw materials used		17,559,936	17,559,936
Salaries	410,564	1,931,478	2,342,042
Retirement benefit expense	54,205	237,951	292,156
Welfare and benefit expense	76,622	273,909	350,531
Insurance expense	2,767	40,685	43,452
Depreciation	34,251	5,140,037	5,174,288
Amortization of intangible assets	38,651	28,064	66,715
Bad debt expense	27,645		27,645
Commission	374,424	219,702	594,126
Advertising expense	17,093	4,555	21,648
Training expense	3,908	6,369	10,277
Vehicle maintenance expense	9,224	7,582	16,806
Publishing expense	1,798	2,657	4,455
Business promotion expense	2,426	2,867	5,293
Rent expense	25,996	65,009	91,005
Telecommunication expense	17,807	50,151	67,958
Transportation expense	310	2,663	2,973
Taxes and dues	22,322	146,821	169,143
Expendable supplies expense	3,521	15,981	19,502
Water, light and heating expense	8,218	19,857	28,075
Repairs and maintenance expense	8,571	929,294	937,865
Ordinary development expense	92,119	276,260	368,379
Travel expense	9,696	32,143	41,839
Clothing expense	2,275	1,405	3,680
Survey and analysis expense	586	1,759	2,345

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Membership fee	509	4,240	4,749
Power purchase and others	60,116	8,482,754	8,542,870
	1,305,624	35,484,129	36,789,753

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**40. Earnings (Loss) Per Share**

- (1) **Basic earnings (loss) per share for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

*In won*

Type	September 30, 2013		September 30, 2012	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Basic earnings (loss) per share	1,518	(859)	1,508	(2,220)

- (2) **Diluted earnings (loss) per share for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:**

*In won*

Type	September 30, 2013		September 30, 2012	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Diluted earnings (loss) per share	1,518	(859)	1,508	(2,220)

- (3) **Basic earnings (loss) per share**

Profit (loss) for the period and weighted average number of common shares used in the calculation of basic loss per share for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:



*In millions of won except number  
of shares*

Type	September 30, 2013		September 30, 2012	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Controlling interest in profit (loss)	945,455	(535,064)	939,552	(1,382,877)
Profit (loss) used in the calculation of total basic earnings (loss) per share	945,455	(535,064)	939,552	(1,382,877)
Weighted average number of common shares	623,034,082	623,034,082	623,034,082	623,034,082

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**40. Earnings (loss) Per Share, Continued****(4) Diluted earnings (loss) per share**

Diluted earnings (loss) per share is calculated by applying adjusted weighted average number of common shares under the assumption that all dilutive potential common shares are converted to common shares.

Profit (loss) used in the calculation of total diluted earnings (loss) per share for the three and nine-month periods ended September 30, 2013 and 2012 are as follows:

*In millions of won*

Type	September 30, 2013		September 30, 2012	
	Three-month period ended	Nine-month period ended	Three-month period ended	Six-month period ended
Profit (loss) used in the calculation of total diluted earnings (loss) per share	945,455	(535,064)	939,552	(1,382,877)

Weighted average common shares used in calculating diluted earnings (loss) per share are adjusted from weighted average common shares used in calculating basic earnings (loss) per share. Detailed information of the adjustment for the three and nine-month periods ended September 30, 2013 and 2012 is as follows:

*In number of shares*

Type	September 30, 2013		September 30, 2012	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Weighted average number of common shares	623,034,082	623,034,082	623,034,082	623,034,082
Diluted weighted average number of shares	623,034,082	623,034,082	623,034,082	623,034,082

There is no potential common shares for the nine-month periods ended September 30, 2013 and 2012.

## 41. Risk Management

### (1) Capital risk management

The Group manages its capital to ensure that entities in the Group 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 Group consists of net debt (offset by cash and cash equivalents) and equity. The Group's overall capital risk management strategy remains unchanged from that of the prior year.

Details of the Group's capital management accounts as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Total borrowings and debt securities	59,918,286	53,219,409
Cash and cash equivalents	2,949,827	1,954,949
Net borrowings and debt securities	56,968,459	51,264,460
Total shareholder's equity	50,556,003	51,064,202
Debt to equity ratio	112.68%	100.39%

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**41. Risk Management, Continued**

**(2) Financial risk management**

The Group is exposed to various risks related to its financial instruments, such as, market risk (currency risk, interest rate risk, price risk), credit risk. The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. The Group uses derivative financial instruments to certain hedge risk exposures. The Group'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 Group 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 Group makes transactions with are reputable financial institutions, the credit risk from them are considered limited. The Group 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 Group are the necessity for daily life and industrial activities of Korean nationals, and have importance as one of the national key industries. The Group dominates the domestic market supplying electricity to customers. The Group is not exposed to credit risk as customers of the Group are from various industries and areas. The Group 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 Group policies, individual material financial assets are assessed on a regular basis, trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Value of the acquired collateral (including the confirmation of feasibility) and estimated collectable amounts are included in this assessment.

