

KOREA ELECTRIC POWER CORP

Form 6-K

December 05, 2014

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

of the Securities Exchange Act of 1934

For the Month of December 2014

Commission File Number: 001-13372

KOREA ELECTRIC POWER CORPORATION

(Translation of registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F ☒ Form 40-F ☐

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

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

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

Yes ☐ No ☒

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

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

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QUARTERLY BUSINESS REPORT

(For the period from January 1, 2014 to September 30, 2014)

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

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

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

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I. Company Overview

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

2. Information of the company

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

(Phone number) 82-61-345-4217

(Website) <http://www.kepco.co.kr>

3. Major businesses

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

development of electric power resources;

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

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

overseas business related to the businesses mentioned above;

investment or contributions related to the businesses mentioned above;

development and operation of certain real estate holdings; and

other businesses entrusted by the government.

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

4. Subsidiaries and affiliates of KEPCO

(As of Sep. 30, 2014)

Classification	Subsidiaries	Associates and joint ventures	Total
Domestic	16	52	68
Overseas	62	38	100
Total	78	90	168

Table of Contents**5. Major changes in management**

At the extraordinary general meeting of shareholders held on March 4, 2014, Mr. Koo, Bon-Woo was re-elected as a standing director of KEPCO, and Mr. Cho, Jeon-Hyeok and Mr. Choi, Gyo-IL were appointed as members of the audit committee.

On August 12, 2014, Mr. Choi, Ki-Ryun and Mr. Sung, Tae-Hyun were appointed as non-standing directors of KEPCO, while the terms of office of Mr. Nam, Dong-Kyoon and Mr. Shin, Il-Soon expired.

On September 2, 2014, Mr. Koo, Ja-Yoon was appointed as a non-standing director of KEPCO, while the term of office of Mr. Kim, Jung-Hyun expired.

6. Changes in major shareholders

No changes in major shareholders for the past three years.

7. Information regarding KEPCO shares

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

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

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

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

II. Business Overview**1. Segment results**

(In billions of Won)

	Jan. - Sep. 2014		Jan. - Sep. 2013	
	Sales	Operating income(loss)	Sales	Operating income(loss)
Electricity sales	42,670	1,158	39,578	-1,038
Nuclear generation	7,188	2,403	5,402	917
Thermal generation	18,955	1,233	21,558	1,123
Others*	2,176	280	1,940	235

Subtotal	70,989	5,074	68,477	1,237
Adjustment of related-party transactions	-28,420	-156	-28,714	-125
Total	42,569	4,918	39,763	1,112

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

* Others relate to 72 subsidiaries including KEPCO E&C, KEPCO KPS, KEPCO NF and KEPCO KDN.

Sales and operating income (loss) reflects amendments to Korean IFRS 1001 Presentation of Financial Statements.
2. Changes in unit prices of major products

(In Won per kWh)

Business sector		Company	2014 Jan. - Sep.	2013 Jan. - Sep.
Electricity sold	Residential	KEPCO	126.33	129.10
	Commercial		130.29	120.99
	Educational		115.61	115.50
	Industrial		106.50	99.18
	Agricultural		47.55	45.44
	Street lighting		115.93	109.10
	Overnight usage		66.79	62.40
Electricity from nuclear generation	Nuclear Generation	KHNP	60.95	51.75
Electricity from thermal generation	Thermal generation	KOSEP	68.28	70.66
		KOMIPO	99.89	104.26
		KOWEPO	99.17	106.11
		KOSPO	111.04	110.41
		EWP	92.66	99.08

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3. Revenues per business sector

(In billions of Won)

Business sector		Company	2014 Jan. - Sep.	2013 Jan. - Sep.
Electricity sold	Residential	KEPCO	6,143	6,474
	Commercial		9,977	9,508
	Educational		638	700
	Industrial		21,684	19,573
	Agricultural		509	470
	Street lighting		270	250
	Overnight usage		737	791
Electricity from nuclear generation	Nuclear Generation	KHNP	7,121	5,334
Electricity from thermal generation	Thermal generation	KOSEP	3,213	3,275
		KOMIPO	3,726	4,408
		KOWEPO	3,634	4,402
		KOSPO	4,809	5,393
		EWP	3,425	4,049

4. Intellectual property as of Sep. 30, 2014

	Patents		Utility	Designs	Trademarks	
	Domestic	Overseas	models		Domestic	Overseas
Number of registrations	4,813	613	806	171	368	60

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1. Condensed consolidated financial results for the first nine months ended Sep. 30, 2014

(In billions of Won)

Consolidated statements of comprehensive income				Consolidated statements of financial position			
	Jan.- Sep. 2013	Jan.- Sep. 2014	Change (%)		As of Dec. 31, 2013	As of Sep. 30, 2014	Change (%)
Sales	39,763	42,569	7.1	Total assets	155,527	161,189	3.6
Operating income	1,112	4,918	342.3	Total liabilities	104,077	107,665	3.4
Net income	-451	2,322	n/m	Total equity	51,451	53,524	4.0

n/m means not meaningful.

2. Condensed separate financial results for the first nine months ended Sep. 30, 2014

(In billions of Won)

Separate statements of comprehensive income				Separate statements of financial position			
	Jan.- Sep. 2013	Jan.- Sep. 2014	Change (%)		As of Dec. 31, 2013	As of Sep. 30, 2014	Change (%)
Sales	39,578	42,670	7.8	Total assets	98,250	99,223	1.0
Operating income	-1,038	1,158	n/m	Total liabilities	56,590	56,993	0.7
Net income	-927	647	n/m	Total equity	41,660	42,230	1.4

n/m means not meaningful.

Table of Contents**IV. Independent Auditor's Opinion**

1. Independent auditor's opinion on consolidated financial statements for the first nine months ended September 30, 2014: **Unqualified**

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

Jan. 1, 2014	Sep. 30, 2014	Jan. 1, 2013	Dec. 31, 2013	Jan. 1, 2012	Dec. 31, 2012
KPMG Samjong Accounting Corp.		KPMG Samjong Accounting Corp.		Deloitte Anjin LLC	

V. Board of Directors

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

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

2. Board meetings and agendas

Number of	Number of	Classification			
meetings	agendas	Resolutions	Status	Reports	Status
11	34	27	Approved as proposed	7	Accepted as reported

Audit Committee: 6 meetings held where 27 agendas were discussed (of which, 19 were resolved as proposed and 8 were approved as reported).

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3. Major activities of the Board of Directors

Date	Agenda	Status	Type
2014. 1. 14	Approval to close the shareholders' registry	Approved as proposed	Resolution
	Research and development plans for 2014	Accepted as reported	Report
2014. 2. 20	Recommendation of candidates to become new members of the Audit Committee	Approved as proposed	Resolution
	Approval to call for the 54th extraordinary general meeting of shareholders	Approved as proposed	Resolution
	Approval of consolidated and separate financial statements for fiscal year 2013	Approved as proposed	Resolution
	Approval of aggregate ceiling on remuneration for directors in 2014	Approved as proposed	Resolution
	Approval to call for the 53rd annual general meeting of shareholders	Approved as proposed	Resolution
	Development plans for the next-generation Electricity Sales Information System	Approved as proposed	Resolution
	Auditor's report to the Board of Directors for fiscal year 2013	Accepted as reported	Report
2014. 3. 20	Approval of ceilings on the issue amounts of commercial papers and electronic short-term bonds in 2014	Approved as proposed	Resolution
	Annual report on internal control over financial reporting for fiscal year 2013	Accepted as reported	Report
	Annual evaluation report on internal control over financial reporting for fiscal year 2013	Accepted as reported	Report
2014. 4.17	Composition of the director nomination committee to recommend candidates for non-standing directors and its evaluation criteria	Approved as proposed	Resolution
	Plans for the sales of equity interest in affiliates	Approved as proposed	Resolution
	Amendments to the regulation for remuneration and welfare	Approved as proposed	Resolution
2014. 5.15	Amendments to the regulation for electricity service including special tariff for educational usage	Approved as proposed	Resolution
	Auditor's report to the Board of Directors for the first quarter of the fiscal year 2014	Accepted as reported	Report
2014. 5.23	Amendments to the special tariff for educational usage	Approved as proposed	Resolution
2014. 6.19	Composition of the director nomination committee to recommend candidates for non-standing directors and its evaluation criteria	Approved as proposed	Resolution
	Mid-to-long term financial management planning for years from 2014 to 2018	Approved as proposed	Resolution
	Amendments to the Articles of Incorporation of KEPCO	Approved as proposed	Resolution
	Guarantee on a put option related to a joint venture in Gemeng International Energy Co., Ltd.	Approved as proposed	Resolution
2014. 7.17	Amendments to the consignment sales conditions related to the sales of equity interest in LG U+	Approved as proposed	Resolution
	Disposal of existing properties	Approved as proposed	Resolution

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2014. 8.21	Approval to close the shareholders' registry	Approved as proposed	Resolution
	Amendments to the employment regulation	Approved as proposed	Resolution
	Amendments to the regulation for remuneration and welfare	Approved as proposed	Resolution
	Auditor's report to the Board of Directors for the second quarter of fiscal year 2014	Accepted as reported	Report
	Report on the earnings results for the first half of 2014	Accepted as reported	Report
2014. 8.29	Amendments to the employment regulation	Approved as proposed	Resolution
	Amendments to the regulation for remuneration and welfare	Approved as proposed	Resolution
2014. 9.18	Amendments to the employment regulation	Approved as proposed	Resolution
	Mid-to-long term management target (2015-2019)	Approved as proposed	Resolution
	Plans for the sales of equity interest in overseas resources development business	Approved as proposed	Resolution

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4. Major activities of the Audit Committee

Date	Agenda	Status	Type
2014. 1. 29	Auditor's report on the agendas for the extraordinary meeting of shareholders	Approved as proposed	Resolution
	Audit plans for fiscal year 2014	Approved as proposed	Resolution
	Approval of selection of independent auditors of subsidiaries (KOSEP Material Co., Ltd. and KEPCO KPS Philippines Corp.)	Approved as proposed	Resolution
	Independent auditor's report on audit plans for fiscal year 2013	Accepted as reported	Report
	Education plans for auditors for 2014	Accepted as reported	Report
	Auditor's report for fiscal year 2013	Accepted as reported	Report
2014. 3. 20	Election of the chairman of the Audit Committee	Approved as proposed	Resolution
	Auditor's report on the agendas for the annual general meeting of shareholders	Approved as proposed	Resolution
	Approval of selection of independent auditors of subsidiaries	Approved as proposed	Resolution
	Independent auditor's report on the auditing results for the consolidated and separate financial statements for fiscal year 2013	Accepted as reported	Report
	Annual report on internal control over financial reporting for fiscal year 2013	Accepted as reported	Report
	Annual evaluation report on internal control over financial reporting for fiscal year 2013	Accepted as reported	Report
2014. 4.17	Prior approval for non-audit services of independent auditors	Approved as proposed	Resolution
	Auditor's report for fiscal year 2013 in accordance with U.S. accounting principles	Approved as proposed	Resolution
	Report on the Form 20-F for the fiscal year 2013 to be filed with the U.S. SEC	Approved as proposed	Resolution
2014. 5.15	Amendments to code of conduct for employees	Approved as proposed	Resolution
	Amendments to the guidelines for voluntary property registration	Approved as proposed	Resolution
	Amendments to the guidelines for disciplinary actions	Approved as proposed	Resolution
	Auditor's report to the Board of Directors for the first quarter of fiscal year 2014	Approved as proposed	Resolution
	Independent auditor's report for the auditing plans for fiscal year 2014	Approved as proposed	Resolution
2014. 8.21	Amendments to code of conduct for employees	Approved as proposed	Resolution
	Approval of selection of independent auditors of subsidiaries	Approved as proposed	Resolution
	Amendments to the contracts with independent auditors for fiscal year 2014	Approved as proposed	Resolution
	Auditor's report to the Board of Directors for the second quarter of fiscal year 2014	Approved as reported	Report
	Independent auditor's report on the auditing results for the consolidated financial statements for the first half of fiscal year 2014	Approved as reported	Report
2014. 9.18	Amendments to the guidelines for disciplinary actions and to the	Approved as proposed	Resolution

regulations for prosecution and complaint regarding job affairs

Approval of selection and change of independent auditors of
subsidiaries

Approved as proposed Resolution

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An audit team, organized under the supervision of the Audit Committee, conducts internal audit with respect to the entire company and takes administrative measures as appropriate in accordance with relevant internal regulations. KEPCO's District Divisions and Branch Offices also have separate audit teams which conduct internal inspection with respect to the relevant division or office.

VI. Shareholders

1. List of shareholders as of September 5, 2014

		Number of shareholders	Shares owned	Percentage (%)
Korean Government		1	135,917,118	21.17
Korea Finance Corporation		1	192,159,940	29.94
Subtotal		2	328,077,058	51.11
National Pension Service		1	39,845,923	6.21
KEPCO (held in the form of treasury stock)*		1	18,929,995	2.95
Public	Common shares	1,237	145,416,016	22.65
(non-Koreans)	American depositary shares	1	32,430,949	5.05
Public	Corporate	1,449	50,670,940	7.89
(Koreans)	Individual	368,606	26,593,196	4.14
Total		371,297	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. Status

Directors	Employees	Professionals	Labor Union
7*	19,895	Lawyer: 12	Members: 14,693
	- Male: 19,555	CPA: 14	Exclusive duty on labor union: 12
	- Female: 340	Tax Accountant: 13	Affiliated group:
		LL.D.: 4	Federation of Korean Trade Unions

* Indicates the number of standing directors

2. Remuneration

Type	Average remuneration per person	Total remuneration (Jan. 1, 2014 Sep. 30, 2014)	
Directors*	56,607	Won	849 million
Employees	54,446	Won	1,083 billion

* Indicates both standing and non-standing directors

VIII. Other Information Relating to the Protection of Investors

1. Number of shareholders meetings held in 2014: twice

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

2. Pending legal proceedings

Type	Number of lawsuits	Litigation value
Lawsuits where KEPCO and its subsidiaries and affiliates are engaged as the defendant	631	Won 557 billion
Lawsuits where KEPCO and its subsidiaries and affiliates are engaged as the plaintiff	172	Won 195 billion

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SIGNATURES

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

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

Date: December 5, 2014

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KOREA ELECTRIC POWER CORPORATION

AND SUBSIDIARIES

Consolidated Interim Financial Statements

September 30, 2014

(Unaudited)

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders

Korea Electric Power Corporation

Reviewed financial statements

We have reviewed the accompanying consolidated interim financial statements of Korea Electric Power Corporation and its subsidiaries (the Company), which comprise the consolidated interim statement of financial position as of September 30, 2014, the consolidated interim statements of comprehensive income (loss) for the three and nine-month periods ended September 30, 2014 and 2013, changes in equity and cash flows for the nine-month periods ended September 30, 2014 and 2013 and notes to the interim financial statements.

Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) No. 1034 Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these consolidated interim financial statements based on our reviews.

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

Conclusion

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

Other matters

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

The consolidated statement of financial position of the Company as of December 31, 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which

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

KPMG Samjong Accounting Corp.

Seoul, Korea

November 14, 2014

This report is effective as of November 14, 2014, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Interim Statements of Financial Position****As of September 30, 2014 and December 31, 2013**

(Unaudited)

In millions of won

	<i>Note</i>	September 30, 2014	December 31, 2013
<u>Assets</u>			
Current assets			
Cash and cash equivalents	5,6,7,44	3,485,279	2,232,313
Current financial assets, net	5,10,11,12,44	273,515	436,213
Trade and other receivables, net	5,8,14,20,44,46	6,506,239	7,526,311
Inventories, net	13	4,438,457	4,279,593
Income tax refund receivables	40	18,693	223,803
Current non-financial assets	15	447,030	570,845
Assets held-for-sale	17,41	1,242	
Total current assets		15,170,455	15,269,078
Non-current assets			
Non-current financial assets, net	5,6,9,10,11,12,44	1,626,322	1,902,953
Non-current trade and other receivables, net	5,8,14,44,46	1,632,240	1,644,333
Property, plant and equipment, net	18,27,48	135,401,220	129,637,596
Investment properties, net	19,27	551,653	538,327
Goodwill	16	2,582	2,582
Intangible assets other than goodwill, net	21,27	784,457	810,664
Investments in associates	4,17	4,240,534	4,124,574
Investments in joint ventures	4,17	1,167,503	1,106,181
Deferred tax assets	40	432,268	359,535
Non-current non-financial assets	15	179,573	131,511
Total non-current assets		146,018,352	140,258,256
Total Assets	4	161,188,807	155,527,334
<u>Liabilities</u>			
Current liabilities			
Trade and other payables, net	5,22,24,44,46	4,662,066	5,892,763
Current financial liabilities, net	5,11,23,44,46	7,463,029	8,425,231
Income tax payables	40	496,383	51,407
Current non-financial liabilities	20,28,29	6,392,478	4,730,631

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Current provisions	26,44	1,393,353	1,113,817
Total current liabilities		20,407,309	20,213,849
Non-current liabilities			
Non-current trade and other payables, net	5,22,24,44,46	4,002,055	3,971,519
Non-current financial liabilities, net	5,11,23,44,46	55,127,232	53,163,394
Non-current non-financial liabilities	28,29	7,310,463	6,985,641
Employee benefit liabilities, net	25,44	2,284,373	2,137,296
Deferred tax liabilities	40	5,560,875	5,002,585
Non-current provisions	26,44	12,972,167	12,602,314
Total non-current liabilities		87,257,165	83,862,749
Total Liabilities	4	107,664,474	104,076,598

(Continued)

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Interim Statements of Financial Position, Continued****As of September 30, 2014 and December 31, 2013**

(Unaudited)

<i>In millions of won</i>	<i>Note</i>	September 30, 2014	December 31, 2013
Equity			
Contributed capital	1,30,44		
Share capital		3,209,820	3,209,820
Share premium		843,758	843,758
		4,053,578	4,053,578
Retained earnings	31		
Legal reserves		1,604,910	1,603,919
Voluntary reserves		22,999,359	22,753,160
Unappropriated retained earnings		10,270,769	8,409,007
		34,875,038	32,766,086
Other components of equity	33		
Other capital surpluses		969,954	830,982
Accumulated other comprehensive income (loss)		(89,987)	55,538
Treasury stock		(741,489)	(741,489)
Other equity		13,294,973	13,294,973
		13,433,451	13,440,004
Equity attributable to owners of the Company		52,362,067	50,259,668
Non-controlling interests	16	1,162,266	1,191,068
Total Equity		53,524,333	51,450,736
Total Liabilities and Equity		161,188,807	155,527,334

See accompanying notes to the consolidated interim financial statements.