Allowance for bad debts assessed on a collective basis are recognized for (i) the Group of assets which individually are not material and (ii) incurred but not recognized losses that are assessed using statistical methods, judgment and past experience.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**41. 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 Group's level of maximum exposure to credit risk as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Cash and cash equivalents	2,949,827	1,954,949
Derivative assets (trading)	39,052	55,891
Available-for-sale financial assets	1,251,530	1,141,194
Held-to-maturity investments	2,204	2,216
Loans and receivables	677,954	673,388
Long-term/short-term financial instruments	454,642	469,393
Derivative assets (using hedge accounting)	110,866	187,811
Trade and other receivables	7,332,761	8,438,955
Financial guarantee contracts (*)	246,828	262,624

(\*) Maximum exposure associated with the financial guarantee contracts is the maximum amounts of the obligation. Financial guarantee contracts as of September 30, 2013 are as follows:

<i>In thousands of U.S. dollars</i>			
<b>Type</b>	<b>Group</b>	<b>Currency</b>	<b>Amounts</b>
Joint ventures	KEPCO SPC Power Corporation	USD	171,186
Other	UAE Shuweihat S3	USD	58,294

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 Group'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

**September 30, 2013**

(Unaudited)

**41. 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 September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i> Type	Accounts	September 30, 2013		December 31, 2012	
		1% Increase	1% Decrease	1% Increase	1% Decrease
Future salary increases	Defined benefit obligation	358,229	(315,096)	309,178	(273,048)
Discount rate	Defined benefit obligation	(303,263)	360,110	(279,062)	332,023

Changes of employee benefits assuming a 1% increase and decrease movements in discount rate on plan asset for the nine-month periods ended September 30, 2013 and 2012 are 3,556 million and 3,299 million, respectively.

## Provisions

Changes in provisions due to movements in underlying assumptions as of September 30, 2013 and December 31, 2012 are as follows:

Type	Accounts	September 30, 2013	December 31, 2012
PCBs	Inflation rate	3.10%	3.10%



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	Discount rate	4.92%	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 September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i> Type	Accounts	September 30, 2013		December 31, 2012	
		0.1% Increase	0.1% Decrease	0.1% Increase	0.1% Decrease
Discount rate	PCBs	(1,195)	1,107	(1,262)	1,273
	Nuclear plants	(221,383)	227,576	(220,842)	227,158
	Spent fuel	(47,015)	48,838	(45,385)	47,128
Inflation rate	PCBs	1,293	(1,381)	1,295	(1,285)
	Nuclear plants	238,149	(231,878)	230,431	(224,364)
	Spent fuel	49,543	(47,760)	48,219	(46,492)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

Management judgment effected by uncertainties in underlying assumptions

## Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as of September 30, 2013 and December 31, 2012 are as follows:

Type	Assets		Liabilities	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
AUD	395,264	1,188	6,809,235	152,692
CAD	2,460	2,314	20,497	4
CNY	17,440	1	20,046,804	
EUR	258,130	9,091	5,440	18,792
IDR	266,729	711,304	13,373	1,726
MXN	42,477	703	324,008	
PHP	10	1,043,932	32	31,675
SAR	345,700	1,309	8,096	
USD	203,095	292,256	16,570	9,866,661
INR	108,210	417,544	256	52,755
PKR	2,698,125	63,445	62,792	277
MGA		240,233	398	92,979
JPY		520	300	20,006,730
KZT	1	720,121		
GBP	7,697	6		253
CHF	554		263	223
AED	7	220	716	1,829
ZAR	4,229		292	

SEK				1,105
BDT	22,206		2,344	
AUD	395,264	1,188	6,809,235	152,692

A sensitivity analysis on the Group's income for the period assuming a 10% increase and decrease in currency exchange rates as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i> Type	September 30, 2013		December 31, 2012	
	10% Increase	10% Decrease	10% Increase	10% Decrease
Increase (decrease) of income before income tax	(741,142)	741,142	(1,231,301)	1,231,301
Increase (decrease) of shareholders equity(*)	(741,142)	741,142	(1,231,301)	1,231,301

(\*) The effect on the shareholders' equity excluding of 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 September 30, 2013 and December 31, 2012.

To manage its foreign currency risk related to foreign currency denominated receivables and payables, the Group 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 Group enters into cross-currency swap agreements.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

## Interest rate risk

The Group 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 Group's borrowings and debt securities with floating interest rates as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>		
<b>Type</b>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Short-term borrowings	5,289	
Long-term borrowings	5,203,555	5,897,076
Debt securities	2,613,351	1,920,435
	7,822,195	7,817,511

A sensitivity analysis on the Group'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 nine-month periods ended September 30, 2013 and 2012 are as follows:

<i>In millions of won</i>	<b>2013</b>		<b>2012</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	(58,666)	58,666	(62,423)	62,423
Increase (decrease) of shareholder's equity (*)	(58,666)	58,666	(62,423)	62,423

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

To manage its interest rate risks, the Group enters into certain interest swap agreements or maintains an appropriate mix of fixed and floating rate borrowings.

#### Electricity rates risk

The Group 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 Group's income for the period assuming a 1% increase and decrease in price of electricity for the nine-month periods ended September 30, 2013 and 2012 are as follows:

<i>In millions of won</i> Type	2013		2012	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Increase (decrease) of profit before income tax	377,099	(377,099)	346,498	(346,498)
Increase (decrease) of shareholder's equity (*)	377,099	(377,099)	346,498	(346,498)

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

## (iv) Liquidity risk

The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group 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 Group 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 Group 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. 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	September 30, 2013				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	
Borrowings and debt securities	9,504,710	6,452,702	20,878,474	23,203,082	60,038,968
Finance lease liabilities	208,406	187,854	534,972	425,091	1,356,323
Trade and other payables	4,960,081	379,172	724,346	2,278,984	8,342,583
Financial guarantee contract (*)	87,676	24,975	74,926	59,251	246,828
	14,760,873	7,044,703	22,212,718	25,966,408	69,984,702

*In millions of won*

Type	December 31, 2012				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	

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Borrowings and debt securities	7,697,878	7,782,782	18,710,343	19,147,225	53,338,228
Finance lease liabilities	221,381	202,309	542,393	556,276	1,522,359
Trade and other Payables	6,296,935	375,567	792,829	2,120,081	9,585,412
Financial guarantee Contract (*)	24,871	87,309	74,614	75,830	262,624
	14,241,065	8,447,967	20,120,179	21,899,412	64,708,623

(\*) Total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of September 30, 2013 and December 31, 2012 are 7,597 million and 9,086 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

The expected maturities for non-derivative financial assets as of September 30, 2013 and December 31, 2012 in detail are as follows:

*In millions of won*

Type	September 30, 2013				Total
	Less than 1 year	1~5 Years	More than 5 years	Other (*)	
Cash and cash equivalents	2,949,827				2,949,827
Available-for-sale financial assets				1,251,530	1,251,530
Held-to-maturity investments	189	2,002	13		2,204
Loans and receivables	54,754	341,002	346,200		741,956
Long-term/short-term financial instruments	453,450	1,192			454,642
Trade and other receivables	6,061,314	513,406	503,609	262,555	7,340,884
	9,519,534	857,602	849,822	1,514,085	12,741,043

*In millions of won*

Type	December 31, 2012				Total
	Less than 1 year	1~5 Years	More than 5 years	Other (*)	
Cash and cash equivalents	1,954,949				1,954,949
Available-for-sale financial assets				1,141,194	1,141,194
Held-to-maturity investments	196	1,912		108	2,216
Loans and receivables	72,888	351,320	271,725	45,688	741,621
Long-term/short-term financial instruments	468,351	734		308	469,393
Trade and other receivables	7,187,490	621,050	640,287		8,448,827
	9,683,874	975,016	912,012	1,187,298	12,758,200



(\*) 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 September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1~2 Years</b>	<b>2~5 Years</b>	<b>More than 5 years</b>	
<b>Type</b>					
Net settlement					
- Trading					
Gross settlement					
- Trading	239,893	69,403	22,685	34,119	366,100
- Hedging	17,265	23,081	73,480	75,258	189,084
	257,158	92,484	96,165	109,377	555,184

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

Type	December 31, 2012				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	
Net settlement					
- Trading	449				449
Gross settlement					
- Trading	89,554	214,501	64,634		368,689
- Hedging	53,091	16,246	88,147	93,554	251,038
	143,094	230,747	152,781	93,554	620,176

**(3) Fair value risk**

The fair value of the Group'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 Group'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 Group uses that technique.

For trade receivables and payables, the Group 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

**September 30, 2013**

(Unaudited)

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

- (i) Fair value and book value of financial assets and liabilities as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>		<b>December 31, 2012</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	1,251,530	1,251,530	1,141,194	1,141,194
Derivative assets (trading)	39,052	39,052	55,891	55,891
Derivative assets (using hedge accounting)	110,866	110,866	187,811	187,811
Long-term financial instruments	1,192	1,192	1,042	1,042
Short-term financial instruments	453,450	453,450	468,351	468,351
	1,856,090	1,856,090	1,854,289	1,854,289
<b>Assets carried at amortized cost</b>				
Held-to-maturity investments	2,204	2,204	2,216	2,216
Loans and receivables	677,954	677,954	673,388	673,388
Trade and other receivables	7,332,761	7,332,761	8,438,955	8,438,955
Cash and cash equivalents	2,949,827	2,949,827	1,954,949	1,954,949
	10,962,746	10,962,746	11,069,508	11,069,508
<b>Liabilities recognized at fair value</b>				
Derivative liabilities (trading)	366,100	366,100	369,138	369,138
Derivative assets (using hedge accounting)	189,084	189,084	251,038	251,038
	555,184	555,184	620,176	620,176
<b>Liabilities carried at amortized cost</b>				

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Unsecured bond	52,178,833	53,192,817	46,328,513	48,557,218
Finance lease liabilities	915,619	915,619	1,007,169	1,007,169
Unsecured borrowings	7,739,453	7,604,116	6,890,896	6,898,344
Trade and other payables(*)	8,342,583	8,342,584	9,584,986	9,584,986
	69,176,488	70,055,136	63,811,564	66,047,717

(\*) Excludes finance lease liabilities.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**41. 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 September 30, 2013 and December 31, 2012 are as follows:

<b>Type</b>	<b>September 30, 2013 (%)</b>	<b>December 31, 2012 (%)</b>
Derivatives	0.25 ~ 2.73	0.34 ~ 2.64
Borrowings and debt securities	0.61 ~ 5.50	2.85 ~ 3.75
Finance lease	2.0 ~ 10.8	9.0 ~ 10.8

**(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 September 30, 2013 and December 31, 2012 are as follows:

*In millions of won***September 30, 2013**

Type	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value:</b>				
Available-for-sale financial assets	795,654		144,480	940,134
Derivative assets		149,918		149,918
	795,654	149,918	144,480	1,090,052
<b>Financial liabilities at fair value:</b>				
Derivative liabilities		555,184		555,184
<i>In millions of won</i>				
Type	Level 1	December 31, 2012 Level 2	Level 3	Total
<b>Financial assets at fair value:</b>				
Available-for-sale financial assets	652,142		192,155	844,297
Derivative assets		243,702		243,702
	652,142	243,702	192,155	1,087,999
<b>Financial liabilities at fair value:</b>				
Derivative liabilities		610,685	9,491	620,176

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

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

Changes of financial assets and liabilities which classified as level 3 for the nine-month period ended September 30, 2013 and the year ended December 31, 2012 are as follows:

<i>In millions of won</i>	<b>September 30, 2013</b>					<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Reclassified Acquisitioncategory</b>	<b>Valuation</b>	<b>Disposal</b>	<b>Other(*)</b>	
<b>Financial assets at fair value:</b>						
Available-for-sale financial assets						
Unlisted securities	169,637	784	(46,087)			124,334
Debt securities	22,518				(2,372)	20,146
<b>Financial liabilities at fair value:</b>						
Derivative liabilities						
Derivative liabilities (trading)	9,491			(9,491)		

<i>In millions of won</i>	<b>December 31, 2012</b>					<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Valuation</b>	<b>Disposal</b>	<b>Other(*)</b>	
<b>Financial assets at fair value:</b>						
Available-for-sale financial assets						
Unlisted securities	238,561		(68,924)			169,637
Debt securities		22,518				22,518
<b>Financial liabilities at fair value:</b>						
Derivative liabilities						
Derivative liabilities (trading)	7,779		9,491	(7,779)		9,491

(\*) Amount due to foreign currency translation.