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Interim Statements of Comprehensive Income (Loss)****For the three and nine-month periods ended September 30, 2014 and 2013**

(Unaudited)

In millions of won

		September 30, 2014	September 30, 2013		
		Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
	<i>Note</i>				
Sales	4,34,44,46				
Sales of goods		13,993,156	39,896,758	13,559,051	37,731,917
Sales of services		112,556	320,020	70,492	221,196
Sales of construction services	20	713,076	2,091,045	576,214	1,569,472
Revenue related to transfer of assets from customers		88,755	261,666	82,233	240,767
		14,907,543	42,569,489	14,287,990	39,763,352
Cost of sales	13,25,42,46				
Cost of sales of goods		10,789,119	33,989,614	11,572,374	35,546,718
Cost of sales of services		169,994	313,665	74,139	207,628
Cost of sales of construction services		647,216	1,949,359	578,796	1,495,114
		11,606,329	36,252,638	12,225,309	37,249,460
Gross profit (loss)		3,301,214	6,316,851	2,062,681	2,513,892
Selling and administrative expenses	25,35,42,46	(439,583)	(1,398,903)	(515,360)	(1,402,033)
Operating profit	4, 51	2,861,631	4,917,948	1,547,321	1,111,859
Other non-operating income	36	77,609	223,290	96,154	271,893
Other non-operating expenses	36	(13,457)	(50,814)	(14,464)	(40,610)
Other gains, net	37	20,792	111,269	90,130	129,658
Finance income	5,11,38	429,866	465,875	738,348	384,920
Finance expenses	5,11,39	(1,021,442)	(2,184,441)	(1,079,656)	(2,081,451)
Equity method income (loss) of associates and joint ventures	4,17				
Share in income (loss) of associates and joint ventures		22,846	207,924	(23,033)	94,193

Gains on disposal of investments in associates and joint ventures		46,087	92,068	1,055	1,059
Share in loss of associates and joint ventures		(36,696)	(63,744)	(23,105)	(65,302)
Loss on disposal of investments in associates and joint ventures		(924)	(1,030)		(1,134)
Impairment loss on investments in associates and joint ventures			(1,558)	(1,719)	(4,211)
		31,313	233,660	(46,802)	24,605
Profit (loss) before income tax		2,386,312	3,716,787	1,331,031	(199,126)
Income tax expense	40	(817,263)	(1,394,955)	(357,368)	(251,638)
Profit (loss) for the period		1,569,049	2,321,832	973,663	(450,764)

(Continued)

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Interim Statements of Comprehensive Income (Loss), Continued****For the three and nine-month periods ended September 30, 2014 and 2013**

(Unaudited)

*In millions of won, except per share
Information*

		September 30, 2014	September 30, 2013		
		Three-	Nine-	Three-	Nine-
		month	month	month	month
	<i>Note</i>	period	period	period	period
		ended	ended	ended	ended
Other comprehensive income (loss)	5,11,25,31,33				
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial loss, net of tax	25,31	(17,482)	(78,190)	(68,228)	(42,731)
Share in other comprehensive loss of associates and joint ventures, net of tax	31	(900)	(2,917)	(1,723)	(1,676)
Items that may be reclassified subsequently to profit or loss:					
Net change in the unrealized fair value of available-for-sale financial assets, net of tax	33	19,890	(20,605)	(515)	92,684
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	5,11,33	(24,258)	(58,171)	28,535	(1,376)
Foreign currency translation of foreign operations, net of tax	33	(1,958)	(100,423)	(145,103)	(45,097)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	33	112,724	31,035	(18,669)	91,286
Other comprehensive income (loss), net of tax		88,016	(229,271)	(205,703)	93,090
Total comprehensive income (loss) for the period		1,657,065	2,092,561	767,960	(357,674)
Profit or loss attributable to:					
Owners of the Company	43	1,547,434	2,234,448	945,455	(535,064)
Non-controlling interests		21,615	87,384	28,208	84,300

1,569,049	2,321,832	973,663	(450,764)
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Total comprehensive income (loss)**attributable to:**

Owners of the Company	1,641,444	2,019,501	768,696	(443,760)
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Non-controlling interests	15,621	73,060	(736)	86,086
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1,657,065	2,092,561	767,960	(357,674)
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Earnings (loss) per share

43

Basic and diluted earnings (loss) per share	2,483	3,586	1,518	(859)
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See accompanying notes to the consolidated interim financial statements.

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Interim Statements of Changes in Equity****For the nine-month periods ended September 30, 2014 and 2013**

(Unaudited)

In millions of won

	Equity attributable to owners of the Company			Subtotal	Non-controlling interests	Total equity
	Contributed Capital	Retained earnings	Other components of equity			
Balance at January 1, 2013	4,053,578	32,564,283	13,270,906	49,888,767	1,175,435	51,064,202
Total comprehensive income (loss) for the period:						
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 loss, 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			91,392	91,392	(106)	91,286

joint ventures, net of tax

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

Dividends paid				(41,815)		(41,815)
Issuance of share capital by subsidiaries				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

(Continued)

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Interim Statements of Changes in Equity, Continued****For the nine-month period ended September 30, 2014 and 2013**

(Unaudited)

<i>In millions of won</i>	Equity attributable to owners of the Company				Non-controlling Interests	Total equity
	Contributed Capital	Retained earnings	Other components of equity	Subtotal		
Balance at January 1, 2014	4,053,578	32,766,086	13,440,004	50,259,668	1,191,068	51,450,736
Total comprehensive income (loss) for the period:						
Profit for the period		2,234,448		2,234,448	87,384	2,321,832
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial loss, net of tax		(66,505)		(66,505)	(11,685)	(78,190)
Share in other comprehensive loss of associates and joint ventures, net of tax		(2,917)		(2,917)		(2,917)
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			(20,610)	(20,610)	5	(20,605)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			(54,931)	(54,931)	(3,240)	(58,171)
Foreign currency translation of foreign operations, net of tax			(100,465)	(100,465)	42	(100,423)
Share in other comprehensive income of associates and joint			30,481	30,481	554	31,035

ventures, net of tax

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

Dividends paid	(56,074)	(56,074)	(129,681)	(185,755)
Issuance of share capital by subsidiaries			6,545	6,545
Equity transaction in consolidated scope other than issuance of share capital	138,972	138,972	37,991	176,963
Changes in consolidation scope			(4,367)	(4,367)
Dividends paid (hybrid securities)			(12,350)	(12,350)

Balance at

September 30, 2014	4,053,578	34,875,038	13,433,451	52,362,067	1,162,266	53,524,333
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See accompanying notes to the consolidated interim financial statements.

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Interim Statements of Cash Flows****For the nine-month periods ended September 30, 2014 and 2013**

(Unaudited)

<i>In millions of won</i>	September 30, 2014	September 30, 2013
Cash flows from operating activities		
Profit (loss) for the period	2,321,832	(450,764)
Adjustments for:		
Income tax expense	1,394,955	251,638
Depreciation	5,723,875	5,429,116
Amortization	58,171	66,074
Employee benefit expense	258,799	283,693
Bad debt expense	50,858	47,809
Interest expense	1,786,901	1,767,271
Loss on sale of financial assets	721	4,202
Loss on disposal of property, plant and equipment	631	32,989
Loss on abandonment of property, plant, and equipment	206,556	201,327
Impairment loss on property, plant and equipment	11,774	1,161
Impairment loss on intangible assets	11	2
Loss on disposal of intangible assets	18	1
Accretion expense to provisions, net	755,777	375,937
Gain on foreign currency translation, net	(66,474)	(3,130)
Valuation and transaction loss (gain) on derivative instruments, net	227,706	(9,931)
Share in income of associates and joint ventures, net	(144,180)	(28,891)
Gain on sale of financial assets	(35,730)	
Gain on disposal of property, plant and equipment	(49,735)	(29,184)
Gain on disposal of intangible assets	(4)	
Gain on disposal of investments in associates and joint ventures	(91,038)	(76)
Impairment loss on investments in associates and joint ventures	1,558	4,211
Interest income	(142,630)	(135,228)
Dividends income	(13,806)	(9,736)
Impairment loss on available-for-sale securities	42,104	10,673
Others, net	(42,490)	(20,041)
	9,934,328	8,239,887
Changes in:		
Trade receivables	1,070,100	1,104,288
Non-trade receivables	124,620	75,579
Accrued income	(92,560)	2,273

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Other receivables	4,158	3,343
Other current assets	65,796	26,360
Inventories	(851,687)	(888,242)
Other non-current assets	(32,432)	(10,851)
Trade payables	(1,267,018)	(1,098,177)
Non-trade payables	199,985	(213,835)
Accrued expenses	(148,370)	(215,369)
Other current liabilities	1,303,535	887,043
Other non-current liabilities	(277,964)	118,617
Investments in associates and joint ventures	32,249	45,601
Provisions	(432,258)	(74,249)
Payments of employee benefit obligations	(217,889)	(109,711)
Plan assets	(14,210)	(16,353)
	(533,945)	(363,683)
Cash generated from operating activities	11,722,215	7,425,440

(Continued)

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Consolidated Interim Statements of Cash Flows, Continued****For the nine-month periods ended September 30, 2014 and 2013**

(Unaudited)

<i>In millions of won</i>	September 30, 2014	September 30, 2013
Dividends received	13,806	41,683
Interest paid	(1,905,067)	(1,879,777)
Interest received	121,762	102,533
Income taxes refunded	(208,731)	(559,492)
Net cash from operating activities	9,743,985	5,130,387
Cash flows investing activities		
Proceeds from disposals of associates and joint ventures	184,678	2,966
Acquisition of associates and joint ventures	(227,631)	(384,420)
Proceeds from disposals of property, plant and equipment	1,109,321	39,214
Acquisition of property, plant and equipment	(10,666,332)	(10,230,506)
Proceeds from disposals of intangible assets	8	8,318
Acquisition of intangible assets	(46,357)	(51,318)
Proceeds from disposals of financial assets	679,127	683,502
Acquisition of financial assets	(294,159)	(671,890)
Increase in loans	(137,112)	(82,146)
Collection of loans	101,631	45,408
Increase in deposits	(226,274)	(51,412)
Decrease in deposits	171,784	61,754
Receipt of government grants	44,600	33,686
Usage of government grants	(2,851)	(17,328)
Net cash outflow from business acquisitions		(2,582)
Proceeds (acquisition) from disposal of subsidiaries	44,319	(39,227)
Other cash outflow from investing activities, net	(1,022)	(6,653)
Net cash used in investing activities	(9,266,270)	(10,662,634)
Cash flows from financing activities		
Proceeds from short-term borrowings, net	258,188	1,377,838
Proceeds from long-term borrowings and debt securities	6,932,547	10,644,699
Repayment of long-term borrowings and debt securities	(5,953,402)	(5,412,323)
Payment of finance lease liabilities	(87,805)	(91,550)
Settlement of derivative instruments, net	(407,185)	50,251
Change in non-controlling interest	224,409	48,325
Dividends paid (hybrid bond)	(12,350)	(12,304)

Dividends paid	(185,755)	(41,815)
Other cash inflow outflow from financing activities, net	(356)	(2,732)
Net cash from financing activities	768,291	6,560,389
Net increase in cash and cash equivalents before effect of exchange rate fluctuations	1,246,006	1,028,142
Effect of exchange rate fluctuations on cash held	6,960	(33,264)
Net increase in cash and cash equivalents	1,252,966	994,878
Cash and cash equivalents at January 1	2,232,313	1,954,949
Cash and cash equivalents at September 30	3,485,279	2,949,827

See accompanying notes to the consolidated interim financial statements.

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Notes to the Consolidated Interim Financial Statements****September 30, 2014**

(Unaudited)

1. Reporting Entity (Description of the controlling company)

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

As of September 30, 2014, KEPCO 's share capital amounts to 3,209,820 million and KEPCO 's shareholders are as follows:

	Number of shares	Percentage of ownership
Government of the Republic of Korea	135,917,118	21.17%
Korea Finance Corporation	192,159,940	29.94%
Foreign investors	177,846,965	27.70%
Other	136,040,054	21.19%
	641,964,077	100.00%

In accordance with the Restructuring Plan enacted on January 21, 1999 by the Ministry of Trade, Industry and Energy (the MTIE , formerly the Ministry of Knowledge Economy), KEPCO spun off its power generation divisions on April 2, 2001, resulting in the establishment of six power generation subsidiaries.

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

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

These consolidated interim financial statements were prepared in accordance with K-IFRS 1034, Interim Financial Reporting as part of the period covered by KEPCO and subsidiaries (the Company) 's K-IFRS annual financial

statements. The notes are included to explain events and transactions to give the changes in financial position and performance of the Company since the last annual consolidated financial statements as at and for the year ended December 31, 2013.

(2) Basis of measurement

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

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

(3) Functional and presentation currency

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

2. Basis of Preparation, Continued

(4) Use of estimates and judgments

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

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

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

(i) Continued operation of Wolsong #1 nuclear power plant

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

(ii) Useful lives of property, plant and equipment, estimations on provision for decommissioning costs

The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Management's assumptions could affect the determination of estimated economic useful lives.

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

wastes.

(iii) Deferred tax

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

(iv) Valuations of financial instruments at fair values

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

2. Basis of Preparation, Continued

(4) Use of estimates and judgments, continued

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

(v) Defined employee liabilities

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

(vi) Unbilled revenue

Energy delivered but not yet metered, and the quantities of energy delivered but not yet measured and not billed are calculated at the reporting date based on consumption statistics and selling price estimates. Determination of the unbilled revenues at the end of the reporting period is sensitive to the estimated assumptions and prices based on statistics. Unbilled revenue recognized as of September 30, 2014 and 2013 is 1,426,960 million and 1,157,804 million, respectively.

(5) Changes in accounting policies

The following changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as of and for the year ending December 31, 2014.

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

The Company has adopted amendments to K-IFRS 1032, Financial Instruments: Presentation, since January 1, 2014. The amendments require that a financial assets and a financial liability are offset and the net amount is presented in the statement of financial position when an entity currently has a legally enforceable right to set off the recognized

amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. According to the amendments, the right to set off should not be contingent on a future event, and legally enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The entity intends to settle on a net basis, if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

The change had no significant impact on the measurements of Company's consolidated financial statements.

(ii) K-IFRS 2121, Levies

The Company has adopted K-IFRS No.2121, Levies since January 1, 2014. The interpretation confirms that an entity recognizes a liability for a levy when the triggering event specified in the legislation occurs. An entity does not recognize a liability at an earlier date, even if it has no realistic opportunity to avoid the triggering event. If a levy is only payable once a specified amount has been reached, then no liability is recognized until this minimum threshold is reached. The same recognition principles apply in the interim financial statements as in the annual financial statements, even if this results in uneven charges over the course of the year.

The interpretation does not provide guidance on the accounting for the costs arising from recognizing the liability to pay a levy. Other K-IFRSs should be applied to determine whether the recognition of a liability to pay a levy gives rise to an asset or an expense.

The change had no significant impact on the measurements of Company's consolidated financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies

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

(1) Basis of consolidation

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

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

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

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

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

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

(2) Business combinations

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012, *Income Taxes* and K-IFRS 1019, *Employee Benefits* respectively;
- Assets (or disposal 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, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(2) Business combinations, continued

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

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

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

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

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

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

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

(3) Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. If the investment is classified as held for sale, in which case it is accounted for in accordance with

K-IFRS 1105 Non-current Assets Held for Sale , any retained portion of an investment in associates that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(3) Investments in associates, continued

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

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

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

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

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

any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(4) Joint arrangements

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

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

(5) Non-current assets held for sale

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

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

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

(6) Goodwill

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(7) Revenue recognition

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

(i) Sales of goods

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

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

(ii) Sales of services

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

(iii) Dividend income and interest income

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

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

asset's net carrying amount on initial recognition.

(iv) Rental income

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(8) Construction service revenue

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

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

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

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

(9) Leases

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

(i) The Company as lessor

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

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

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

(ii) The Company as lessee

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(9) Leases, continued

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

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

(10) Foreign currencies

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

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

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
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Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to income or loss on disposal or partial disposal of the net investment.

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

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

(11) Borrowing costs

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(12) Government grants

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

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

(i) If the Company received grants related to assets

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

(ii) If the Company received grants related to income

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

(13) Employee benefits

(i) Retirement benefits: defined contribution plans

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

(ii) Retirement benefits: defined benefit plans

For defined benefit pension plans and other post-employment benefits, the net periodic pension expense is actuarially determined by Pension Actuarial System developed by independent actuaries using the projected unit credit method.

The asset or liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(14) Income taxes

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(14) Income taxes, continued

(iii) Current and deferred tax for the year

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

(15) Property, plant and equipment

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

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

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

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

	Useful lives (years)
Buildings	8 ~ 40

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

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September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(16) Investment property

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

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

Investment property except for land, are depreciated on a straight-line basis over 8 ~ 40 years as estimated useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

(17) Intangible assets

(i) Intangible assets acquired separately

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

(ii) Research and development

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

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

	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

(iii) Intangible assets acquired in a business combination

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

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

(iv) Derecognition of intangible assets

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

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

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

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

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

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

(19) Inventories

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

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

(20) Provisions

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

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

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

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

(i) Provision for employment benefits

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

(ii) Provision for decommissioning costs of nuclear power plants

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(20) Provisions, continued

(iii) Provision for disposal of spent nuclear fuel

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

(iv) Provision for low and intermediate radioactive wastes

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

(v) Provision for Polychlorinated Biphenyls (PCB)

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

(vi) Provisions for power plant regional support program

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

(vii) Renewable portfolio standard (RPS) provisions

Renewable portfolio standard (RPS) provisions are recognized for the governmental regulations to require the production of energies from renewable energy sources such as solar, wind and biomass.

(21) Non-derivative financial assets

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

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

(i) Effective interest method

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(21) Non-derivative financial assets, continued

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

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit taking; or
- It is derivative, including an embedded derivative that is not designated and effective as a hedging instrument.

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

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

- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms a part of a contract containing one or more embedded derivatives, and with K-IFRS 1039, Financial Instruments; Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at financial assets at fair value through profit or loss.

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

(iii) Held-to-maturity investments

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

(21) Non-derivative financial assets, continued

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

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

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

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

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

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

(iv) De-recognition of financial assets

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

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

(i) Classification as debt or equity

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

(ii) Equity instruments

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

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

(iii) Financial liabilities

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

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

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

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

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039, Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

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

(v) Other financial liabilities

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

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

(vi) Financial guarantee contract liabilities

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

(vii) De-recognition of financial liabilities

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

(23) Derivative financial instruments, including hedge accounting

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

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value. The resulting gain or loss is recognized in income or loss immediately unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in income or loss depends on the nature of the hedge relationship.

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

(i) Separable embedded derivatives

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

3. Significant Accounting Policies, Continued

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

(ii) Hedge accounting

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

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

(iii) Fair value hedges

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

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

(iv) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of reverse for gains (loss) on valuation of derivatives. The gain or loss relating to the ineffective portion is recognized immediately in income or loss, and is

included in the finance income and expense .