**42. Service Concession Arrangements****(1) Significant terms and concession period of the arrangement**

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

**(2) Rights and classification of the arrangement**

The Group has the rights to use and own the power plant during the concession period from 2002 to 2022. At the end of concession period, the Group has obligation to transfer its ownership of power plant to NPC.

**(3) The Group's expected future collections of service concession arrangements as of September 30, 2013 are as follows:**

<i>In millions of won</i>	
<b>Type</b>	<b>Amounts</b>
Less than 1 year	112,351
1~ 2 years	112,351
2~ 3 years	112,351
More than 3 years	636,655
	973,708

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Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**43. Related Parties****(1) Related parties of the Group as of September 30, 2013 are as follows:**

<b>Type</b>	<b>Related party</b>
Parent	Korean Government
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. Korea Plant Service & Engineering Co., Ltd. Korea Nuclear Fuel Co., Ltd. Korea Electric Power Data Network Co., Ltd. KEPCO International Hong Kong Ltd. KEPCO International Philippines Inc. KEPCO Gansu International Ltd. KEPCO Philippines Holdings Inc. KEPCO Lebanon SARL KEPCO Neimenggu International Ltd. KEPCO Shanxi International Ltd. KEPCO Australia Pty Ltd. KEPCO Canada Energy Ltd. KEPCO Netherlands B.V. Korea Imouraren Uranium Investment Corp. KEPCO Middle East Holding Company KEPCO Electric Power Nigeria Ltd. KEPCO Netherlands S3 B.V. KEPCO Holdings de Mexico and 61 other entities
Associates	Daegu Green Power Co., Ltd. Korea Gas Corporation Korea Electric Power Industrial Development Co., Ltd.

YTN Co., Ltd.  
Cheogna Energy Co., Ltd.  
Gangwon Wind Power Co., Ltd.  
Hyundai Green Power Co., Ltd.  
Korea Power Exchange  
Hyundai Energy Co., Ltd.  
Daeryun Power Co., Ltd.  
SPC Power Corporation  
Gemeng International Energy Co., Ltd.  
PT. Cirebon Electric Power  
PT Wampu Electric Power  
PT. Bayan Resources T.B.K. and 39 other entities

Joint ventures

KEPCO-Unde Inc.  
Datang Chaoyang Renewable Power Co., Ltd.  
KEPCO SPC Power Corporation  
Gansu Datang Yumen Wind Power Co., Ltd.  
Datang Chifeng Renewable Power Co., Ltd.  
Jamaica Public Service Company Limited and 28 other entities

Others

Korea Finance Corporation

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**43. Related Parties, Continued**

(2) Transactions between the Company and its subsidiaries are eliminated during the consolidation and will be not shown as notes.

(3) Related party transactions for the nine-month periods ended September 30, 2013 and 2012 are as follows:

<i>In millions of won</i> Company name	Transaction type	Sales and others	
		2013	2012
Korea Gas Corporation	Service	115,792	47,878
Korea Electric Power Industrial Development Co., Ltd.	Service	3,074	9,357
Korea Power Exchange	Service	9,654	14,888
STX Electric Power Co., Ltd.	Architectural engineering	2,961	7,914
YTN Co., Ltd.	Service	839	765
Gangwon Wind Power Co., Ltd.	Service	2,106	105
Hyundai Green Power Co., Ltd.	Architectural engineering	13,822	4,036
KNH Solar Co., Ltd.	Service	14	4
Changjuk Wind Power Co., Ltd.	Service	474	6
Ecollite Co., Ltd.	Service	866	1
Daeryun Power Co., Ltd.	Service	302	31
Cheongna Energy Co., Ltd.	Rental income and others	10,485	3,129
Pyeongchang Wind Power Co., Ltd.	Architectural engineering		296
Hyundai Energy Co., Ltd.	Power generation service	16,140	6,851
KW Nuclear Components Co., Ltd.	Service	545	624
Daegu Green Power Co., Ltd.	Service	28	
Amman Asia Electric Power Group	Service	16,869	
KEPCO SPC Power Corporation	Service	6,327	13,863
Datang Chifeng Renewable Power Co., Ltd.	Interest income	1,922	2,533
Jamaica Public Service Company Limited	Service	2,081	2,135
E-POWER S.A.	Service	1,896	627

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PT. Cirebon Electric Power	Service	442
KV Holdings, Inc.	Dividend income	315
Dolphin Property Limited	Service	32
Rabigh O&M Company	Service	2,091
Taebaek Wind Power Co., Ltd.	Service	511
Yeong Wol Energy Station Co., Ltd.	Service	17,055
Busan Solar Co., Ltd.	Service	2
Daegu Photovoltaic Co., Ltd.	Service	5
KEPCO-ALSTOM Power Electronics Systems, Inc.	Service	364
SE Green Energy Co., Ltd.	Service	1
Jeongam Wind Power Co., Ltd.	Service	2
KOSCON Photovoltaic Co., Ltd.	Service	1
Q1 Solar Co., Ltd.	Service	3
Rabigh Electricity Company	Service	676
Dongducheon Dream Power Co., Ltd.	Service	7,233

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(3) Related party transactions for the nine-month periods ended September 30, 2013 and 2012 are as follows, continued:**

<i>In millions of won</i>		<b>Purchase and others</b>	
<b>Company name</b>	<b>Transaction type</b>	<b>2013</b>	<b>2012</b>
Korea Gas Corporation	Purchase of power generation fuel	9,230,117	8,665,217
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	140,981	136,731
Korea Power Exchange	Electricity purchase	58,390	61,491
YTN Co., Ltd.	Service	535	273
Gangwon Wind Power Co., Ltd.	Electricity purchase	28,786	24,720
Hyundai Green Power Co., Ltd.	Electricity purchase	215,544	206,242
KNH Solar Co., Ltd.	Service	3,628	657
Changjuk Wind Power Co., Ltd.	Service	8,200	627
Gumi-ochang Photovoltaic Power Co., Ltd.	REC Purchase	2,898	216
Chungbuk Photovoltaic Power Co., Ltd.	REC Purchase	839	48
Cheonan Photovoltaic Power Co., Ltd.	REC Purchase	599	8
Golden Root Je-2 PV Power Plant Co., Ltd.	REC Purchase	445	
Hyundai Energy Co., Ltd.	Electricity purchase	302	
Jamaica Public Service Co., Ltd.	Service	640	69
Taebaek Wind Power Co., Ltd.	REC Purchase	8,294	1,086
Busan Solar Co., Ltd.	REC Purchase	2,831	
Daegu Photovoltaic Co., Ltd.	REC Purchase	360	
KOSCON Photovoltaic Co., Ltd.	Electricity purchase	328	
Yeongam F1 Solar Power Plant	Electricity purchase	52,861	
Q1 Solar Co., Ltd.	Electricity purchase	496	
Busan Shin-Ho Photovoltaic Power Co., Ltd.	Electricity purchase	3,580	

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Seokcheon Solar Power Co., Ltd.	Electricity purchase	1,234
Expressway Solar-light Power Generation Co., Ltd.	Electricity purchase	943
Green Biomass Co., Ltd.	Woodchip purchase	542
Yeonan Solar Co., Ltd.	Electricity purchase	51

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>		<b>Receivables</b>		<b>Payables</b>	
<b>Company name</b>	<b>Type</b>	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Korea Gas Corporation	Trade receivables	4,508	4,585		
	Non-trade receivables and others	371	204		
	Trade payables			493,709	1,409,650
	Non-trade payables and others			326,059	101
Korea Electric Power Industrial Development Co., Ltd.	Trade receivables	976	40		
	Non-trade receivables and others	41	552		
	Trade payables			13	
	Non-trade payables and others			10,078	15,004
Korea Power Exchange	Trade receivables	2,901	2,296		
	Non-trade receivables and others	40	41		
	Trade payables				3,910
	Non-trade payables and others			20,197	3,490
Hyundai Energy Co., Ltd.	Trade receivables	94	150		
	Non-trade receivables and others	13,418	4,018		
	Non-trade payables and others			8,991	
YTN Co., Ltd.	Trade receivables	5	1	55	28



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		Non-trade payables and others			
Hyundai Green Power Co., Ltd.	Trade receivables	875	676		
	Trade payables			24,985	23,553
Gangwon Wind Power Co., Ltd.	Trade receivables	15	9		
	Trade payables			916	3,679
Cheongna Energy Co., Ltd.	Trade receivables	80	158		
	Non-trade receivables and others	48	2,093		
Daeryun Power Co., Ltd.	Trade receivables	53	9		
Pyeongchang Wind Power Co., Ltd.	Trade receivables	485			
KNH Solar Co., Ltd.	Trade receivables	1	1		
STX Electric Power Co., Ltd.	Trade receivables	122	8,470		
	Non-trade receivables and others	100	79		
	Non-trade payables and others			11,890	
Daegu Green Power Co., Ltd.	Trade receivables	4	3		
	Non-trade receivables and others		9,900		
	Non-trade payables and others			13,000	
KEPCO SPC Power Corporation	Trade receivables		3,673		
	Non-trade receivables and others	6,220	9,934		

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of September 30, 2013 and December 31, 2012 are as follows, continued:**

*In millions of won*

Company name	Type	Receivables		Payables	
		September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Datang Chifeng Renewable Power Co., Ltd	Non-trade receivables and others	77	931		
Jamaica Public Service Company Limited	Trade receivables	2,168	984		
E-POWER S.A.	Non-trade receivables and others		2		
Waterbury Lake Uranium Limited Partnership	Non-trade receivables and others		59		
Jeongam Wind Power Co., Ltd.	Non-trade payables and others			2	
Taebaek Wind Power Co., Ltd.	Non-trade payables and others	100			
Changjuk Wind Power Co., Ltd.	Non-trade receivables and others	91			
Yeongwal Energy Station Co., Ltd.	Trade receivables	500			
Chungbuk Photovoltaic Power Co., Ltd.	Non-trade payables and others			2	
Busan Shinho Solar Power Co., Ltd.	Trade payables			288	
	Non-trade payables and others			1,075	
Amman Asia Electric Power Company	Trade receivables	132			
Green Biomass Co., Ltd.	Non-trade payables and others			68	
Busan Solar Co., Ltd.	Trade payables			590	135
				166	

	Non-trade payables and others	
Seokcheon Solar Power Co., Ltd.	Trade payables	31
Yeonan Solar Co., Ltd.	Trade payables	51
Coscon Photovoltaic Co., Ltd.	Trade payables	130
Ecollite Co., Ltd.	Non-trade receivables and others	1,096

**(5) Loans arising from related party transactions as of September 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