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

4. Segment, Geographic and Other Information

(1) Assets, liabilities, revenue and expenses

The Company's operating segments are its business components that generates discrete financial information that is reported to and regularly revised by the Company's the chief operating decision maker, the Chief Executive Officer, for the purpose of resource allocation and assessment of segment performance. The Company's reportable segments, in accordance with K-IFRS 1108, are Transmission and distribution, Electric power generation (Nuclear), Electric power generation (Non-nuclear), Plant maintenance & engineering service and Others; others mainly represent the business unit that manages the Company's foreign operations.

Segment operating profit (loss) is determined the same way that consolidated operating profit is determined under K-IFRS 1108 without any adjustment for corporate allocations. The accounting policies used by each segment are consistent with the accounting policies used in the preparation of the consolidated financial statements. Segment assets and liabilities are determined based on separate financial statements of the entities instead of on a consolidated basis. There are various transactions between the reportable segments, including sales of property, plant and equipment and so on, that are conducted on an arms-length basis at market prices that would be applicable to an independent third-party. For subsidiaries which are in a different segment from that of its immediate parent company, their carrying amount in separate financial statements is eliminated in the consolidating adjustments in the tables below. In addition, consolidation adjustments in the table below include adjustments of the amount of investment in associates and joint ventures from the cost basis amount reflected in segment assets to that determined using an equity method basis in the consolidated financial statements.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

4. Segment, Geographic and Other Information, Continued

(2) Financial information of the segments for the three and nine-month periods ended September 30, 2014 and 2013 respectively are as follows:

In millions of won

		September 30, 2014								Income (loss)	
Intersegment revenue		Revenue from external customers		Depreciation and amortization		Interest income		Interest expense			
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	Nine-month period ended
575,703	1,229,521	14,502,709	41,440,756	678,451	2,023,118	5,232	18,325	361,483	1,088,966		
2,387,390	7,179,625	4,164	8,151	732,055	2,162,164	4,393	16,350	145,547	436,855		
5,771,123	18,632,085	129,715	323,191	520,032	1,550,303	7,546	24,091	69,165	210,046		
435,392	1,305,950	159,625	491,093	17,071	51,978	3,562	12,261	57	165		
18,107	72,774	111,330	306,298	6,744	20,257	26,474	81,628	18,959	59,379		
(9,187,715)	(28,419,955)			(8,809)	(25,774)	(2,582)	(10,025)	(2,078)	(8,510)		
		14,907,543	42,569,489	1,945,544	5,782,046	44,625	142,630	593,133	1,786,901		

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

4. Segment, Geographic and Other Information, Continued**(2) Financial information of the segments for the three and nine-month periods ended September 30, 2014 and 2013 are as follows, continued:***In millions of won*

		September 30, 2013						Income (loss)		
Intersegment revenue		Revenue from external customers		Depreciation and amortization		Interest income		Interest expense		
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
290,574	770,083	13,953,576	38,807,746	665,719	1,978,483	4,908	20,856	375,032	1,142,015	(3,118)
1,624,124	5,374,065		28,113	662,158	2,043,314	4,965	14,647	139,442	418,221	(1,142,015)
6,943,891	21,280,641	49,995	277,236	487,335	1,433,426	8,096	39,174	59,014	190,939	(1,142,015)
323,862	1,256,354	223,830	445,297	18,180	55,427	5,724	18,679	143	214	(1,142,015)
21,987	33,075	60,589	204,960	3,009	7,850	17,454	54,713	11,611	36,716	(1,142,015)
9,204,438	(28,714,218)			(8,089)	(23,310)	(3,118)	(12,841)	(13,578)	(20,834)	(1,142,015)
		14,287,990	39,763,352	1,828,312	5,495,190	38,029	135,228	571,664	1,767,271	(4,908)

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

4. Segment, Geographic and Other Information, Continued

- (3) Information related to segment assets and segment liabilities as of and for the nine-month period ended September 30, 2014 and as of and for the year ended December 31, 2013 are as follows:

In millions of won

Segment	September 30, 2014			
	Segment assets	Investments in associates and joint ventures	Acquisition of non-current assets	Segment liabilities
Transmission and distribution	99,223,114	4,082,779	3,592,374	56,992,728
Electric power generation (Nuclear)	48,044,498	1,442	1,521,362	26,372,893
Electric power generation (Non-nuclear)	40,083,921	1,269,473	5,296,367	22,763,994
Plant maintenance & engineering service	2,597,477	54,343	226,946	1,034,761
Others	5,488,575		108,947	1,999,442
Consolidation adjustments	(34,248,778)		(33,307)	(1,499,344)
Consolidated totals	161,188,807	5,408,037	10,712,689	107,664,474

In millions of won

Segment	December 31, 2013			
	Segment assets	Investments in associates and joint ventures	Acquisition of non-current assets	Segment liabilities
Transmission and distribution	98,249,927	3,895,266	4,458,291	56,590,381

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Electric power generation (Nuclear)	46,717,706	908	2,412,782	26,482,646
Electric power generation (Non-nuclear)	36,455,090	1,275,330	6,882,630	19,832,122
Plant maintenance & engineering service	2,463,204	59,251	222,547	932,485
Others	5,617,304		429,626	2,008,541
Consolidation adjustments	(33,975,897)		(75,237)	(1,769,577)
Consolidated totals	155,527,334	5,230,755	14,330,639	104,076,598

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

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

In millions of won

Geographical unit	Revenue from external customers				Non-current assets (*2)	
	September 30, 2014		September 30, 2013		September 30, 2014	December 31, 2013
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended		
Domestic	14,124,307	40,259,158	13,682,300	38,076,381	138,232,095	131,876,535
Overseas (*1)	783,236	2,310,331	605,690	1,686,971	4,095,427	4,474,900
	14,907,543	42,569,489	14,287,990	39,763,352	142,327,522	136,351,435

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

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

(5) Information on key clients

There is no individual client comprising more than 10% of the Company's revenue for the nine-month periods ended September 30, 2014 and 2013.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

5. Classification of Financial Instruments**(1) Classification of financial assets as of September 30, 2014 and December 31, 2013 are as follows:***In millions of won*

	September 30, 2014				
	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)
					Total
Current assets					
Cash and cash equivalents		3,485,279			3,485,279
Current financial assets					
Held-to-maturity investments				205	205
Derivative assets	3,328				914
Other financial assets		269,068			269,068
Trade and other receivables		6,506,239			6,506,239
	3,328	10,260,586		205	914
					10,265,033
Non-current assets					
Non-current financial assets					
Available-for-sale financial assets			1,015,406		1,015,406
Held-to-maturity investments				3,477	3,477
Derivative assets	7,939				48,237
Other financial assets		551,263			551,263
Trade and other receivables		1,632,240			1,632,240
	7,939	2,183,503	1,015,406	3,477	48,237
					3,258,562
	11,267	12,444,089	1,015,406	3,682	49,151
					13,523,595

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

5. Classification of Financial Instruments, Continued**(1) Classification of financial assets as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

5. Classification of Financial Instruments, Continued**(2) Classification of financial liabilities as of September 30, 2014 and December 31, 2013 are as follows:***In millions of won*

September 30, 2014				
	Financial liabilities at fair value through profit or loss	Financial liabilities recognized at amortized cost	Derivative liabilities (using hedge accounting)	Total
Current liabilities :				
Borrowings		1,800,386		1,800,386
Debt securities		5,553,086		5,553,086
Derivative liabilities	87,121		22,436	109,557
Trade and other payables		4,662,066		4,662,066
	87,121	12,015,538	22,436	12,125,095
Non-current liabilities :				
Borrowings		3,651,443		3,651,443
Debt securities		51,003,276		51,003,276
Derivative liabilities	194,300		278,213	472,513
Trade and other payables		4,002,055		4,002,055
	194,300	58,656,774	278,213	59,129,287
	281,421	70,672,312	300,649	71,254,382

In millions of won

December 31, 2013				
	Financial liabilities at fair value through profit or loss	Financial liabilities recognized at amortized cost	Derivative liabilities (using hedge accounting)	Total

Current liabilities				
Borrowings		1,470,862		1,470,862
Debt securities		6,616,636		6,616,636
Derivative liabilities	304,699		33,034	337,733
Trade and other payables		5,892,763		5,892,763
	304,699	13,980,261	33,034	14,317,994
Non-current liabilities				
Borrowings		4,538,390		4,538,390
Debt securities		48,262,262		48,262,262
Derivative liabilities	186,336		176,406	362,742
Trade and other payables		3,971,519		3,971,519
	186,336	56,772,171	176,406	57,134,913
	491,035	70,752,432	209,440	71,452,907

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(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, 2014 and 2013 are as follows:

<i>In millions of won</i>		September 30, 2014		September 30, 2013	
		Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Cash and cash equivalents	Interest income	14,721	41,557	11,267	43,422
Available-for-sale financial assets	Dividends income	259	13,806	(48)	9,736
	Impairment loss on available-for-sale financial assets	312	42,104		10,673
	Gain (loss) on disposal of financial assets	35,011	35,009	(4,202)	(4,202)
	Interest income	108	326	241	1,051
Held-to-maturity investments	Interest income	26	64	14	45
Loans and receivables	Interest income	6,263	23,192	8,872	29,531
Trade and other receivables	Interest income	22,315	72,961	15,072	49,392
Other financial assets	Interest income				533
Short-term financial instruments	Interest income	1,183	4,331	2,559	11,241
Long-term financial instruments	Interest income	9	199	4	13
Financial assets at fair value through profit or loss	Gain (loss) on valuation of derivatives	8,983	4,221	(133,646)	(3,010)
	Loss on transaction of derivatives	(47,271)	(14,072)	(101)	12,555
Derivative assets (using hedge accounting)	Gain (loss) on valuation of derivatives (profit or loss)	47,199	(24,252)	(81,812)	10,964

	Gain (loss) on valuation of derivatives (equity, before tax) (*)	(18,738)	(41,283)	7,762	(22,072)
	Gain on transaction of derivatives	2,124	540	24,443	29,663
Financial liabilities carried at amortized cost	Interest expense of borrowings and debt securities	(420,534)	(1,274,256)	(414,896)	(1,275,767)
	Interest expense of trade and other payables	(25,176)	(72,317)	(14,538)	(66,948)
	Interest expense of others	(147,423)	(440,328)	(142,230)	(424,555)
	Gain (loss) on foreign currency transactions and translations	(310,266)	134,930	717,887	(61,204)
Financial liabilities at fair value through profit or loss	Gain (loss) on valuation of derivatives	94,501	(104,581)	(138,548)	(37,006)
	Gain (loss) on transaction of derivatives	28,110	(46,630)	(24,075)	(9,477)
Derivative liabilities (using hedge accounting)	Gain (loss) on valuation of derivatives (profit or loss)	95,377	(26,132)	(127,897)	(10,279)
	Gain (loss) on valuation of derivatives (equity, before tax)(*)	(23,482)	(54,509)	49,512	12,448
	Gain (loss) on transaction of derivatives	(9,852)	(16,800)	(12,121)	16,521

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

6. Restricted Deposits**Restricted deposits as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>		September 30, 2014	December 31, 2013
Cash and cash equivalents	Escrow accounts	130	61,873
	Deposits for government project	12,064	17,807
	Collateral provided for lawsuit	189	
	Collateral for borrowings	12,469	
Short-term financial instruments	Restriction on withdrawal related to win-win growth program for small and medium enterprises	5,000	
Long-term financial instruments	Guarantee deposits for		
	checking account	3	5
	Guarantee deposits for banking		
	accounts at oversea branches	299	300
	Collateral provided for lawsuit		330
		30,154	80,315

7. Cash and Cash Equivalents**Cash and cash equivalents as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Cash	90	56
Cash equivalents	946,506	1,141,202
Short-term deposits classified as cash equivalents	2,239,418	1,073,789
Short-term investments classified as cash equivalents	299,265	17,266
	3,485,279	2,232,313

8. Trade and Other Receivables

(1) Trade and other receivables as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014			
	Gross amount	Allowance for doubtful accounts	Present value discount	Book value
Current assets				
Trade receivables	6,133,915	(82,123)	(130)	6,051,662
Other receivables	499,506	(42,942)	(1,987)	454,577
	6,633,421	(125,065)	(2,117)	6,506,239
Non-current assets				
Trade receivables	402,064		(28)	402,036
Other receivables	1,262,793	(25,224)	(7,365)	1,230,204
	1,664,857	(25,224)	(7,393)	1,632,240
	8,298,278	(150,289)	(9,510)	8,138,479

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

8. Trade and Other Receivables, Continued**(1) Trade and other receivables as of September 30, 2014 and December 31, 2013 are as follows, continued***In millions of won*

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

(2) Other receivables as of September 30, 2014 and December 31, 2013 are as follows:*In millions of won*

		September 30, 2014		
	Gross amount	Allowance for doubtful accounts	Present value discount	Book value
Current assets				
Non-trade receivables	192,504	(42,942)		149,562
Accrued income	42,466			42,466
Deposits	172,397		(1,987)	170,410
Finance lease receivables	6,453			6,453

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Others	85,686			85,686
	499,506	(42,942)	(1,987)	454,577
Non-current assets				
Non-trade receivables	90,736	(18,881)		71,855
Accrued income	231			231
Deposits	264,472		(7,365)	257,107
Finance lease receivables	834,394			834,394
Others	72,960	(6,343)		66,617
	1,262,793	(25,224)	(7,365)	1,230,204
	1,762,299	(68,166)	(9,352)	1,684,781

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

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

8. Trade and Other receivables, Continued**(2) Other receivables as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

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

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

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(Unaudited)

8. Trade and Other Receivables, Continued**(3) Aging analysis of trade receivables as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Trade receivables: (not overdue, not impaired)	6,377,633	7,350,705
Trade receivables: (overdue, not impaired)	6,912	292
Less than 60 days	6,912	292
Trade receivables: (impairment reviewed)	151,434	147,255
60 ~ 90 days	39,167	36,707
90 ~ 120 days	7,015	18,214
120 days ~ 1 year	51,531	38,066
Over 1 year	53,721	54,268
	6,535,979	7,498,252
Less allowance for doubtful accounts	(82,123)	(65,024)
Less present value discount	(158)	(144)
	6,453,698	7,433,084

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

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

(4) Aging analysis of other receivables as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Other receivables: (not overdue, not impaired)	1,582,726	1,667,837
Other receivables: (overdue, not impaired)	39,022	24,878
Less than 60 days	39,022	24,878
Other receivables: (impairment reviewed)	140,551	122,967
60 ~ 90 days	1,797	17,507
90 ~ 120 days	299	1,880
120 days ~ 1year	23,790	23,996
Over 1 year	114,665	79,584
	1,762,299	1,815,682
Less allowance for doubtful accounts	(68,166)	(69,887)
Less present value discount	(9,352)	(8,235)
	1,684,781	1,737,560

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

8. Trade and Other receivables, Continued

- (5) **Changes in allowance for doubtful accounts for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning balance	65,024	69,887	47,312	225,078
Bad debt expense	33,205	17,653	40,446	8,665
Write-off	(15,907)	(7,596)	(22,734)	(4,227)
Reversal		(14)		
Others (*)	(199)	(11,764)		(159,629)
Ending balance	82,123	68,166	65,024	69,887

- (*) The amounts in 2014 and 2013 represented allowance against loans to equity method investments which were reversed when the loans were converted to investment in associates during 2013.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

9. Available-for-sale Financial Assets

Available-for-sale financial assets as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	Ownership	September 30, 2014	December 31, 2013
Equity securities			
Listed			
Kwanglim Co., Ltd.(*3)	0.44%	160	150
Sungjee Construction Co., Ltd.(*3)	0.01%	7	7
Korea District Heating Corp. (*1)	19.55%	147,617	194,710
Ssangyong Motor Co., Ltd.(*3)	0.03%	254	291
LG Uplus Corporation (*2)	4.40%	237,178	412,901
Fission Uranium Corp.(formerly named Fission)	0.52%	731	848
Denison Mines Corp.	12.62%	70,263	74,498
Energy Fuels INC	9.06%	12,092	10,307
PT Adaro Energy Tbk (*1)	1.50%	48,786	45,204
Cockatoo Coal Limited (*4)	1.20%	1,280	1,875
Fission 3.0	0.52%	68	
Namkwang Engineering & Construction Co., Ltd.	0.01%	5	5
Pumyang Construction Co., Ltd.	0.00%		3
Korea Line Corp.	0.00%		
ELCOMTEC Co., Ltd.	0.05%	46	
PAN Ocean Co., Ltd.	0.00%	8	
TONGYANG Inc.	0.02%	55	
Borneo International Furniture Co., Ltd.	0.01%	6	
		518,556	740,799
Unlisted			
Byucksan Engineering & Construction Co., Ltd (*1)	0.00%		1
Dongyang Engineering & Construction Corp. (*1)	0.00%		5
Construction Guarantee	0.02%	791	790
	7.46%	2,233	1,517

Global Dynasty Overseas Resource
Development Private Equity Firm

Plant & Mechanical Contractors			
Financial Cooperative of Korea	0.01%	36	36
Dongnam Co., Ltd.	0.46%	72	72
Mobo Co., Ltd.	0.00%	14	14
Fire Guarantee	0.02%	20	20
Korea Software Financial Cooperative	0.18%	301	301
Woobang ENC Co., Ltd.	0.00%	22	22
Women s Venture Fund (*2)	0.00%		780
Engineering Financial Cooperative	0.11%	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	0.03%	10	10
Troika Overseas Resource Development Private Equity Firm	3.66%	11,934	10,664
Poonglim Industrial Co., Ltd.	0.01%	78	78
Woori Ascon Co., Ltd.	0.34%	10	10
HANKOOK Silicon Co., Ltd.	11.82%	7,513	7,513
LIG E&C Co., Ltd.	0.00%	5	5
Miju Steel Mfg. Co., Ltd.	0.23%	50	51
Ginseng K Co., Ltd.	0.08%	7	8
Dae Kwang Semiconductor Co., Ltd.	0.07%	6	6
Sanbon Department Store	0.01%	124	124
SAMBO AUTO. Co., Ltd. (Formerly, Hydrogen Power. Co., Ltd.)	0.02%	38	38
Korea Bio Fuel Co., Ltd.	15.00%	362	1,500
Korea Electric Engineers Association	0.24%	40	61
Korea Investment - Korea EXIM Bank			
CERs Private Special Asset Investment Trust	14.18%	6,803	6,803
Hanwha Electric Power Venture Fund	16.40%	1,804	1,804
Hwan Young Steel Co., Ltd.	0.14%	97	97
IBK-AUCTUS Green Growth Private Equity Firm	6.30%	5,928	6,054
K&C- Gyeongnam Youth Job Creation Investment Fund	10.00%	1,340	1,340
Areva Nc Expansion	13.49%	227,331	248,292
Green & Sustainable Energy Investment Corp.	19.58%	13	13
Kanan Hydroelectric Power Corp.	19.58%	17	17

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

9. Available-for-sale Financial Assets, Continued

Available-for-sale financial assets as of September 30, 2014 and December 31, 2013 are as follows, continued:

<i>In millions of won</i>	Ownership	September 30, 2014	December 31, 2013
Set Holding	2.50%	170,514	170,514
Siam Solar Power	10.00%	929	933
3i Powergen Inc.	15.00%	1,457	1,486
PT. Kedap Saayq	10.00%	18,540	18,540
Navanakorn Electric Co., Ltd. (*5)	29.00%	16,091	16,163
Pumyang Asset Management Co., Ltd.	0.00%	3	
BnB Sungwon Co., Ltd.	0.01%	15	
IXELON.Co.,Ltd.	0.02%	23	
ASA KIMJE Co., Ltd.	1.11%	465	
ASA JEONJU Co., Ltd.	1.34%	697	
KC Development Co., Ltd.	0.02%	6	
DAIM Special Vehicle Co., Ltd.	0.08%	10	
IMHWA Corp.	0.11%	5	
Hana Civil Engineering Co., Ltd.	0.00%	1	
KYUNGWON Co., Ltd.	0.17%	14	
Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1	5.00%	279	
		481,676	501,311
Debt securities			
Ambre Energy Limited		15,174	14,655
		1,015,406	1,256,765

(*1)

It has been determined that available-for-sale financial assets were impaired because the fair values of the securities of Korea District Heating Corp., PT Adaro Energy Tbk, Byucksan Engineering & Construction Co., Ltd., Dongyang Engineering & Construction Corp., consistently declined below their respective acquisition costs during the current year. As such, cumulative losses of 41,792 million previously recognized in other comprehensive loss were reclassified to impairment losses on available-for-sale financial assets for the nine-month ended September 30, 2014.