Type	Company name	September 30, 2013	December 31, 2012
Joint ventures	KEPCO SPC Power Corporation	90,135	89,758
Joint ventures	Datang Chifeng Renewable Power Co., Ltd.	36,366	43,456
Associates	KNOC Nigerian East Oil Co., Ltd. KNOC Nigerian West Oil Co., Ltd.	25,530	25,207
Associates	Dolphin Property Limited	953	951
Associates	Rabigh Electricity Company		208,796
Associates	Xe-Pian Xe-Namnoy Power Co., Ltd.	11,695	3,768
Associates	PT. Cirebon Electric Power	55,911	53,013

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**43. Related Parties, Continued**

- (6) **Borrowings arising from related party transactions as of September 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>				
<b>Related parties</b>	<b>Type</b>	<b>September 30, 2013</b>	<b>December 31, 2012</b>	
Korea Finance Corporation	Facility	2,300,000	2,300,000	
	Project Loan	148,607	147,735	

- (7) **Guarantees provided to an associates or joint ventures as of September 30, 2013 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 171,186	SMBC, ADB, Export-import Bank of Korea
Korea Electric Power Corporation	Rabigh Electricity Company	Performance guarantees	SAR 100,000	Saudi Electricity Company (SEC)
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

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		Guarantees for supplemental funding (*)			
Korea Western Power Co., Ltd.	Xe-Pian Xe-Namnoy Power Co., Ltd.	Performance guarantees	USD	2,310	Krung Thai Bank
Korea Western Power Co., Ltd.	Rabigh O&M Co., Ltd.	Performance guarantees	SAR	4,800	Samba Financial Bank
Korea Western Power Co., Ltd.	Deagu Photovoltaic Co., Ltd.	Collateralized money invested	KRW	1,230	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	Sinhan 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 Southern Power Co., Ltd.	KNH Solar Co., Ltd.	Collateralized money invested	KRW	1,296	Shinhan Bank, Kyobo Life Insurance Co., Ltd.
Korea Southern Power Co., Ltd.	Daeryun Power Co., Ltd.	Collateralized money invested	KRW	25,477	Korea Development Bank, Dongbu Insurance Co., Ltd. and others
		Debt guarantees	KRW	8,000	
		Guarantees for supplemental funding (*)			
Korea Southern Power Co., Ltd.	Changjuk Wind Power Co., Ltd.	Collateralized money invested	KRW	3,801	Shinhan Bank, Woori Bank
		Debt guarantees	KRW	300/year	
Korea Southern Power Co., Ltd.	Busan Solar Co., Ltd.	Collateralized money invested	KRW	793	NH Bank
Korea Southern Power Co., Ltd.	Taebaek Wind Power Co., Ltd.	Debt guarantees	KRW	1,000/year	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
		Debt guarantees	KRW	90,000	
		Guarantees for supplemental funding and performance guarantees (*)			
Korea Midland Power Co., Ltd.	Hyundai Green Power Co.	Collateralized money invested	KRW	87,003	Korea Development Bank and others
		Debt guarantees	KRW	10,000	

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of September 30, 2013 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 Midland Power Co., Ltd.	Gangwon Wind Power Co., Ltd.	Collateralized money invested	KRW 7,410	Industrial Bank of Korea
Korea Midland Power Co., Ltd.	Seokcheon Solar Power Co., Ltd.	Collateralized money invested	KRW 970	Shinhan Bank
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.
Korea Midland Power Co., Ltd.	Chungbuk Photovoltaic Power Co., Ltd.	Collateralized money invested	KRW 166	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.	PT. Cirebon Electric Power	Debt guarantees	USD 8,091	Hana Bank
Korea South-East Power Co., Ltd.	Hyundai Energy Co., Ltd.	Collateralized money invested	KRW 71,070	Korea Development Bank and others
		Debt guarantees	KRW 78,600	
		Guarantees for supplemental funding and performance guarantees (*)		
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	
		Guarantees for supplemental funding (*)		
	ASM-BG investicii AD		KRW 16,101	

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Korea South-East Power Co., Ltd.		Collateralized money invested Debt guarantees Guarantees for supplemental funding (*)	EUR	4,175	Korea Development Bank and others
Korea South-East Power Co., Ltd.	Express solar-light Power Generation Co., Ltd.	Collateralized money invested Debt guarantees Guarantees for supplemental funding (*)	KRW	3,132 6,000	Woori Bank and others
Korea South-East Power Co., Ltd.	S-Power Co., Ltd.	Collateralized money invested Debt guarantees Guarantees for supplemental funding and performance guarantees (*)	KRW	108,000 12,000	Korea Development Bank and others
Korea South-East Power Co., Ltd.	YEONGAM Wind Power Co., Ltd.	Collateralized money invested Debt guarantees Guarantees for supplemental funding (*)	KRW	11,584 4,400	Kookmin Bank and others
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.
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.		Guarantees for supplemental funding (*)			
Korea South-East Power Co., Ltd.	Best Solar Energy Co., Ltd.	Collateralized money invested Guarantees for supplemental funding (*)	KRW	1,242	Shinhan Bank and others
Korea South-East Power Co., Ltd.	KODE NOVUS II LLC	Debt guarantees Guarantees for supplemental funding (*)	USD	3,750	Korea Development Bank 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	

(\* ) The Group guarantees to perform the contractual obligations or provide supplemental funding for business.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(8) As of September 30, 2013, 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 and nine-month periods ended September 30, 2013 and 2012 are as follows:***In millions of won*

Type	September 30, 2013		September 30, 2012	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Salaries	148	961	181	947
Retirement and severance benefits	16	48	14	47
	164	1,009	195	994

**44. Non-Cash Transactions****Significant non-cash investment and finance transactions excluded from statements of cash flows for the nine-month periods ended September 30, 2013 and 2012 are as follows:***In millions of won*

Transactions	2013	2012
Transfer of long-term borrowings and debt securities from non-current to current	5,608,306	4,663,400
Conversion of investments in joint ventures from debt to equity	139,112	

**45. Commitments for Expenditure**

- (1) The agreements for acquisition of property, plant and equipment as of September 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i> Contracts	September 30, 2013		December 31, 2012	
	Amounts	Balance	Amounts	Balance
Construction of New Uljin units	14,559,941	11,950,352	14,559,941	12,671,159
Construction of New Kori units	14,097,914	8,377,014	14,097,914	8,927,535
Construction of New Wolseong units	5,310,003	550,530	4,717,241	100,230
Construction of Dangjin units	939,102	588,970	1,204,875	1,311,486
Construction of New Boryeong units	876,884	811,912	369,347	326,074
Construction of Samcheok units	2,053,724	1,871,172	2,229,255	2,036,492
Construction of Taean IGCC units	832,702	619,636	805,222	715,365
Construction of Taean units	1,077,154	1,017,068	847,464	810,228
Construction of Incheon units	167,566		167,566	11,355
Construction of office building(KDN)	106,493	84,760	106,493	102,620
Construction of Sejong city cogeneration units	448,475	70,322	425,459	293,938
Purchase of Wonju cogeneration units	50,400	35,360	50,400	35,360
Purchase of Ulsan combined cycle power units	256,760	131,522	565,151	539,324

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**45. Commitments for Expenditure, Continued****(1) The agreements for acquisition of property, plant and equipment as of September 30, 2013 and December 31, 2012 are as follows, continued:**

<i>In millions of won</i> Contracts	September 30, 2013		December 31, 2012	
	Amounts	Balance	Amounts	Balance
Purchase of Pyeongtaek combined cycle power units	389,152	204,672	434,200	394,864
Purchase of Andong main machine	685,335	502,207	126,946	97,689
Purchase of diesel for generation	54,177	54,177	69,014	69,014
Construction of New Yeongheung units	1,640,336	462,468	1,654,572	883,331
Construction of New Yeosu units	409,566	344,044	401,474	383,228
Construction of New Seoul units	586,493	586,493		
Purchase of Concrete Poles(10M,,350KGF)	77,209	71,111		
Other purchase contracts	144,911	75,586	96,748	77,866
	44,764,297	28,409,376	42,929,282	29,787,158

**(2) As of September 30, 2013, details of contracts for inventory purchase are as follows:**

The Group 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 Group 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:

Type	Periods	Contracted amounts
Concentrate	2013 ~ 2023	32,339 Ton U3O8

Transformed	2013 ~ 2022	23,593 Ton U
Enrichment	2013 ~ 2029	43,509 Ton SWU
Molded	2013 ~ 2015	873 Ton U

**46. Contingencies and Commitments**

- (1) **Ongoing litigations related with contingent liabilities and assets as of September 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

	September 30, 2013		December 31, 2012	
	Number of cases	Claim amount	Number of cases	Claim amount
As the defendant	604	426,636	559	390,878
As the plaintiff	140	155,116	107	74,275

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**46. Contingencies and Commitments, Continued****(2) Guarantees of borrowings provided to other companies as of September 30, 2013 and December 31, 2012 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>September 30, 2013</b>	<b>December 31, 2012</b>
Repayment guarantees for UAE Shuweihat S3 borrowings	Mizuho, SMBC, HSBC	2011-05-16	2011-05-16 ~ 2014-02-28	USD 58,294	USD 58,294
Guarantee of UAE Shuweihat S3 interest swap agreement	SMBC	2011-05-16	2011-05-16 ~ 2014-02-28	USD 1,500	USD 1,500

The Group 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 No. 1039 Financial Instruments; Recognition and Measurement, no related liability is recognized.

**(3) Credit lines provided by financial institutions as of September 30, 2013 are as follows:***In millions of won and thousands of foreign currencies*

<b>Commitments</b>	<b>Financial institutions</b>	<b>Currency</b>	<b>Amount</b>
Commitments on Bank-overdraft	Nonghyup Bank and others	KRW	1,845,000
Commitments on Bank-daylight overdraft	Nonghyup Bank and others	KRW	280,000
Limit amount available for CP	Korea Exchange Bank and others	KRW	1,129,000
Limit amount available for card	Hana Bank and others	KRW	71,500
Certification of payment on payables from foreign country	Korea Development Bank	USD	185,771

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Loan limit	Hana Bank and others	KRW	125,030
	BNP Paribas and others	USD	2,855,059
Certification of payment on L/C	Korea Exchange Bank and others	USD	1,657,036
	Korea Exchange Bank	GBP	61,169
Certification of performance guarantee on contract	Seoul Guarantee Insurance and others	KRW	82,260
	HSBC and others	INR	244,333
	Standard Chartered Bank and others	USD	718,115
Certification of bidding	SMBC and others	USD	13,866
Advance payment bond, Warranty bond, Retention bond and others	Shinhan Bank	EUR	5,438
	HSBC	INR	139,690
	Standard Chartered Bank and others	USD	17,531
	Korea Exchange Bank	BDT	8,962
	Katumandu Bank and others	NPR	155,448
Others	Korea Exchange Bank and others	KRW	9,327
	BNP Paribas and others	USD	1,359,500
Inclusive credit	Korea Exchange Bank and others	KRW	880,000
	HSBC and others	USD	584,000
	Kookmin Bank	EUR	37,082

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**46. Contingencies and Commitments, Continued**

(4) **As of September 30, 2013, the blank check and assets provided as collaterals or pledges to financial institutions by the Group 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 KIPI in KEILCO	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

**(5) Others:**

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 September 30, 2013 is 780,971 million, which has decreased by 1,096,400 million from 1,877,371 million as of December 31, 2012.