- (*2) As the Company sold shares of LG Uplus Corp., and Korea Women's Venture Fund, a gain on disposal of available-for-sale financial assets amounting to 35,011 million was recognized for the nine-month ended September 30, 2014.
- (*3) It has been determined that available-for-sale financial assets were impaired because the fair values of the securities of Kwanglim Co., Ltd., Ssangyong Motor Co., Ltd. and Sungjee Construction Co., Ltd. declined below their respective acquisition costs during 2013. As such, cumulative losses of 415 million previously recognized in other comprehensive loss were reclassified to impairment losses on available-for-sale financial assets for the year ended December 31, 2013.
- (*4) The fair value of Cockatoo Coal Limited securities declined significantly below the acquisition cost and the cumulative losses of 12,177 million previously recognized in other comprehensive loss were reclassified to impairment loss on available-for-sale financial assets for the year ended December 31, 2013.
- (*5) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.

Book values of unlisted equity securities held by the Company that were measured at cost as of September 30, 2014 and December 31, 2013 are 310,371 million and 330,001 million, respectively, as a quoted market price does not exist in an active market and its fair value cannot be measured reliably.

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September 30, 2014

(Unaudited)

10. Held-to-maturity Investments**Held-to-maturity investments as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Government and municipal bonds and others	205	3,477	168	2,117

11. Derivatives**(1) Derivatives as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Derivative assets				
Currency option			963	
Currency forward	3,328	49	474	206
Currency swap	914	54,663		83,003
Interest rate swap		1,464		1,848
	4,242	56,176	1,437	85,057
Derivative liabilities				
Currency option			42,144	
Currency forward	94	2,459	2,166	
Currency swap	103,844	400,941	291,476	289,819
Interest rate swap	5,619	69,113	1,947	72,923
	109,557	472,513	337,733	362,742

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

11. Derivatives, Continued

(2) Currency forward contracts which are not designated as hedge instruments as of September 30, 2014 are as follows:

In millions of won and thousands of foreign currencies

Counterparty	Contract Date	Maturity date	Contract amounts		Contract exchange rate
			Pay	Receive	
Korea Exchange Bank	2014.04.10	2021.07.12	55,120	USD 52,000	1,060.00
Korea Exchange Bank	2014.04.28	2021.07.12	50,784	USD 48,000	1,058.00
Bank of America	2014.04.29	2021.07.12	105,400	USD 100,000	1,054.00
Korea Exchange Bank	2014.05.09	2021.07.12	104,600	USD 100,000	1,046.00
RBS	2014.08.29	2014.10.06	5,083	USD 5,000	1,016.68
Barclays Bank PLC	2014.08.29	2014.10.06	5,083	USD 5,000	1,016.68
Barclays Bank PLC	2014.09.05	2014.10.13	5,129	USD 5,000	1,025.75
The Bank of Nova Scotia	2014.09.05	2014.10.13	5,128	USD 5,000	1,025.55
RBS	2014.09.12	2014.10.15	10,408	USD 10,000	1,040.75
Credit Suisse	2014.09.16	2014.10.20	5,176	USD 5,000	1,035.25
Barclays Bank PLC	2014.09.16	2014.10.20	5,176	USD 5,000	1,035.25
Citibank	2014.09.22	2014.10.22	5,214	USD 5,000	1,042.80
The Bank of Nova Scotia	2014.09.22	2014.10.22	5,213	USD 5,000	1,042.60
Credit Suisse	2014.09.25	2014.10.27	10,433	USD 10,000	1,043.30
KEB	2014.09.30	2014.10.30	7,396	USD 7,000	1,056.55
Standard Chartered	2014.09.30	2014.10.30	7,392	USD 7,000	1,056.05
Barclays Bank PLC	2014.08.27	2014.10.31	3,669	USD 3,603	1,018.20
Barclays Bank PLC	2014.08.27	2014.10.31	5,168	USD 5,076	1,018.20
Barclays Bank PLC	2014.08.27	2014.10.31	6	USD 6	1,018.20
Barclays Bank PLC	2014.08.27	2014.10.31	8	USD 8	1,018.20
Citibank	2014.08.27	2014.10.31	15	USD 15	1,018.00

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Citibank	2014.08.27	2014.10.31	11,208	USD 11,010	1,018.00
Barclays Bank PLC	2014.08.27	2014.10.14	11,187	USD 11,000	1,017.00
RBS	2014.08.28	2014.10.14	4,264	USD 4,200	1,015.15
Standard Chartered	2014.09.24	2014.10.10	2,082	USD 2,000	1,040.85
RBS	2014.09.26	2014.10.15	2,084	USD 2,000	1,042.15
Korea Exchange Bank	2014.09.30	2014.10.15	2,215	USD 2,100	1,054.80
Credit Agricole	2014.08.28	2014.11.03	5,081	USD 5,000	1,016.15
RBS	2014.08.28	2014.11.03	5,081	USD 5,000	1,016.15
The Bank of Nova Scotia	2014.09.30	2014.11.03	5,285	USD 5,000	1,057.05
Standard Chartered	2011.08.08	2014.10.27 ~ 2015.12.28	USD 13,998	15,375	1,093.10~1,102.00

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

11. Derivatives, Continued

(3) Currency swap contracts which are not designated as hedge instruments as of September 30, 2014 are as follows, continued:

In millions of won and thousands of foreign currencies

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay (%)	Receive (%)	
UBS	2011~2015	220,356	USD 200,000	3.90%	3.00%	1,101.78
RBS	2011~2015	110,110	USD 100,000	3.90%	3.00%	1,101.10
Barclays Bank PLC	2011~2015	108,390	USD 100,000	3.78%	3.00%	1,083.90
Credit Suisse	2011~2015	108,390	USD 100,000	3.22%	3.00%	1,083.90
Morgan Stanley	2011~2015	63,006	USD 60,000	4.06%	3.00%	1,050.10
Goldman Sachs	2012~2015	156,643	USD 140,000	3.92%	3.00%	1,118.88
Deutsche Bank	2012~2018	110,412	JPY 10,000,000	6.21%	4.19%	11.04
IBK	2013~2018	111,800	USD 100,000	3.16%	2.79%	1,118.00
Bank of America	2013~2018	103,580	JPY 10,000,000	7.05%	4.19%	10.36
Credit Suisse	2014~2019	118,632	CHF 100,000	2.98%	1.50%	1,186.32
Standard Chartered	2014~2019	114,903	CHF 100,000	4.00%	1.50%	1,149.03
Morgan Stanley	2010~2015	118,800	USD 100,000	4.61%	3M Libor + 1.64%	1,188.00
M-UFJ	2010~2015	116,100	USD 100,000	4.00%	3M Libor + 1.00%	1,161.00
Standard Chartered	2014~2017	51,215	USD 50,000	2.24%	3M USD Libor + 0.55%	1,024.30
Mizuho Corporate Bank	2014~2017	153,645	USD 150,000	2.35%	3M USD Libor + 0.65%	1,024.30
Standard Chartered	2014~2029	102,470	USD 100,000	3.14%	3.57%	1,024.70
Citibank	2010~2015	116,080	USD 100,000	3.97%	3.13%	1,160.80
Deutsche Bank	2010~2015	116,080	USD 100,000	3.98%	3.13%	1,160.80
RBS	2010~2015	116,080	USD 100,000	3.97%	3.13%	1,160.80
HSBC	2010~2015	116,080	USD 100,000	3.23%	3.13%	1,160.80
UBS	2010~2015	116,080	USD 100,000	3.23%	3.13%	1,160.80
Citibank	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30

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JP Morgan	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
Bank of						
America	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
Goldman Sachs	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
HSBC	2012~2022	111,770	USD 100,000	2.89%	3.00%	1,117.70
Hana Bank	2012~2022	111,770	USD 100,000	2.87%	3.00%	1,117.70
Standard						
Chartered	2012~2022	111,770	USD 100,000	2.89%	3.00%	1,117.70
Deutsche Bank	2012~2022	55,885	USD 50,000	2.79%	3.00%	1,117.70
DBS	2013~2018	108,140	USD 100,000	2.63%	3M Libor+0.84%	1,081.40
DBS	2013~2018	108,140	USD 100,000	2.57%	3M Libor+0.84%	1,081.40
DBS	2013~2018	108,140	USD 100,000	2.57%	3M Libor+0.84%	1,081.40
HSBC	2013~2018	107,450	USD 100,000	3.41%	2.88%	1,074.50
Standard						
Chartered	2013~2018	107,450	USD 100,000	3.44%	2.88%	1,074.50
JP Morgan	2013~2018	107,450	USD 100,000	3.48%	2.88%	1,074.50
Bank of						
America	2014~2018	107,450	USD 100,000	3.09%	2.88%	1,074.50
Citibank	2014~2018	107,450	USD 100,000	3.09%	2.88%	1,074.50
JP Morgan	2014~2017	102,670	USD 100,000	2.89%	Libor 3M+0.78%	1,026.70
Deutsche Bank	2014~2017	102,670	USD 100,000	2.89%	Libor 3M+0.78%	1,026.70

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

11. Derivatives, Continued

(4) Currency swap contracts which are designated as hedge instruments as of September 30, 2014 are as follows:

In millions of won and thousands of foreign currencies

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay (%)	Receive (%)	
Citibank	2006~2016	113,200	USD 100,000	1.05%	6.00%	1,132.00
Barclays Bank PLC	2006~2016	113,200	USD 100,000	1.05%	6.00%	1,132.00
Credit Suisse	2006~2016	113,200	USD 100,000	1.05%	6.00%	1,132.00
Goldman Sachs	2011~2017	105,260	USD 100,000	3.99%	3.63%	1,052.60
Barclays Bank PLC	2011~2017	105,260	USD 100,000	3.99%	3.63%	1,052.60
Citibank	2011~2017	105,260	USD 100,000	3.99%	3.63%	1,052.60
HSBC	2012~2014	45,264	USD 40,000	3.25%	3M Libor+1.50%	1,131.60
Citibank	2012~2014	33,948	USD 30,000	3.25%	3M Libor+1.50%	1,131.60
RBS	2012~2014	22,632	USD 20,000	3.25%	3M Libor+1.50%	1,131.60
UOB	2012~2014	33,948	USD 30,000	3.25%	3M Libor+1.50%	1,131.60
DBS	2012~2014	56,580	USD 50,000	3.20%	3M Libor+1.50%	1,131.60
ANZ	2012~2014	22,632	USD 20,000	3.20%	3M Libor+1.50%	1,131.60
Citibank	2012~2014	20,369	USD 18,000	3.20%	3M Libor+1.50%	1,131.60
Credit Suisse	2012~2014	45,264	USD 40,000	2.77%	3M Libor+1.50%	1,131.60
RBS	2012~2014	58,843	USD 52,000	2.77%	3M Libor+1.50%	1,131.60
Citibank	2013~2018	54,570	USD 50,000	2.90%	3M Libor+1.01%	1,091.40
Standard Chartered	2013~2018	54,570	USD 50,000	2.90%	3M Libor+1.01%	1,091.40
Credit Suisse	2013~2018	111,410	USD 100,000	3.22%	3M Libor+1.50%	1,114.10
HSBC	2014~2020	99,901	AUD 100,000	3.52%	5.75%	999.01
HSBC	2014~2020	100,482	AUD 100,000	3.48%	5.75%	1,004.82
Standard Chartered	2013~2020	USD 117,250	AUD 125,000	3M Libor+1.25%	5.75%	0.94
Standard Chartered	2014~2020	126,032	USD 117,250	3.55%	3M Libor+1.25%	1,074.90

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UBS AG	2006~2016	98,100	USD 100,000	5.48%	5.50%	981
Credit Suisse	2006~2016	98,100	USD 100,000	5.48%	5.50%	981
JP Morgan	2014~2019	107,190	USD 100,000	3.25%+3%*n/N	2.75%	1,071.90
Morgan Stanley	2014~2019	107,190	USD 100,000	3.25%+3%*n/N	2.75%	1,071.90
Barclays Bank PLC	2014~2019	107,190	USD 100,000	3.25%+3%*n/N	2.75%	1,071.90
Barclays Bank PLC	2006~2016	71,888	USD 75,000	4.81%	5.50%	958.51
Deutsche Bank AG	2006~2016	71,888	USD 75,000	4.81%	5.50%	958.51
Barclays Bank PLC	2012~2017	142,500	USD 125,000	3.83%	3.13%	1,140.00
Morgan Stanley	2012~2017	142,500	USD 125,000	3.83%	3.13%	1,140.00
RBS	2012~2017	142,500	USD 125,000	3.83%	3.13%	1,140.00
JP Morgan	2012~2017	142,500	USD 125,000	3.83%	3.13%	1,140.00
RBS	2013~2019	118,343	CHF 100,000	3.47%	1.63%	1,183.43
Barclays Bank PLC	2013~2019	59,172	CHF 50,000	3.47%	1.63%	1,183.43
Nomura	2013~2019	59,172	CHF 50,000	3.47%	1.63%	1,183.43
Barclays Bank PLC	2013~2018	107,360	USD 100,000	3.34%	2.88%	1,073.60
RBS	2013~2018	107,360	USD 100,000	3.34%	2.88%	1,073.60
JP Morgan	2013~2018	161,040	USD 150,000	3.34%	2.88%	1,073.60
Standard Chartered	2013~2018	161,040	USD 150,000	3.34%	2.88%	1,073.60
Standard Chartered	2014~2019	104,490	USD 100,000	2.77%	2.63%	1,044.90
RBS	2014~2019	104,490	USD 100,000	2.77%	2.63%	1,044.90
Barclays Bank PLC	2014~2019	104,490	USD 100,000	2.77%	2.63%	1,044.90
Barclays Bank PLC	2013~2018	81,188	USD 75,000	2.65%	1.88%	1,082.50
RBS	2013~2018	81,188	USD 75,000	2.65%	1.88%	1,082.50
Deutsche Bank	2013~2018	81,188	USD 75,000	2.65%	1.88%	1,082.50
Citibank	2013~2018	81,188	USD 75,000	2.65%	1.88%	1,082.50
Standard Chartered	2014~2017	54,205	USD 50,000	2.93%	3M Libor+1.05%	1,084.10
Credit Agricole	2014~2017	54,205	USD 50,000	2.93%	3M Libor+1.05%	1,084.10
BTMU	2010~2015	55,900	USD 50,000	4.03%	3M Libor+1.20%	1,118.00
RBS	2012~2017	115,140	USD 100,000	3.38%	2.50%	1,151.40
BNP Paribas	2012~2017	115,140	USD 100,000	3.38%	2.50%	1,151.40
Hana Bank	2012~2017	115,140	USD 100,000	3.38%	2.50%	1,151.40
Barclays Bank PLC	2012~2017	57,570	USD 50,000	3.38%	2.50%	1,151.40
Standard Chartered	2012~2017	57,570	USD 50,000	3.38%	2.50%	1,151.40
Nomura	2012~2017	57,570	USD 50,000	3.38%	2.50%	1,151.40

Credit Agricole Societe Generale	2012~2017	57,570	USD 50,000	3.38%	2.50%	1,151.40
BNP Paribas	2013~2018	106,190	USD 100,000	3.48%	2.50%	1,061.90
Hana Bank	2013~2018	53,095	USD 50,000	3.48%	2.63%	1,061.90
Standard Chartered	2013~2018	53,095	USD 50,000	3.48%	2.63%	1,061.90
Barclays Bank PLC	2013~2018	106,030	USD 100,000	3.48%	2.63%	1,060.30
Hana Bank	2013~2018	53,015	USD 50,000	3.48%	2.63%	1,060.30
Societe Generale	2013~2018	31,809	USD 30,000	3.48%	2.63%	1,060.30
HSBC	2013~2018	21,206	USD 20,000	3.48%	2.63%	1,060.30
Nomura	2013~2018	53,015	USD 50,000	3.47%	2.63%	1,060.30

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

11. Derivatives, Continued

- (5) Interest rate swap contracts which are not designated as hedge instruments as of September 30, 2014 are as follows:

In millions of won

Counterparty	Contract year	Contract amount	Contract interest rate per annum	
			Pay (%)	Receive (%)
Nonghyup Bank	2010~2015	100,000	4.90%	3M CD + 1.05%
Nonghyup Bank	2010~2015	100,000	4.83%	3M CD + 0.90%
Nonghyup Bank	2010~2015	50,000	4.77%	3M CD + 0.90%
Korea Development Bank	2012~2016	200,000	3.57%	3M CD + 0.26%
Nonghyup Bank	2012~2016	100,000	3.49%	3M CD + 0.25%
HSBC	2012~2016	50,000	3.49%	3M CD + 0.25%
Standard Chartered	2012~2016	200,000	3.55%	3M CD + 0.26%
Standard Chartered	2012~2017	160,000	3.57%	3M CD + 0.32%
JP Morgan	2013~2018	150,000	3.58%	3M CD + 0.31%
Korea Exchange Bank	2011~2014	200,000	3.66%	3M CD + 0.24%
Korea Exchange Bank	2012~2015	100,000	3.58%	3M CD + 0.15%
Korea Exchange Bank	2012~2015	200,000	3.65%	3M CD + 0.10%
Korea Exchange Bank	2012~2015	100,000	2.86%	3M CD + 0.05%
Korea Exchange Bank	2013~2016	100,000	2.82%	3M CD + 0.04%
Korea Exchange Bank	2013~2016	200,000	2.57%	3M CD + 0.04%
Korea Exchange Bank	2013~2016	100,000	2.75%	3M CD + 0.03%
Korea Development Bank	2012~2016	50,000	3.49%	3M CD + 0.25%
Credit Suisse	2014~2018	200,000	2.98%	1Y CMT + 0.31%
Korea Development Bank (*)	2014~2029	40,000	4.65%	3M CD - 0.03%

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

- (6) Interest rate swap contracts which are designated as hedge instruments as of September 30, 2014 are as follows:

In thousands of U.S. dollars

Counterparty	Contract year	Contract amount	Contract interest rate per annum	
			Pay (%)	Receive (%)
BNP Paribas	2009~2027	USD 106,676	4.16%	6M USD Libor
KFW	2009~2027	USD 106,676	4.16%	6M USD Libor
CA-CIB (Credit Agricole)	2014~2033	USD 105,727	3.98% ~ 4.10%	6M USD Libor
SMBC	2014~2033	USD 138,258	4.05% ~ 4.18%	6M USD Libor

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

11. Derivatives, Continued

- (7) Gains and losses on valuation and transaction of derivatives for the three and nine-month periods ended September 30, 2014 and 2013 are as follows and included in finance income and costs in the accompanying consolidated statements of comprehensive income (loss):

	Net income effects of valuation gains (losses)				Net income effects of transaction gains (losses)				Accumulated other comprehensive gains (losses)		
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	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
Option	87				(2,073)	16,340	(279)	9,491			
Forward	8,871	521	(39,764)	(29,205)	84	289	(1,341)	5,781			27,810
Swap	244,103	(136,673)	(442,048)	(19,922)	(23,762)	(88,875)	(7,343)	59,651	(88,429)	(88,429)	28,790
Interest rate swap	(7,001)	(14,592)	(91)	9,796	(1,138)	(3,250)	(1,802)	(4,765)	38,847	(7,363)	674
					(1,466)	(1,089)	(20,896)	7,362			
	246,060	(150,744)	(481,903)	(39,331)	(26,889)	(76,962)	(11,854)	49,262	(42,220)	(95,792)	57,274

(*1) Losses on valuation of derivatives under cash flow hedge accounting of 58,171 million, net of tax were recognized in accumulated other comprehensive losses for the nine-month period ended September 30, 2014.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

12. Other Financial Assets**(1) Other financial assets as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Loans and receivables	68,409	609,270	51,503	616,389
Present value discount	(1,114)	(58,750)	(1,094)	(58,559)
Long-term/short-term financial instruments	201,773	743	384,199	1,183
	269,068	551,263	434,608	559,013

(2) Loans and receivables as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		
	Face value	Present value discount	Book value
Short-term loans and receivables			
Loans for tuition	24,842	(1,114)	23,728
Loans for housing	11,238		11,238
Loans for related parties			
Fisheries loan	6,000		6,000
Other loans	26,329		26,329
	68,409	(1,114)	67,295
Long-term loans and receivables			
Loans for tuition	386,236	(57,700)	328,536
Loans for housing	101,705		101,705
Loans for related parties	108,878		108,878
Fisheries loan	10,752	(1,051)	9,701
Other loans	1,700		1,700

	609,271	(58,751)	550,520
	677,680	(59,865)	617,815

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

12. Other Financial Assets, Continued**(2) Loans and receivables as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

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

(3) Long-term and short-term financial instruments as of September 30, 2014 and December 31, 2013 are as follows:*In millions of won*

	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Time deposits	129,469	442	256,173	453

Installment deposits				93
Deposit for treasury stock in trust		64,940		
Special money in trust	72,304	30,086		
Repurchase agreement		18,000		
CD		10,000		
Others	301	5,000		637
	201,773	743	384,199	1,183

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

13. Inventories**Inventories as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014		
	Acquisition cost	Valuation allowance	Book value
Raw materials	2,946,290	(46)	2,946,244
Merchandises	643		643
Work-in-progress	97,068		97,068
Finished goods	56,816		56,816
Supplies	792,440	(3,358)	789,082
Inventories in transit	540,690		540,690
Other inventories	7,914		7,914
	4,441,861	(3,404)	4,438,457

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

The reversal of the allowance for loss on inventory valuation due to increases in the net realizable value of inventory deducted from cost of sales were 1,861 million and 687 million, for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013, respectively. The amounts of loss from inventory valuation included in other gains (loss) for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 were 1,131 million and 261 million, respectively.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

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

- (2) Finance lease receivables as of September 30, 2014 and December 31, 2013 are as follows and included in current and non-current trade and other receivables, net, in the accompanying consolidated statements of financial position:**

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Present value of		Present value of	
	Minimum lease payments	minimum lease payments	Minimum lease payments	minimum lease payments
Less than 1 year	84,299	6,453	81,484	4,569
1 ~ 5 years	359,957	45,379	356,874	36,710
More than 5 years	1,623,004	789,015	1,782,639	809,002
	2,067,260	840,847	2,220,997	850,281

- (3) There are no impaired finance lease receivables as of September 30, 2014 and December 31, 2013.**
- (4) There are no changes in valuation allowance for finance lease receivables for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013.**

15. Non-Financial Assets

Non-financial assets as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Advance payment	132,865	12,740	110,541	12,760
Prepaid expenses	201,410	100,538	150,852	102,823
Others (*)	112,755	66,295	309,452	15,928
	447,030	179,573	570,845	131,511

(*) Details of others as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Tax refund receivables	38,866	1,343	228,857	1,349
Others	73,889	64,952	80,595	14,579
	112,755	66,295	309,452	15,928

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

16. Consolidated Subsidiaries**(1) Consolidated subsidiaries as of September 30, 2014 and December 31, 2013 are as follows:**

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			September 30, 2014	December 31, 2013
Korea Hydro & Nuclear Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea South-East Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea Midland Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea Western Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea Southern Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea East-West Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
KEPCO Engineering & Construction Company, Inc.	Architectural engineering for utility plant and others	KOREA	71.19%	70.86%
KEPCO Plant Service & Engineering Co., Ltd.	Utility plant maintenance and Others	KOREA	56.00%	63.00%
KEPCO Nuclear Fuel Co., Ltd.	Nuclear fuel	KOREA	96.36%	96.36%
KEPCO KDN Co., Ltd.	Electric Power information technology and others	KOREA	100.00%	100.00%
Garorim Tidal Power Plant Co., Ltd. (*1)	Power generation	KOREA	49.00%	49.00%
Korea Power Engineering & Power Services Co., Ltd.	Operation & maintenance of utility plant	KOREA		52.43%
KEPCO International Hong Kong Ltd.	Holding company	HONG KONG	100.00%	100.00%
KEPCO International Philippines Inc.	Holding company	PHILIPPINES	100.00%	100.00%
KEPCO Gansu International Ltd.	Holding company	HONG KONG	100.00%	100.00%
KEPCO Philippines Holdings Inc.	Holding company	PHILIPPINES	100.00%	100.00%
KEPCO Philippines Corporation	Construction and operation of utility plant	PHILIPPINES	100.00%	100.00%
KEPCO Ilijan Corporation	Utility plant rehabilitation and operation	PHILIPPINES	51.00%	51.00%

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KEPCO Lebanon SARL	Operation of utility plant	LEBANON	100.00%	100.00%
KEPCO Neimenggu International Ltd.	Holding company	HONG KONG	100.00%	100.00%
KEPCO Shanxi International Ltd.	Holding company	HONG KONG	100.00%	100.00%
KOMIPO Global Pte Ltd.	Holding company	SINGAPORE	100.00%	100.00%
KEPCO Canada Energy Ltd.	Resources development	CANADA	100.00%	100.00%
KEPCO Netherlands B.V.	Holding company	NETHERLANDS	100.00%	100.00%
KOREA Imouraren Uranium Investment Corp.	Uranium mine development	FRANCE	100.00%	100.00%
KEPCO Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KOSEP Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KOMIPO Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KOWEPO Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KOSPO Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
KEPCO Middle East Holding Company	Holding company	BAHRAIN	100.00%	100.00%
Qatrana Electric Power Company	Construction and operation of utility plant	JORDAN	80.00%	80.00%
KHNP Canada Energy., Ltd.	Resources development	CANADA	100.00%	100.00%
KEPCO Bylong Australia Pty., Ltd.	Resources development	AUSTRALIA	100.00%	100.00%
Korea Waterbury Uranium Limited Partnership	Resources development	CANADA	79.64%	79.64%
KEPCO Canada Uranium Investment Limited Partnership	Resources development	CANADA	100.00%	100.00%
Korea Electric Power Nigeria Ltd.	Operation of utility plant	NIGERIA	100.00%	100.00%
KEPCO Holdings de Mexico	Holding company	MEXICO	100.00%	100.00%
KST Electric Power Company	Construction and operation of utility plant	MEXICO	56.00%	56.00%
KEPCO Energy Service Company	Operation of utility plant	MEXICO	100.00%	100.00%
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 (*1)	Operation of utility plant	INDONESIA	27.50%	27.50%
KOWEPO International Corporation	Operation of utility plant	PHILIPPINES	99.99%	99.99%
KOSPO Jordan LLC	Operation of utility plant	JORDAN	100.00%	100.00%
EWP Philippines Corporation	Operation of utility plant	PHILIPPINES	100.00%	100.00%
EWP Philippine Holdings Corporation	Holding company	PHILIPPINES		100.00%
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%

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

16. Consolidated Subsidiaries, Continued**(1) Consolidated subsidiaries as of September 30, 2014 and December 31, 2013 are as follows, continued:**

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			September 30, 2014	December 31, 2013
DG Kings Plaza II, LLC	Holding company	USA	100.00%	100.00%
DG Whitefield, LLC	Power generation	USA	100.00%	100.00%
Springfield Power, LLC	Power generation	USA	100.00%	100.00%
KNF Canada Energy Limited	Resources development	CANADA	96.36%	96.36%
PT KEPCO Resources Indonesia	Resources development	INDONESIA	100.00%	100.00%
EWP Barbados 1 SRL	Holding company	BARBADOS	100.00%	100.00%
California Power Holdings, LLC	Power generation	USA	100.00%	100.00%
Gyeonggi Green Energy Co., Ltd.	Power generation	KOREA	62.01%	62.01%
PT. Tanggamus Electric Power	Power generation	INDONESIA	60.00%	60.00%
Gyeongju Wind Power Co., Ltd.	Power generation	KOREA	70.00%	70.00%
KOMIPO America Inc.	Holding company	USA	100.00%	100.00%
Boulder Solar Power, LLC	Solar photovoltaic power generation	USA	82.14%	75.00%
EWPRC Biomass Holdings, LLC	Holding company	USA	100.00%	100.00%
KOSEP USA, INC.	Power generation	USA	100.00%	100.00%
PT. EWP Indonesia	Holding company	INDONESIA	100.00%	100.00%
KOWEPO America LLC	Solar photovoltaic power generation	USA	100.00%	100.00%
KEPCO Netherlands J3 B.V.	Holding company	NETHERLANDS	100.00%	100.00%
Korea Offshore Wind Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Global One Pioneer B.V.	Holding company	NETHERLANDS	100.00%	100.00%
Global Energy Pioneer B.V.	Holding company	NETHERLANDS	100.00%	100.00%
KOSEP Wind Power, LLC	Power generation	USA		100.00%
Mira Power Limited (*2)	Power generation	PAKISTAN	76.00%	76.00%
KOSEP Material Co., Ltd. (*3)	Power generation	KOREA	86.20%	77.04%
	RDF Power generation	KOREA	59.03%	59.03%

Commerce and Industry Energy
Co., Ltd.

KEPCO Singapore Holding Pte., Ltd.	Holding company	SINGAPORE	100.00%	100.00%
KOWEPO India Private Limited	Holding company	INDIA	100.00%	100.00%
KEPCO KPS Philippines Corp.	Utility plant maintenance and others	PHILIPPINES	100.00%	100.00%
KOSPO Chile SpA	Holding company	CHILE	100.00%	100.00%
PT. KOWEPO Sumsel Operation and Maintenance Services	Utility plant maintenance and others	INDONESIA	95.00%	

- (*1) These subsidiaries are included in the consolidated financial statements as the Company obtains the majority of the voting power through the shareholders' agreement.
- (*2) As of reporting date, the reporting period of all subsidiaries ends in December 31, except for Mira Power Limited which is November 30.
- (*3) According to the shareholders' agreement reached in April 2014, Korea South-East Power Co., Ltd. (KOSEP) signed a contract with Long Lasting Value(LLVI) to guarantee the principal and certain rate of return on LLVI's shares in KOSEP Material Co., Ltd. Moreover, LLVI has put options to dispose their investment to KOSEP, thus, the Company accounted for this agreement as KOSEP acquiring the shares of KOSEP Material from LLVI during the nine-month period ended September 30, 2014.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

16. Consolidated Subsidiaries, Continued**(2) Subsidiaries newly included in or excluded from consolidation for the nine-month period ended September 30, 2014 are as follows:****(i) Subsidiaries newly included in consolidation**

Subsidiary	Reason
PT. KOWEPO Sumsel Operation And Maintenance Services	New investment

(ii) Subsidiaries excluded from consolidation

Subsidiary	Reason
KOSEP Wind Power, LLC	Merged
Korea Engineering & Power Services Co., Ltd.	Disposed
EWP Philippine Holdings Corporation	Liquidated

(3) Summary of financial information of consolidated subsidiaries as of and for the nine-month period ended September 30, 2014 and as of and for the year ended December 31, 2013 are as follows:*In millions of won*

	September 30, 2014			
Subsidiaries	Total assets	Total liabilities	Sales	Profit (loss) for the period
Korea Hydro & Nuclear Power Co., Ltd.	48,044,431	26,372,826	7,187,776	1,478,788
Korea South-East Power Co., Ltd.	8,908,206	4,921,705	3,235,151	394,690
Korea Midland Power Co., Ltd.	6,691,925	3,689,407	3,835,164	104,908
Korea Western Power Co., Ltd.	7,965,138	4,686,025	3,645,235	186,190
Korea Southern Power Co., Ltd.	8,447,196	4,986,320	4,813,658	50,904
Korea East-West Power Co., Ltd.	8,071,456	4,480,538	3,426,068	185,588
KEPCO Engineering & Construction Company, Inc.	804,891	406,693	582,238	45,505
KEPCO Plant Service & Engineering Co., Ltd.	903,389	270,508	743,002	96,653

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KEPCO Nuclear Fuel Co., Ltd.	537,744	234,402	180,964	25,461
KEPCO KDN Co., Ltd.	351,453	123,158	290,838	331
Garorim Tidal Power Plant Co., Ltd.	39,284	666		(1,623)
KEPCO International HongKong Ltd.	173,286			4,826
KEPCO International Philippines Inc.	96,387	118		97,098
KEPCO Gansu International Ltd.	15,616	484		(3)
KEPCO Philippines Holdings Inc.	112,254	2		(8)
KEPCO Philippines Corporation	13,174	103		(732)
KEPCO Ilijan Corporation	536,839	46,608	95,413	57,717
KEPCO Lebanon SARL	6,687	9,393		(153)
KEPCO Neimenggu International Ltd.	174,275			(161)
KEPCO Shanxi International Ltd.	487,418	227,478		(3,982)
KOMIPO Global Pte Ltd.	140,665	4		2,509
KEPCO Canada Energy Ltd.	72,243	11,698		(112)
KEPCO Netherlands B.V.	180,862	15		463
KOREA Imouraren Uranium Investment Corp.	227,364	208		(36)
KEPCO Australia Pty., Ltd.	548,688	1,756	2,746	171
KOSEP Australia Pty., Ltd.	18,889	967	3,359	1,105
KOMIPO Australia Pty., Ltd.	18,456	566	3,359	1,078
KOWEPO Australia Pty., Ltd.	19,088	1,038	3,359	1,101
KOSPO Australia Pty., Ltd.	19,076	963		1,102
KEPCO Middle East Holding Company	110,428	100,293		3,025
Qatrana Electric Power Company	527,735	435,776	12,488	12,097
KHNP Canada Energy Ltd.	29,405	35		(39)
KEPCO Bylong Australia Pty., Ltd.	165,737	184,847		(7,840)
Korea Waterbury Uranium Limited Partnership	19,786	133		(69)
KEPCO Canada Uranium Investment Limited Partnership	79,066	101		49
Korea Electric Power Nigeria Ltd.	1,332	1,043	14,605	148
KEPCO Holdings de Mexico	10	16		(6)
KST Electric Power Company	498,388	483,718	12,021	12,005

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September 30, 2014

(Unaudited)

16. Consolidated Subsidiaries, Continued

(3) Summary of financial information of consolidated subsidiaries as of and for the nine-month period ended September 30, 2014 and as of and for the year ended December 31, 2013 are as follows, continued:

In millions of won

	September 30, 2014			
Subsidiaries	Total assets	Total liabilities	Sales	Profit (loss) for the period
KEPCO Energy Service Company	814	281	3,301	(695)
KEPCO Netherlands S3 B.V.	58,949	24		(52)
PT. KOMIPO Pembangkitan Jawa Bali	18,766	5,616	16,809	8,596
PT. Cirebon Power Service	1,580	398	4,922	358
KOWEPO International Corporation	1,860	31		
KOSPO Jordan, LLC.	8,326	1,176	25,316	1,376
EWP Philippines Corporation (Formerly, EWP Cebu Corporation)	6,796	261		(273)
EWP America Inc. (*)	103,985	77,563	42,242	(535)
KNF Canada Energy Limited	2,118	28		(49)
PT KEPCO Resources Indonesia	1,330		8	(259)
EWP Barbados 1 SRL	283,067	153	1,953	210
Gyeonggi Green Energy Co., Ltd.	328,880	263,485	88,779	(4,023)
PT. Tanggamus Electric Power	9,910	724		(8,939)
Gyeongju Wind Power Co., Ltd.	47,169	29,849	5,600	1,566
KOMIPO America Inc.	9,671	6		
Boulder Solar Power, LLC.	8,410	6		(380)
KOSEP USA, INC.	31,916	1,063	1,113	(214)
PT. EWP Indonesia	933			(191)
KOWEPO America, LLC.	5,476	18		(754)
KEPCO Netherlands J3 B.V.	108,835	81		(50)
Korea Offshore Wind Power Co., Ltd.	11,866	1,436		(2,469)
Global One Pioneer B.V.	44	18		(48)
Global Energy Pioneer B.V.	46	18		(48)
Mira Power Limited	25,705	76		(879)
KOSEP Material Co., Ltd	44,687	24,060		(1,351)
Commerce and Industry Energy Co., Ltd.	103,116	86,719	17,779	(783)

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KEPCO Singapore Holding Pte., Ltd.	442			(20)
KOWEPO India Private Limited	1,059	20		(326)
KEPCO KPS Philippines Corp.	5,498	3,457	5,062	1,083
KOSPO Chile SpA	1	4,161		(4,423)
PT. KOWEPO Sumsel Operation And Maintenance Services	449			(189)

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

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(Unaudited)

16. Consolidated Subsidiaries, Continued

(3) Summary of financial information of consolidated subsidiaries as of and for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:

In millions of won

	December 31, 2013			
Subsidiaries	Total assets	Total liabilities	Sales	Profit (loss) for the period
Korea Hydro & Nuclear Power Co., Ltd.	46,717,706	26,482,646	6,378,280	(180,160)
Korea South-East Power Co., Ltd.	8,294,384	4,634,288	4,157,175	116,001
Korea Midland Power Co., Ltd.	6,189,836	3,266,269	5,658,612	40,815
Korea Western Power Co., Ltd.	7,160,956	4,010,759	5,762,386	106,829
Korea Southern Power Co., Ltd.	7,360,191	3,906,329	7,120,621	102,670
Korea East-West Power Co., Ltd.	7,449,723	4,014,477	5,368,299	27,021
KEPCO Engineering & Construction Company, Inc.	760,504	378,454	755,484	34,407
KEPCO Plant Service & Engineering Co., Ltd.	839,067	217,404	1,121,717	151,524
KEPCO Nuclear Fuel Co., Ltd.	509,057	221,023	233,638	15,401
KEPCO KDN Co., Ltd.	354,577	115,604	372,830	8,561
Garorim Tidal Power Plant Co., Ltd.	43,592	3,350		(2,502)
Korea Power Engineering & Power Services Co., Ltd.	15,555	4,781	29,066	5,764
KEPCO International HongKong Ltd.	243,898			12,746
KEPCO International Philippines Inc.	101,832	819		705
KEPCO Gansu International Ltd.	15,689	486		(10)
KEPCO Philippines Holdings Inc.	116,825	13		2,861
KEPCO Philippines Corporation	14,226	150		493
KEPCO Ilijan Corporation	705,425	76,329	140,782	71,194
KEPCO Lebanon SARL	6,836	9,417		(895)
KEPCO Neimenggu International Ltd.	177,649			1,255
KEPCO Shanxi International Ltd.	491,681	226,543		(4,526)
KOMIPO Global Pte Ltd.	131,874	30		14,423
KEPCO Canada Energy Ltd.	75,197	12,358		(164)
KEPCO Netherlands B.V.	209,885	21		2,844
KOREA Imouraren Uranium Investment Corp.	248,300	161		(45)
KEPCO Australia Pty., Ltd.	498,742	2,173	4,979	162,325
KOSEP Australia Pty., Ltd.	18,592	931	4,728	1,578

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

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(Unaudited)

16. Consolidated Subsidiaries, Continued

- (3) **Summary of financial information of consolidated subsidiaries as of and for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:**

In millions of won

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

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

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

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

16. Consolidated Subsidiaries, Continued

(5) Details of non-controlling interest prior to intra-group eliminations as of and for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

In millions of won

Description	September 30, 2014					Total
	KEPCO Ilja Corporation	Engineering Co., Ltd.	Construction Co., Inc.	Garorim Tidal Power Plant Co., Ltd.	Others	
Percentage of ownership	49.00%	44.00%	28.81%	51.00%		
Current assets	105,895	430,248	446,511	1,817	1,158,358	2,142,829
Non-current assets	430,944	473,141	358,380	37,468	1,610,416	2,910,349
Current liabilities	(14,190)	(196,114)	(339,560)	(655)	(673,990)	(1,224,509)
Non-current liabilities	(32,418)	(74,394)	(67,133)	(10)	(1,328,199)	(1,502,154)
Net assets	490,231	632,881	398,198	38,620	766,585	2,326,515
Book value of non-controlling interest	240,213	278,467	114,721	19,695	680,263	1,333,359
Sales	95,413	743,002	582,238		345,602	1,766,255
Profit (loss) for the period	57,717	96,653	45,505	(1,623)	26,109	224,361
Profit (loss) for the period attributable to non-controlling interest	28,281	42,527	13,110	(828)	(20,676)	62,414
Cash flows from operating activities	82,943	165,438	15,169	(4,197)	55,617	314,970
Cash flows from investing activities	(3,328)	(103,408)	45,812	(883)	(32,523)	(94,330)
Cash flows from financing activities before dividends to	(114,619)	(43,092)	(15,300)		5,381	(167,630)

non-controlling interest						
Dividends to non-controlling interest	(96,533)	(25,308)	(4,905)		(2,936)	(129,682)
Effect of exchange rate fluctuation	(1,881)	(178)	(163)		(907)	(3,129)
Net increase (decrease) of cash and cash equivalents	(133,418)	(6,548)	40,613	(5,080)	24,632	(79,801)

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

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

16. Consolidated Subsidiaries, Continued

(5) Details of non-controlling interest prior to intra-group eliminations as of and for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:

In millions of won

Description	December 31, 2013					Others	Total
	KEPCO Ilijan Corporation	KEPCO Service & Engineering Co., Ltd.	Dongducheon Dream Power Co., Ltd.	KEPCO Engineering & Construction Company, Inc.	Garorim Tidal Power Plant Co., Ltd.		
Percentage of ownership	49.00%	37.00%	51.00%	28.95%	51.00%		
Current assets	251,147	438,272		478,851	7,002	476,286	1,651,558
Non-current assets	454,278	400,794		281,653	36,591	1,644,436	2,817,752
Current liabilities	(44,046)	(182,871)		(336,046)	(3,272)	(243,826)	(810,061)
Non-current liabilities	(32,282)	(34,533)		(42,407)	(78)	(1,296,242)	(1,405,542)
Net assets	629,097	621,662		382,051	40,243	580,654	2,253,707
Book value of non-controlling interest	308,257	230,015		110,603	20,523	599,434	1,268,832
Sales	140,782	1,121,717		755,484		361,692	2,379,675
Profit (loss) for the period	71,194	151,524		34,407	(2,502)	55,763	310,386
Profit (loss) for the period attributable to non-controlling interest	34,885	45,457		8,650	(1,276)	33,989	121,705
Cash flows from operating activities	57,785	40,805		11,367	(665)	(4,871)	104,421
Cash flows from investing activities	(2,524)	(21,412)	(20,006)	4,854	(186)	(126,946)	(166,220)
	(22,735)	2,657		1,716	3,475	189,313	174,426

Cash flows from financing activities before dividends to non-controlling interest							
Dividends to non-controlling interest		(19,440)		(18,564)		(20,037)	(58,041)
Effect of exchange rate fluctuation	(1,953)	(220)		(33)		(2,529)	(4,735)
Net increase (decrease) of cash and cash equivalents	30,573	2,390	(20,006)	(660)	2,624	34,930	49,851

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

16. Consolidated Subsidiaries, Continued**(6) Business combination**

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

In millions of won

	Amount
I. Fair value of consideration transferred	
Carrying value of the equity method investees previously owned	5,829
Fair value adjustment (*1)	(1,022)
Cash and cash equivalents paid	2
Fair value of related commitments (*2)	4,806
	9,615
II. Fair value of non-controlling interest (*3)	4,882
	14,497
III. Recognized amounts of identifiable assets acquired and liabilities assumed	
<Assets>	
Cash and cash equivalents	7,292
Trade and other receivables	1,631
Inventories	515
Property plant & equipment	82,733
Other assets	3,460
<Liabilities>	
Trade and other payables	(1,777)
Borrowings	(81,752)

Other liabilities	(187)
Fair value of net assets	11,915
IV. Goodwill	2,582

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

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

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

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(Unaudited)

16. Consolidated Subsidiaries, Continued**(7) Goodwill**

- (i) Details of goodwill as of September 30, 2014 and December 31, 2013 are as follows:

In millions of won

	September 30, 2014	December 31, 2013
Acquisition cost	2,582	2,582
Accumulated impairment		
Carrying book value	2,582	2,582

- (ii) Changes in goodwill for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

In millions of won

	September 30, 2014	December 31, 2013
Beginning balance	2,582	
Changes		
Newly recognized		2,582
Ending balance	2,582	2,582

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures

(1) Investments in associates and joint ventures as of September 30, 2014 and December 31, 2013 are as follows:

In millions of won

September 30, 2014					
Key operation					
Investees	activities	Location	Percentage of ownership	Acquisition cost	Book value
<Associates>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	48%	76,193	71,944
Korea Gas Corporation	Importing and wholesaling LNG	KOREA	20%	94,500	2,054,509
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	KOREA	29%	4,727	21,957
YTN Co., Ltd.	Broadcasting	KOREA	21%	59,000	34,137
Cheongna Energy Co., Ltd.	Integrated energy business	KOREA	44%	43,900	23,874
Gangwon Wind Power Co., Ltd. (*1)	Wind power generation	KOREA	15%	5,725	11,493
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29%	88,885	107,230
Korea Power Exchange (*5)	Management of power market	KOREA	100%	127,839	203,062
AMEC Partners Korea (*2)	Energy related business development and management	KOREA	19%	707	204
Hyundai Energy Co., Ltd. (*8)	Power generation	KOREA	29%	71,070	37,271
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	36%	1,516	
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25%	3,810	4,244

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Muju Wind Power Co., Ltd.	Power generation	KOREA	25%	2,850	2,706
Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25%	3,877	3,768
Daeryun Power Co., Ltd.(*2)	Power generation generating and distributing vapor and hot water	KOREA	14%	25,477	27,731
JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25%	100	77
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30%	3,801	4,833
KNH Solar Co., Ltd.	Power generation	KOREA	27%	1,296	1,080
SPC Power Corporation	Power generation	PHILIPPINES	38%	20,635	45,590
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34%	413,153	628,792
PT. Cirebon Electric Power	Power generation	INDONESIA	28%	40,365	39,169
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	62
E-Power S.A.	Operation of utility plant and sales of electricity	HAITI	30%	3,779	5,041
PT. Wampu Electric Power	Power generation	INDONESIA	46%	18,935	13,566
PT. Bayan Resources TBK	Resources development	INDONESIA	20%	615,860	558,481
S-Power Co., Ltd.	Power generation	KOREA	40%	108,000	106,908
Pioneer Gas Power Limited (*7)	Power generation	INDIA	40%	49,892	50,087
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25%	23,023	21,501
Busan Solar Co., Ltd. (*2)	Power generation	KOREA	20%	793	394
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25%	50	3
Green Biomass Co., Ltd.	Power generation	KOREA	34%	714	
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29%	2,978	1,060
Noeul Green Energy Co., Ltd.	Power generation	KOREA	20%	200	200
Naepo Green Energy Co., Ltd.	Power generation	KOREA	25%	21,900	20,947
Goseong Green Energy Co. Ltd.	Power generation	KOREA	29%	2,900	2,505
Gangneung Eco Power Co., Ltd.	Power generation	KOREA	29%	2,900	2,724
Shin Pyeongtaek Power Co., Ltd.	Power generation	KOREA	40%	40	16

Heang Bok Do Si Photovoltaic Power Co., Ltd.	Photovoltaic power generation	KOREA	28%	193	193
Jeonnam Solar Co., Ltd. (*1)	Photovoltaic power generation	KOREA	10%	700	734
DS POWER Co., Ltd. (*1)	Power generation	KOREA	14%	17,900	16,741
Dongducheon Dream Power Co., Ltd.	Power generation	KOREA	34%	111,134	99,193
KS Solar Corp. Ltd. (*2)	Power generation	KOREA	19%	637	660
Yeongwol Energy Station Co., Ltd. (*1)	Photovoltaic power generation	KOREA	10%	1,400	1,242
Jinbhuvish Power Generation (*1)	Power generation	INDIA	5%	9,000	8,318
Best Solar Energy Co., Ltd.	Photovoltaic power generation	KOREA	23%	1,242	

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued**(1) Investments in associates and joint ventures as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

September 30, 2014					
Investees	Key operation		Percentage of ownership	Acquisition cost	Book value
	activities	Location			
SE Green Energy Co., Ltd.	Power generation and distributing vapor	KOREA	48%	3,821	3,631
Daegu Photovoltaic Co., Ltd.	Photovoltaic power generation	KOREA	29%	1,230	1,542
Jeongam Wind Power Co., Ltd.	Power generation	KOREA	40%	800	120
Korea Power Engineering Service Co., Ltd.	Construction and service	KOREA	29%	290	994
				2,090,234	4,240,534

<Joint ventures>

KEPCO-Uhde Inc. (*6)	Engineering	KOREA	66%	11,355	9,150
Eco Biomass Energy Sdn. Bhd. (*6)	Power generation	MALAYSIA	62%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	27,660	26,264
Shuweiha Asia Power Investment B.V.	Holding company	NETHERLANDS	49%	60,083	18,936
Shuweiha Asia Operation & Maintenance Company (*6)	Maintenance of utility plant	CAYMAN	55%	30	986
Waterbury Lake Uranium L.P.	Resources development	CANADA	40%	26,601	21,900
ASM-BG Investicii AD	Power generation	BULGARIA	50%	16,101	19,879

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RES Technology AD	Power generation	BULGARIA	50%	15,595	15,318
KV Holdings, Inc.	Power generation	PHILIPPINES	40%	2,103	1,807
KEPCO SPC Power Corporation (*6)	Construction and operation of utility plant	PHILIPPINES	75%	94,579	175,700
Canada Korea Uranium Limited Partnership (*4)	Resources development	CANADA	13%	5,404	
KEPCO Energy Resource Nigeria Limited	Power generation	NIGERIA	30%	8,463	
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40%	16,621	17,589
Datang Chifeng Renewable Power Co., Ltd.	Power generation	CHINA	40%	121,928	157,228
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	10,858	9,915
Rabigh Electricity Company	Construction of utility plant and sales of electricity	SAUDI ARABIA	40%	109,743	5,275
Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40%	70	4,025
Jamaica Public Service Company Limited	Power generation	JAMAICA	40%	301,910	266,828
KW Nuclear Components Co., Ltd.	Research and Development	KOREA	45%	833	3,044
Busan Shinho Solar power Co., Ltd.	Power generation	KOREA	25%	2,100	3,231
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	Power generation	KOREA	34%	204,000	201,648
Global Trade Of Power System Co., Ltd.	Exporting products and technology of small or medium sized business by proxy	KOREA	29%	290	311
Expressway Solar-light Power Generation Co., Ltd.	Power generation	KOREA	29%	3,132	2,019
KODE NOVUS I LLC.	Power generation	USA	50%	19,213	12,896
KODE NOVUS II LLC.	Power generation	USA	49%	12,498	8,201
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	50%	4,990	3,799
Amman Asia Electric Power Company (*6)	Power generation	JORDAN	60%	111,476	120,249
KEPCO-ALSTOM Power Electronics Systems, Inc. (*6)	Research and Development	KOREA	51%	5,629	5,015
Dongbu Power Dangjin Corporation	Power generation	KOREA	40%	40,000	38,028
Honam Wind Power Co., Ltd.	Power generation	KOREA	29%	3,600	2,948
Nepal Water & Energy Development Company Pty Ltd.(*6)	Power generation	NEPAL	52%	14,175	13,020

Chun-cheon Energy Co., Ltd.	Power generation	KOREA	30%	15	15
					69

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September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(1) Investments in associates and joint ventures as of September 30, 2014 and December 31, 2013 are as follows, continued:

In millions of won

September 30, 2014					
Key operation					
Investees	activities	Location	Percentage of ownership	Acquisition cost	Book value
Yeonggwangbaeksu Wind Power Co., Ltd. (*2)	Power generation	KOREA	15%	1,000	1,000
Nghi Son 2 Power Ltd.	Power generation	VIETNAM	50%	250	112
Kelar S.A (*6)	Power generation	CHILE	65%	4,180	
PT. Tanjung Power Indonesia	Power generation	INDONESIA	35%	730	689
Incheon New Power Co., Ltd.	Power generation	KOREA	29%	461	420
Seokmun Energy Co., Ltd.	Integrated energy business	KOREA	34%	680	58
				1,268,017	1,167,503
				3,358,251	5,408,037

(*1) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.

(*2) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.

(*3) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions with the associate which can affect its influence on the entity.

(*4) The Company has joint control on the associates by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the

board of directors.