There is no assurance as to when the Government will lift the hold order and allow the Group to bill and collect the FCPTA amounts. The Group concluded that, in consideration of the prolonged unbilled period and consultation with, and information from, the Ministry, the Group 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 September 30, 2013.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**47. Subsequent Events**

- (1) Subsequent to the reporting date, the subsidiaries of the Company, Korea Hydro & Nuclear Power Co., Ltd., Korea South-East Power Co., Ltd. have issued new debt securities for funds of facilities and operation as follows:**

*In millions of won and thousands of foreign currencies*

<b>Company name</b>	<b>Type</b>	<b>Issue date</b>	<b>Maturity</b>	<b>Currency</b>	<b>Amounts</b>
Korea Electric Power Co., Ltd.	2013 Swiss Franc -1 <sup>st</sup>	2013.10.23	2019.04.23	CHF	200,000
Korea Hydro & Nuclear Power Co., Ltd.	39-1 <sup>st</sup> Unsecured Bond	2013.10.18	2016.10.18	KRW	210,000
	37-2 <sup>nd</sup> Unsecured Bond	2013.10.18	2023.10.18	KRW	90,000
	Global Bond 5	2013.10.02	2018.10.02	USD	500,000
Korea South-East Power Co., Ltd.	37-1 <sup>st</sup> Bond	2013.11.12	2016.11.12	KRW	100,000
	37-2 <sup>nd</sup> Bond	2013.11.12	2023.11.12	KRW	90,000
Korea Western Power Co., Ltd.	Unsubordinated unsecured bond	2013.10.10	2018.10.10	USD	500,000
	21 <sup>st</sup> Unregistered coupon unsecured bond	2013.10.22	2023.10.22	KRW	110,000
	22 <sup>nd</sup> Unregistered coupon unsecured bond	2013.10.31	2023.10.31	KRW	90,000
Korea Southern Power Co., Ltd.	22-1 <sup>st</sup> Public Bond	2013.10.30	2016.10.30	KRW	120,000
	22-2 <sup>nd</sup> Public Bond	2013.10.30	2018.10.30	KRW	40,000
	22-3 <sup>rd</sup> Public Bond	2013.10.30	2023.10.30	KRW	40,000
Korea Midland Power Co., Ltd.	39-1 <sup>st</sup> Unsecured Bond	2013.10.18	2016.10.18	KRW	210,000
	37-2 <sup>nd</sup> Unsecured Bond	2013.10.18	2023.10.18	KRW	90,000
	Global Bond 5	2013.10.02	2018.10.02	USD	500,000

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**September 30, 2013**

(Unaudited)

**48. Adjusted Operating Profit (Loss)**

The operating profit or loss in the Group's consolidated statements of comprehensive income (loss) prepared in accordance with K-IFRS included in this report differs from that in its consolidated statements of comprehensive income (loss) 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 (loss) prepared in accordance with K-IFRS for each of the three and nine-month periods ended September 30, 2013 and 2012 to the operating profit or loss as presented in our consolidated statements of comprehensive income (loss) prepared in accordance with IFRS as issued by IASB for each of the corresponding years.

*In millions of won*

	September 30, 2013		September 30, 2012	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
<b>Operating profit (loss) on the statement of comprehensive Income (loss)</b>	1,547,321	1,111,859	1,906,265	(395,811)
<b>Add</b>				
Other income				
Reversal of other provisions	668	11,032		123
Reversal of allowance for doubtful accounts		226		3,535
Gains on assets contributed	30	100	50	865
Gains on liabilities exempted	479	479	94	697
Compensation and reparations revenue	38,870	72,813	9,456	74,413
Electricity infrastructure development fund	4,677	22,409	6,536	23,746
Revenue from research contracts	2,883	3,550		1,656
Rental income	46,362	144,613	45,159	137,002
Others	2,185	16,671	5,287	24,172
<b>Other profit</b>				
Gains on disposal of property, plant and equipment	7,004	29,184	6,687	25,476
Gains on disposal of other non-current assets				584
Reversal of impairment loss on intangible assets			5	7
Gains on foreign currency translation	3,928	6,350		3,876
Gains on foreign currency transaction	26,687	55,937	18,394	51,204

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Gains on insurance		1,632		5,375
Other profits	70,438	160,474	26,446	122,136
<b>Deduct</b>				
Other expense				
Accretion expenses of other provisions	(17)	(293)	(9)	(80)
Depreciation expenses on investment properties	(227)	(685)	(240)	(710)
Depreciation expensesa on idle assets	(1,676)	(4,993)	(1,657)	(4,964)
Other bad debt expense		(5,576)		
Donations	(9,554)	(19,350)	(11,332)	(27,666)
Others	(2,990)	(9,713)		(14,412)
Other loss				
Losses on disposal of property, plant and equipment	(8,681)	(32,989)	(4,901)	(27,497)
Losses on disposal of intangible assets	(1)	(1)		(7)
Impairment loss on property, plant and equipment		(1,161)		
Impairment loss on intangible assets		(2)		(18)
Losses on foreign currency translation		(4,974)	(521)	(1,112)
Losses on foreign currency transaction	(3,062)	(49,237)	(3,936)	(44,878)
Other losses	(6,183)	(35,555)	(24,220)	(41,820)
<b>Adjusted operating profit (loss)</b>	<b>1,719,141</b>	<b>1,472,800</b>	<b>1,977,563</b>	<b>(84,108)</b>