- (*5) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (*6) According to the shareholder agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (*7) As of reporting date, the reporting period of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (*8) As of September 30, 2014, 16% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached in March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 45% of ownership.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(1) Investments in associates and joint ventures as of September 30, 2014 and December 31, 2013 are as follows, continued:

In millions of won

December 31, 2013					
Key operation					
Investees	activities	Location	Percentage of ownership	Acquisition cost	Book value
<Associates>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	48%	76,193	74,878
Korea Gas Corporation	Importing and wholesaling LNG	KOREA	20%	94,500	1,926,800
Korea Electric Power Industrial Development Co., Ltd.					
	Electricity metering	KOREA	29%	4,727	22,450
YTN Co., Ltd.	Broadcasting	KOREA	21%	59,000	38,426
Cheongna Energy Co., Ltd.	Integrated energy business	KOREA	44%	43,900	28,114
Gangwon Wind Power Co., Ltd. (*1)	Wind power generation	KOREA	15%	5,725	13,185
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29%	88,885	110,157
Korea Power Exchange (*5)	Management of power market	KOREA	100%	127,839	189,544
AMEC Partners Korea (*2)	Resources development	KOREA	19%	707	189
Hyundai Energy Co., Ltd. (*8)	Power generation	KOREA	29%	71,070	43,386
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	36%	1,516	
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25%	3,810	5,553
	Power generation	PHILIPPINES	50%	3,881	1,500

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Alternergy Philippine
Investments Corporation

Muju Wind Power Co., Ltd.	Power generation	KOREA	25%	2,850	2,707
Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25%	638	600
Daeryun Power Co., Ltd.	Power generation Generating and distributing vapor and hot/cold water	KOREA	20%	25,477	24,599
JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25%	100	77
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30%	3,801	6,344
KNH Solar Co., Ltd.	Power generation	KOREA	27%	1,296	1,372
SPC Power Corporation	Power generation	PHILIPPINES	38%	20,635	47,661
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34%	413,153	608,674
PT. Cirebon Electric Power	Power generation	INDONESIA	28%	39,217	32,826
KNOC Nigerian East Oil Co., Ltd. (*3)	Resources development	NIGERIA	15%	12	
KNOC Nigerian West Oil Co., Ltd. (*3)	Resources development	NIGERIA	15%	12	
Dolphin Property Limited (*3)	Rental company	NIGERIA	15%	12	
E-Power S.A.	Operation of utility plant and sales of electricity	HAITI	30%	3,779	5,284
PT Wampu Electric Power	Power generation	INDONESIA	46%	18,935	15,121
PT. Bayan Resources TBK	Resources development	INDONESIA	20%	615,860	579,534
S-Power Co., Ltd.	Power generation	KOREA	40%	108,000	107,264
Pioneer Gas Power Limited (*7)	Power generation	INDIA	40%	48,709	43,666
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25%	18,928	18,058
Busan Solar Co., Ltd. (*2)	Power generation	KOREA	20%	793	741
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25%	50	3
Green Biomass Co., Ltd.	Power generation	KOREA	34%	714	171
Gumi-ochang Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	288	389
Chungbuk Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	166	184
Cheonan Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	122	148

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued**(1) Investments in associates and joint ventures as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

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

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

<Joint ventures>

KEPCO-Uhde Inc. (*6)	Power generation	KOREA	66%	11,355	9,537
Eco Biomass Energy Sdn. Bhd. (*6)	Power generation	MALAYSIA	62%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	27,660	28,161
Shuweiha Asia Power Investment B.V.	Holding company	NETHERLANDS	49%	507	64
Shuweiha Asia Operation & Maintenance Company (*6)	Maintenance of utility plant	CAYMAN	55%	30	29
Waterbury Lake Uranium L.P.	Resources development	CANADA	40%	25,839	23,042
ASM-BG Investicii AD	Power generation	BULGARIA	50%	16,101	20,088
RES Technology AD	Power generation	BULGARIA	50%	15,595	16,045
KV Holdings, Inc.	Power generation	PHILIPPINES	40%	2,103	1,842
KEPCO SPC Power Corporation (*6)	Construction and operation of utility plant	PHILIPPINES	75%	94,579	143,294
Canada Korea Uranium Limited Partnership (*4)	Resources development	CANADA	13%	5,404	
KEPCO Energy Resource Nigeria Limited	Holding company	NIGERIA	30%	8,463	2,202
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40%	16,621	19,237
Datang Chifeng Renewable Power Co., Ltd.	Power generation	CHINA	40%	121,928	166,330
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	10,858	10,604
Rabigh Electricity Company	Sales of electricity	SAUDI ARABIA	40%	109,743	
Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40%	70	4,082

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Jamaica Public Service Company Limited	Power generation	JAMAICA	40%	301,910	268,022
KW Nuclear Components Co., Ltd.	Research and Development	KOREA	45%	833	2,476
Busan Shinho Solar power Co., Ltd.	Power generation	KOREA	25%	2,100	2,871
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	Power generation	KOREA	49%	176,400	173,915

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued**(1) Investments in associates and joint ventures as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won*

Investees	Key operation activities	December 31, 2013			
		Location	Percentage of ownership	Acquisition cost	Book value
Yeongam Wind Power Co., Ltd.	Power generation	KOREA	49%	11,584	11,424
Global Trade Of Power System Co., Ltd.	Exporting products and technology of small or medium business by proxy	KOREA	29%	290	249
Expressway Solar-light Power Generation Co., Ltd	Power generation	KOREA	29%	3,132	1,863
KODE NOVUS I LLC.	Power generation	USA	50%	19,213	14,237
KODE NOVUS II LLC.	Power generation	USA	49%	12,498	9,510
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	50%	4,990	4,135
Amman Asia Electric Power Company (*6)	Power generation	JORDAN	60%	104,721	111,315
KEPCO-ALSTOM Power Electronics Systems, Inc. (*6)	Research and Development	KOREA	51%	5,629	4,758
Dongbu Power Dangjin Corporation	Power generation	KOREA	40%	40,000	39,102
Honam Wind Power Co., Ltd.	Power generation	KOREA	46%	3,600	1,933
Nepal Water & Energy Development Company Pty Ltd.	Power generation	NEPAL	44%	10,550	10,409
Kelar S.A (*6)	Power generation	CHILE	65%	4,180	4,180
PT. Tanjung Power Indonesia	Power generation	INDONESIA	35%	388	361

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Incheon New Power Co., Ltd.	Power generation	KOREA	29%	461	449
Seokmun Energy Co., Ltd.	Integrated energy business	KOREA	34%	680	415
				1,179,676	1,106,181
				3,269,398	5,230,755

- (*1) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (*2) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (*3) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions with the associate which can affect its influence on the entity.
- (*4) The Company has joint control on the associates by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (*5) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (*6) According to the shareholder agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (*7) As of reporting date, the reporting period of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued**(1) Investments in associates and joint ventures as of September 30, 2014 and December 31, 2013 are as follows, continued:**

(*8) As of December 31, 2013, 16% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 45% of ownership.

(2) The fair value of associates which are actively traded on the open market and have a readily available market value as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>		
Investees	September 30, 2014	December 31, 2013
<Associates>		
Korea Electric Power Industrial Development Co., Ltd.	48,688	39,423
Korea Gas Corporation	1,039,500	1,258,740
YTN Co., Ltd.	27,990	25,110
SPC Power Corporation	67,038	65,807
PT. Bayan Resources TBK	402,667	489,600

(3) Changes in investments in associates and joint ventures for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>						
Investees	September 30, 2014					
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income	Other comprehensive
						Ending balance

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			(loss)	income	(loss)	
<Associates>						
Daegu Green Power Co., Ltd.	74,878		(2,934)			71,944
Korea Gas Corporation	1,926,800		64,383	63,670	(344)	2,054,509
Korea Electric Power Industrial Development Co., Ltd.	22,450	(1,872)	2,269		(890)	21,957
YTN Co., Ltd.	38,426	(90)	(4,133)	10	(76)	34,137
Cheongna Energy Co., Ltd.	28,114		(4,240)			23,874
Gang won Wind Power Co., Ltd.	13,185	(1,988)	296			11,493
Hyundai Green Power Co., Ltd.	110,157	(8,889)	5,961		1	107,230
Korea Power Exchange	189,544		14,271		(753)	203,062
AMEC Partners Korea	189		15			204
Hyundai Energy Co., Ltd.	43,386		(6,115)			37,271
Ecollite Co., Ltd.						
Taebaek Wind Power Co., Ltd.	5,553	(991)	(318)			4,244
Alternergy Philippine Investments Corporation	1,500	(1,497)	(7)	228	(224)	
Muju Wind Power Co., Ltd.	2,707				(1)	2,706
Pyeongchang Wind Power Co., Ltd.	600	3,239	(54)	(17)		3,768
Daeryun Power Co., Ltd.	24,599		(1,148)	32	4,248	27,731
JinanJangsu Wind Power Co., Ltd.	77					77
Changjuk Wind Power Co., Ltd.	6,344	(1,292)	(219)			4,833
KNH Solar Co., Ltd.	1,372		(292)			1,080
SPC Power Corporation	47,661	(1,156)	(1,058)	115	28	45,590
Gemeng International Energy Co., Ltd.	608,674		33,633	37,469	(50,984)	628,792
PT. Cirebon Electric Power	32,826	1,148	3,434	1,761		39,169
KNOC Nigerian East Oil Co., Ltd.						
KNOC Nigerian West Oil Co., Ltd.						
Dolphin Property Limited			183	(5)	(116)	62
E-Power S.A	5,284	(1,431)	1,173	15		5,041
PT Wampu Electric Power	15,121		(1,474)	(80)	(1)	13,566
PT. Bayan Resources TBK	579,534		(18,778)	(2,275)		558,481

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

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

In millions of won

September 30, 2014							
Investees	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other income (loss) Others	Ending balance
S-Power Co., Ltd.	107,264				(356)		106,908
Pioneer Gas Power Limited	43,666	1,183			131	5,168 (61)	50,087
Eurasia Energy Holdings							
Xe-Pian Xe-Namnoy Power Co., Ltd.	18,058	4,095			(673)	21	21,501
Busan Solar Co., Ltd.	741				(347)		394
Hadong Mineral Fiber Co., Ltd.	3						3
Green Biomass Co., Ltd.	171				(171)		
Gumi-Ochang Photovoltaic Power Co., Ltd.	389		(399)	(14)	24		
Chungbuk Photovoltaic Power Co., Ltd.	184		(192)		8		
Cheonan Photovoltaic Power Co., Ltd.	148		(138)		(10)		
PT. Mutiara Jawa	1,666				(622)	16	1,060
Noeul Green Energy Co., Ltd.		200					200
Naepo Green Energy Co., Ltd.		21,900			(848)	(105)	20,947
Goseong Green Energy Co. Ltd.		2,900			(395)		2,505
Gangneung Eco Power Co., Ltd.		2,900			(176)		2,724
Shin Pyeongtaek Power Co., Ltd.		40			(24)		16
Hyundai Asan Solar Power Co., Ltd.	462		(430)		(32)		
Heang Bok Do Si Photovoltaic Power Co., Ltd.	91	101			3	(2)	193
Jeonnam Solar Co., Ltd.	696				38		734
DS POWER Co., Ltd.	17,900				(1,159)		16,741
DSolar Energy Co., Ltd.	364		(418)		54		
Dongducheon Dream Power Co., Ltd.	134,398		(29,823)		(5,382)		99,193
KS Solar Corp. Ltd.	537				132	(9)	660

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KOSCON Photovoltaic Co., Ltd.	315	(351)		36				
Yeongwol Energy Station Co., Ltd.	908	(410)		740	3	1		1,242
Yeonan Photovoltaic Co., Ltd.	123	(128)		5				
Q1 Solar Co., Ltd.	983	(1,123)		140				
Jinbhuvish Power Generation	8,495			(147)	(30)			8,318
Best Solar Energy Co., Ltd.(*)	898			344		(1,242)		
Seokcheon Solar Power Co., Ltd.	1,046	(1,041)	(49)	48	(4)			
SE Green Energy Co., Ltd.	3,745			(114)				3,631
Daegu Photovoltaic Co., Ltd.	1,334			208				1,542
Jeongam Wind Power Co., Ltd.	324			(204)				120
Korea Power Engineering Service Co., Ltd.	585			409				994
Golden Route J Solar Power Co., Ltd.	99	(75)		(24)				
	4,124,574	37,706	(36,025)	(17,772)	76,484	105,981	(50,414)	4,240,534
<Joint ventures>								
KEPCO-Uhde Inc.	9,537			(387)				9,150
Eco Biomass Energy Sdn. Bhd.								
Datang Chaoyang Renewable Power Co., Ltd.	28,161		(740)	(536)	(621)			26,264
Shuweiha Asia Power Investment B.V.	64	59,576		(42)	(40,638)	(24)		18,936
Shuweiha Asia Operation & Maintenance Company	29			951	8	(2)		986
Waterbury Lake Uranium L.P.	23,042	762			1,175	(3,079)		21,900
ASM-BG Investicii AD	20,088			1,478	(1,687)			19,879
RES Technology AD	16,045			586	(1,313)			15,318

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

In millions of won

September 30, 2014							
Investees	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others	Ending balance
KV Holdings, Inc.	1,842					(35)	1,807
KEPCO SPC Power Corporation	143,294				35,593	(3,218)	175,700
Canada Korea Uranium Limited Partnership							
KEPCO Energy Resource Nigeria Limited	2,202				(2,189)	(13)	
Gansu Datang Yumen Wind Power Co., Ltd.	19,237				(1,204)	988	17,589
Datang Chifeng Renewable Power Co., Ltd.	166,330			(8,951)	3,286	(3,437)	157,228
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	10,604			(788)	307	(208)	9,915
Rabigh Electricity Company					16,797	(13,338)	5,275
Rabigh Operation & Maintenance Company	4,082			(2,546)	2,516	(27)	4,025

Jamaica Public Service Company Limited	268,022				(1,194)		266,828
KW Nuclear Components Co., Ltd.	2,476		(1,452)	1,966	54		3,044
Busan Shinho Solar power Co., Ltd.	2,871			370	(10)		3,231
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	173,915	117,600	(88,962)	(341)	(161)	(403)	201,648
Yeongam Wind Power Co., Ltd.	11,424		(12,533)	1,109			
Global Trade Of Power System Co., Ltd.	249			62			311
Expressway Solar-light Power Generation Co., Ltd.	1,863		(1,276)	1,432			2,019
KODE NOVUS I LLC.	14,237			(1,287)	(54)		12,896
KODE NOVUS II LLC.	9,510			(1,261)	(48)		8,201
Daejung Offshore Wind Power Co., Ltd.	4,135			(336)			3,799
Amman Asia Electric Power Company	111,315	6,755		15,267	(13,267)	179	120,249
KEPCO-ALSTOM Power Electronics Systems, Inc.	4,758			257			5,015
Dongbu Power Dangjin Corporation	39,102			(1,061)		(13)	38,028
Honam Wind Power Co., Ltd.	1,933			(376)	1,272	119	2,948
Nepal Water & Energy Development Company Pty Ltd.	10,409	3,625		(818)	(196)		13,020
Chun-cheon Energy Co., Ltd.		15					15
Yeonggwangbaeksu Wind Power Co., Ltd.		1,000					1,000
Nghi Son 2 Power Ltd.		250		(149)	11		112

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Kelar S.A.	4,180				(3,878)		(302)	
PT. Tanjung Power Indonesia	361	342			(39)		25	689
Incheon New Power Co., Ltd.	449				(20)		(9)	420
Seokmun Energy Co., Ltd.	415				(357)			58
	1,106,181	189,925	(102,771)	(14,477)	67,696	(74,817)	(4,234)	1,167,503
	5,230,755	227,631	(138,796)	(32,249)	144,180	31,164	(54,648)	5,408,037

(*) As of September 30, 2014, shares in Best Solar Energy Co., Ltd. are expected to be sold. Therefore, the Company reclassified such amount as asset held-for-sale and presented in Others in the table above.

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September 30, 2014

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

In millions of won

	December 31, 2013						
	Beginning		Dividends	Share	Other		Ending
Investees	balance	Acquisition	Disposal	of income	comprehensive	Others	balance
<Associates>			received	(loss)	income		
Daegu Green Power Co., Ltd.	56,007	18,833		160	(91)	(31)	74,878
Korea Gas Corporation	2,049,340		(30,996)	(26,848)	1,541	(66,237)	1,926,800
Korea Electric Power Industrial Development Co., Ltd.	18,936		(255)	3,477		292	22,450
YTN Co., Ltd.	37,876		(90)	472	40	128	38,426
Cheongna Energy Co., Ltd.	33,379			(5,217)		(48)	28,114
Gangwon Wind Power Co., Ltd.	12,113		(1,988)	3,005	55		13,185
Hyundai Green Power Co., Ltd.	110,346		(8,107)	8,038		(120)	110,157
Korea Power Exchange	176,264			10,283		2,997	189,544
AMEC Partners Korea	141			48			189
Hyundai Energy Co., Ltd.	49,463	13,920		(19,834)		(163)	43,386
Ecollite Co., Ltd. (*1)	1,266	1,349		(896)		(1,719)	
Taebaek Wind Power Co., Ltd.	3,728			1,825			5,553
Alternergy Philippine Investments Corporation	1,600	569		(508)	(161)		1,500
Muju Wind Power Co., Ltd.	2,711			(4)			2,707
Pyeongchang Wind Power Co., Ltd.	613			(13)			600
Daeryun Power Co., Ltd.	25,017			(270)	(19)	(129)	24,599

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

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September 30, 2014

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

In millions of won

Investees	December 31, 2013						Ending balance
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others	
KS Solar Corp. Ltd.		637			(100)		537
KOSCON Photovoltaic Co., Ltd.		245			70		315
Yeongwol Energy Station Co., Ltd.		1,862			(926)	(28)	908
Yeonan Photovoltaic Co., Ltd.		157			(34)		123
Q1 Solar Co., Ltd.		1,005			(10)	(12)	983
Jimbhuvish Power Generation		9,000			(145)	(360)	8,495
Best Solar Energy Co., Ltd.		1,242			(344)		898
Seokcheon Solar Power Co., Ltd.		970			76		1,046
SE Green Energy Co., Ltd.		3,821			(57)	(19)	3,745
Daegu Photovoltaic Co., Ltd.		1,230			111	(7)	1,334
Jeongam Wind Power Co., Ltd.		800			(476)		324
Korea Power Engineering Service Co., Ltd.		290			295		585

Golden Route J Solar Power Co., Ltd.	82		17				99
	3,982,340	129,434	(43,314)	(10,174)	(4,157)	70,445	4,124,574
<Joint ventures>							
KEPCO-Uhde Inc.	10,269		(751)			19	9,537
Eco Biomass Energy Sdn. Bhd.							
Datang Chaoyang Renewable Power Co., Ltd.	28,705		(1,300)	549	395	(188)	28,161
Shuweiha Asia Power Investment B.V.		109		(42)	(7)	4	64
Shuweiha Asia Operation & Maintenance Company	29						29
Waterbury Lake Uranium L.P.	24,906				(1,374)	(490)	23,042
ASM-BG Investicii AD	16,024	1,371		2,301	392		20,088
RES Technology AD	14,637	897		157	354		16,045
KV Holdings, Inc.	2,023		(319)	307	(169)		1,842
KEPCO SPC Power Corporation	121,737		(2,304)	20,196	3,665		143,294
Canada Korea Uranium Limited Partnership (*3)	5,083					(5,083)	
KEPCO Energy Resource Nigeria Limited	5,663			(3,386)	(75)		2,202
Gansu Datang Yumen Wind Power Co., Ltd.	20,381			(1,365)	221		19,237
Datang Chifeng Renewable Power Co., Ltd.	156,449		(3,545)	11,837	1,838	(249)	166,330
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	10,125		(506)	893	155	(63)	10,604
Rabigh Electricity Company (*4)		108,385		15,539	41,458	(165,382)	
Rabigh Operation & Maintenance Company	814		(1,831)	5,188	(89)		4,082

Jamaica Public Service Company Limited (*5)	293,007		(2,242)	(3,544)	(19,199)	268,022
KW Nuclear Components Co., Ltd.	1,222		(457)	1,711		2,476
Busan Shinho Solar power Co., Ltd.	2,056		815			2,871
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	96,698	78,400	(806)	(377)		173,915
Yeongam Wind Power Co., Ltd.	11,563		(76)		(63)	11,424
Global Trade Of Power System Co., Ltd.	213		36			249
Expressway Solar-light Power Generation Co., Ltd.	3,132		(1,257)	(12)		1,863
Yeongam F1 Solar Power Plant	1,673	(2,002)	329			

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September 30, 2014

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

In millions of won

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

Incheon New Power Co., Ltd.	461				(4)	(23)	15	449
Seokmun Energy Co., Ltd.	680				(265)			415
	908,593	300,428	(2,002)	(10,262)	39,588	51,908	(182,072)	1,106,181
	4,890,933	429,862	(2,002)	(53,576)	29,414	47,751	(111,627)	5,230,755

- (*1) The Company recognized the difference between the carrying amount and the recoverable amount of 1,719 million as impairment losses on investments in associates and joint ventures due to discontinued operation during 2013.
- (*2) In accordance with the K-IFRS 2120, Stripping Costs in the Production Phase of a Surface Mine, the Company has applied it prospectively beginning January 1, 2013. However PT Bayan Resources TBK (PT Bayan), one of the equity method investments of the Company, has retrospectively applied the interpretation and has restated its comparative financial statements to adjust the stripping activity costs that do not meet the criteria for asset recognition in the interpretation. The Company reflected this adjustment of 31,529 million due to the change in accounting policy as a loss on its equity method investment during 2013.
- (*3) Canada Korea Uranium Limited Partnership could not find a mining area in which the economic feasibility was proven and seeks an exit strategy. As a result, the Company recognized impairment losses on investments in associates and joint ventures of 4,680 million in profit or loss during 2013.
- (*4) During 2013, a portion of the loans to Rabigh Electricity Company was converted to equity, causing the investment to increase by 108,385 million.
- (*5) It has been determined that there is objective evidence of impairment as a result of one or more events including that a financial institution granted Jamaica Public Service Company Limited (JPS) a concession that the financial institution would not otherwise consider. As of December 31, 2013, as a result of the impairment test, the recoverable amount of JPS is less than its carrying amount and an impairment loss of 19,199 million is recognized as profit or loss. The recoverable amount of JPS is based on value in use calculated based on the most recent financial budget of future cash flow for a period of 9 years approved by management and the discount rate used to calculate the value in use is 10.27%.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(4) Summary of financial information of associates and joint ventures as of and for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

In millions of won

	September 30, 2014			Profit (loss) for
Investees	Total	Total liabilities	Sales	the period
	assets			
<Associates>				
Daegu Green Power Co., Ltd.	583,927	433,719	1,177	(6,138)
Korea Gas Corporation	43,465,327	33,940,481	26,552,981	298,482
Korea Electric Power Industrial Development Co., Ltd.	165,098	89,385	243,287	13,099
YTN Co., Ltd.	422,529	262,939	81,717	(19,275)
Cheongna Energy Co., Ltd.	426,163	377,665	30,902	(9,801)
Gangwon Wind Power Co., Ltd.	123,333	47,039	19,008	5,979
Hyundai Green Power Co., Ltd.	1,171,932	802,175	360,667	20,786
Korea Power Exchange	228,808	25,747	64,374	14,286
AMEC Partners Korea	1,194	123	583	77
Hyundai Energy Co., Ltd.	548,215	462,972	63,638	(13,274)
Ecollite Co., Ltd.	2,896	1,098		(187)
Taebaek Wind Power Co., Ltd.	50,640	29,371	7,923	(937)
Muju Wind Power Co., Ltd.	10,825			(5)
Pyeongchang Wind Power Co., Ltd.	15,070	2		(214)
Daeryun Power Co., Ltd.	778,520	583,958	116,695	(5,776)
JinanJangsu Wind Power Co., Ltd.	308			(1)
Changjuk Wind Power Co., Ltd.	41,825	21,249	8,075	3,699
KNH Solar Co., Ltd.	28,701	22,518	3,758	1,039
SPC Power Corporation	169,215	49,241	48,325	25,927
Gemeng International Energy Co., Ltd.	5,557,502	3,708,123	1,097,578	137,363
PT. Cirebon Electric Power	908,887	766,456	184,851	12,927
KNOC Nigerian East Oil Co., Ltd.	236,586	294,810		(5,169)
KNOC Nigerian West Oil Co., Ltd.	143,735	197,170		(4,645)
Dolphin Property Limited	305	1	28	320
E-Power S.A.	67,300	53,910	37,019	3,909

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PT. Wampu Electric Power	164,323	134,830	33,484	(1,928)
PT. Bayan Resources TBK	1,310,818	1,036,045	684,531	(24,311)
S-Power Co., Ltd.	811,565	544,295		(891)
Pioneer Gas Power Limited	227,120	159,650		327
Eurasia Energy Holdings	537	959		
Xe-Pian Xe-Namnoy Power Co., Ltd.	228,380	165,883		(2,692)
Busan Solar Co., Ltd.	27,771	23,672	3,406	367
Hadong Mineral Fiber Co., Ltd.	12	1		(1)
Green Biomass Co., Ltd.	9,324	9,605	1,303	(786)
PT. Mutiara Jawa	24,062	20,648	15	(2,143)
Noeul Green Energy Co., Ltd.	1,000			
Naepo Green Energy Co., Ltd.	93,881	10,093	474	(4,231)
Goseong Green Energy Co. Ltd.	9,241	603		(1,362)
Gangneung Eco Power Co., Ltd.	9,528	134		(607)
Shin Pyeongtaek Power Co., Ltd.	681	640		(59)
Heang Bok Do Si Photovoltaic Power Co., Ltd.	3,314	2,625	180	9
Jeonnam Solar Co., Ltd.	38,216	30,879		377
DS POWER Co., Ltd.	256,961	135,941	33,157	(2,642)
Dongducheon Dream Power Co., Ltd.	1,382,653	1,072,974		(4,901)
KS Solar Corp. Ltd.	32,937	29,082	3,605	994
Yeongwol Energy Station Co., Ltd.	101,768	89,345	86	5,567
Jinbhuvish Power Generation	66,309	10,121		(2,824)
SE Green Energy Co., Ltd.	7,610	7		(238)
Daegu Photovoltaic Co., Ltd.	22,310	16,994	2,669	603
Jeongam Wind Power Co., Ltd.	309	8		(404)
Korea Power Engineering Service Co., Ltd.	4,421	992	10,277	1,867

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(4) Summary of financial information of associates and joint ventures as of and for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:

In millions of won

	September 30, 2014			
Investees	Total assets	Total liabilities	Sales	Profit (loss) for the period
<Joint ventures>				
KEPCO-Uhde Inc.	16,445	2,599		(653)
Eco Biomass Energy Sdn. Bhd.				
Datang Chaoyang Renewable Power Co., Ltd.	156,744	91,085	11,637	(1,015)
Shuweiha Asia Power Investment B.V.	38,708	3		(109)
Shuweiha Asia Operation & Maintenance Company	1,857	62	2,137	1,727
Waterbury Lake Uranium L.P.	56,863	350		
ASM-BG Investicii AD	95,840	56,083	11,404	2,707
RES Technology AD	86,386	55,751	7,789	1,022
KV Holdings, Inc.	4,517			
KEPCO SPC Power Corporation	472,201	238,557	128,446	45,678
Canada Korea Uranium Limited Partnership	41,636	42		
KEPCO Energy Resource Nigeria Limited	403,766	419,903		(22,745)
Gansu Datang Yumen Wind Power Co., Ltd.	104,663	60,690	6,157	(2,379)
Datang Chifeng Renewable Power Co., Ltd.	866,291	473,136	65,400	9,463
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	68,335	43,547	5,964	882
Rabigh Electricity Company	2,454,607	2,239,682	207,185	39,526
Rabigh Operation & Maintenance Company	13,294	3,232	16,554	6,344
Jamaica Public Service Company Limited	1,051,777	693,238	832,179	13,039
KW Nuclear Components Co., Ltd.	25,614	18,801	9,722	4,537
Busan Shinho Solar power Co., Ltd.	54,112	41,186	6,111	1,108
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	857,063	263,981		(685)
Global Trade Of Power System Co., Ltd.	1,116	45	2,889	212
Expressway Solar-light Power Generation Co., Ltd.	21,962	14,998	2,373	(211)
KODE NOVUS I LLC	112,512	96,183	6,002	(2,574)

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KODE NOVUS II LLC	54,794	38,056	2,379	(2,358)
Daejung Offshore Wind Power Co., Ltd.	7,614	1		(672)
Amman Asia Electric Power Company	748,609	548,063		25,415
KEPCO-ALSTOM Power Electronics Systems, Inc.	25,063	15,231		504
Dongbu Power Dangjin Corporation	98,348	8,843		(2,632)
Honam Wind Power Co., Ltd.	38,943	28,888	2,678	(553)
Nepal Water & Energy Development Company Pty Ltd.	31,323	8,246		(1,018)
Chun-cheon Energy Co., Ltd.	40	1		(11)
Yeonggwangbaeksu Wind Power CO., Ltd.	34,173	16,379		(168)
Nghi Son 2 Power Ltd.	307	82		(298)
Kelar S.A.	149,417	156,772		(8,764)
PT. Tanjung Power Indonesia	1,972	5		(112)
Incheon New Power Co., Ltd.	9,633	8,185	455	(98)
Seokmun Energy Co., Ltd.	6,272	6,101		(1,049)

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September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(4) Summary of financial information of associates and joint ventures as of and for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:

In millions of won

	December 31, 2013			
Investees	Total assets	Total liabilities	Sales	Profit (loss) for the period
<Associates>				
Daegu Green Power Co., Ltd.	461,503	305,157	295	(52)
Korea Gas Corporation	43,666,375	34,733,597	37,458,950	(200,707)
Korea Electric Power Industrial Development Co., Ltd.	139,764	62,350	289,085	12,658
YTN Co., Ltd.	410,384	230,977	120,124	3,090
Cheongna Energy Co., Ltd.	429,095	370,940	44,455	(11,278)
Gangwon Wind Power Co., Ltd.	141,572	54,000	38,973	20,035
Hyundai Green Power Co., Ltd.	1,217,193	837,339	339,567	29,580
Korea Power Exchange	214,012	24,469	84,257	13,592
AMEC Partners Korea	1,594	600	1,650	251
Hyundai Energy Co., Ltd.	548,467	449,949	33,010	(41,604)
Ecollite Co., Ltd.	5,085	2,005		(2,663)
Taebaek Wind Power Co., Ltd.	58,705	36,495	11,595	6,986
Alternergy Philippine Investments Corporation	3,088	89		(664)
Muju Wind Power Co., Ltd.	10,830			(13)
Pyeongchang Wind Power Co., Ltd.	2,400	1		(55)
Daeryun Power Co., Ltd.	608,267	484,032		(1,321)
JinanJangsu Wind Power Co., Ltd.	310			(1)
Changjuk Wind Power Co., Ltd.	51,653	30,506	11,818	7,635
KNH Solar Co., Ltd.	29,530	24,449	4,940	1,073
SPC Power Corporation	140,236	15,138	53,862	29,730
Gemeng International Energy Co., Ltd.	5,758,480	3,968,262	1,642,121	102,631
PT. Cirebon Electric Power	1,004,891	885,522	300,011	37,466
KNOC Nigerian East Oil Co., Ltd.	237,211	290,240		(7,445)
KNOC Nigerian West Oil Co., Ltd.	143,874	191,302		(5,363)
Dolphin Property Limited	6,173	7,053	558	(159)

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

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September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(4) Summary of financial information of associates and joint ventures as of and for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:

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

Investees	Total assets	Total liabilities	Sales	Profit (loss) for the period
Daegu Photovoltaic Co., Ltd.	22,580	17,980	1,829	439
Jeongam Wind Power Co., Ltd.	855	44		(1,189)
Korea Power Engineering Service Co., Ltd.	2,123	107	4,658	1,016
Golden Route J Solar Power Co., Ltd.	5,623	4,637	711	171
<Joint ventures>				
KEPCO-Uhde Inc.	16,136	1,686		(1,137)
Eco Biomass Energy Sdn. Bhd.				
Datang Chaoyang Renewable Power Co., Ltd.	168,058	97,656	21,013	2,392
Shuweihat Asia Power Investment B.V.	152	23		(70)
Shuweihat Asia Operation & Maintenance Company	181	128		
Waterbury Lake Uranium L.P.	57,600	131		
ASM-BG Investicii AD	108,869	68,692	15,364	5,249
RES Technology AD	100,140	68,050	10,110	699
KV Holdings, Inc.	4,606			768
KEPCO SPC Power Corporation	499,241	308,691	170,681	26,856
Canada Korea Uranium Limited Partnership	41,636	42		
KEPCO Energy Resource Nigeria Limited	416,632	409,294		(11,328)
Gansu Datang Yumen Wind Power Co., Ltd.	113,565	65,472	10,397	(3,245)
Datang Chifeng Renewable Power Co., Ltd.	932,146	516,236	115,588	26,302
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	71,338	44,827	9,755	2,316
Rabigh Electricity Company	2,684,208	2,486,086	237,775	34,116
Rabigh Operation & Maintenance Company	17,857	7,651	25,636	13,243
Jamaica Public Service Company Limited	1,270,886	762,970	1,194,263	(784)
KW Nuclear Components Co., Ltd.	24,401	18,898	9,785	3,551

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Busan Shinho Solar power Co., Ltd.	56,191	44,746	8,944	3,025
STX Electric Power Co., Ltd.				
(Newly, GS Donghae Electric Power Co., Ltd.)	367,307	12,378		(1,646)
Yeongam Wind Power Co., Ltd.	94,823	71,509	939	(144)
Global Trade Of Power System Co., Ltd.	866	6	2,393	148
Expressway Solar-light Power Generation Co., Ltd.	21,435	15,009	2,804	(4,293)
KODE NOVUS I LLC.	115,450	96,442	2,819	(7,416)
KODE NOVUS II LLC.	57,931	38,523	1,530	(3,959)
Daejung Offshore Wind Power Co., Ltd.	8,299	12		(1,017)
Amman Asia Electric Power Company	669,925	484,400		(1,506)
KEPCO-ALSTOM Power Electronics Systems, Inc.	9,972	643	387	(1,649)
Dongbu Power Dangjin Corporation	94,768	2,578		(3,235)
Honam Wind Power Co., Ltd.	25,887	19,519		(1,310)
Nepal Water & Energy Development Company Pty Ltd.	36,040	14,382		(1,572)
Kelar S.A.	1,019			(1,573)
PT. Tanjung Power Indonesia	1,061	27		(22)
Incheon New Power Co., Ltd.	4,531	2,984		(13)
Seokmun Energy Co., Ltd.	1,647	426		(779)

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of September 30, 2014 and December 31, 2013 are as follows:

In millions of won

	September 30, 2014					
	Net	Percentage	Share in	Investmen	Intercompany	Book
Investees	assets	of	net assets	differential	transaction	Others
		ownership				
<Associates>						
Daegu Green Power Co., Ltd.	150,208	47.80%	71,799	145		71,944
Korea Gas Corporation	9,524,845	21.57%	2,054,509			2,054,509
Korea Electric Power Industrial Development Co., Ltd.	75,712	29.00%	21,957			21,957
YTN Co., Ltd.	159,590	21.43%	34,200		(63)	34,137
Cheongna Energy Co., Ltd.	48,498	43.90%	21,290	2,584		23,874
Gangwon Wind Power Co., Ltd.	76,294	15.00%	11,444		49	11,493
Hyundai Green Power Co., Ltd.	369,758	29.00%	107,230			107,230
Korea Power Exchange	203,062	100.00%	203,062			203,062
AMEC Partners Korea	1,071	19.00%	204			204
Hyundai Energy Co., Ltd.	85,244	45.10%	38,445		(1,174)	37,271
Ecollite Co., Ltd.	1,798	36.10%	649		(649)	
Taebaek Wind Power Co., Ltd.	21,269	25.00%	5,317		(1,073)	4,244
Muju Wind Power Co., Ltd.	10,825	25.00%	2,706			2,706
Pyeongchang Wind Power Co., Ltd.	15,068	25.00%	3,767			3,767
	194,562	14.26%	27,745		(14)	27,731

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Daeryun Power Co., Ltd.					
JinanJangsu Wind Power Co., Ltd.	308	25.00%	77		77
Changjuk Wind Power Co., Ltd.	20,577	30.00%	6,173	(1,340)	4,833
KNH Solar Co., Ltd.	6,183	27.00%	1,669	(589)	1,080
SPC Power Corporation	119,974	38.00%	45,590		45,590
Gemeng International Energy Co., Ltd.	1,849,379	34.00%	628,789		628,789
PT. Cirebon Electric Power	142,432	27.50%	39,169		39,169
KNOC Nigerian East Oil Co., Ltd.	(58,225)	14.63%	(8,518)		8,518
KNOC Nigerian West Oil Co., Ltd.	(53,435)	14.63%	(7,818)		7,818
Dolphin Property Limited	304	15.00%	46	16	62
E-Power S.A.	13,390	30.00%	4,017	1,024	5,041
PT Wampu Electric Power	29,492	46.00%	13,566		13,566
PT. Bayan Resources TBK	274,773	20.00%	54,955	503,526	558,481
S-Power Co., Ltd.	267,270	40.00%	106,908		106,908
Pioneer Gas Power Limited	67,470	40.00%	26,988	23,099	50,087
Eurasia Energy Holdings	(421)	40.00%	(169)		169
Xe-Pian Xe-Namnoy Power Co., Ltd.	62,496	25.00%	15,624	5,877	21,501
Busan Solar Co., Ltd.	4,098	19.80%	812	(418)	394
Hadong Mineral Fiber Co., Ltd.	11	25.00%	3		3
Green Biomass Co., Ltd.	(282)	34.00%			
PT. Mutiara Jawa	3,414	29.00%	990	70	1,060
Noeul Green Energy Co., Ltd.	1,000	20.00%	200		200
Naepo Green Energy Co., Ltd.	83,788	25.00%	20,947		20,947
Goseong Green Energy Co. Ltd.	8,638	29.00%	2,505		2,505
Gangneung Eco Power Co., Ltd.	9,393	29.00%	2,724		2,724
Shin Pyeongtaek Power Co., Ltd.	41	40.00%	16		16
Heang Bok Do Si Photovoltaic Power Co., Ltd.	689	28.00%	193		193
Jeonnam Solar Co., Ltd.	7,337	10.00%	734		734
DS POWER Co., Ltd.	121,020	14.49%	17,536	(795)	16,741

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Dongducheon Dream Power Co., Ltd.	309,679	33.61%	104,083	(4,883)	(7)	99,193
KS Solar Corp. Ltd.	3,854	19.00%	732	(72)		660
Yeongwol Energy Station Co., Ltd.	12,423	10.00%	1,242			1,242
Jinbhuvish Power Generation	56,188	5.16%	2,899	5,449	(30)	8,318
SE Green Energy Co., Ltd.	7,603	47.76%	3,631			3,631
Daegu Photovoltaic Co., Ltd.	5,317	29.00%	1,542			1,542
Jeongam Wind Power Co., Ltd.	301	40.00%	120			120
Korea Power Engineering Service Co., Ltd.	3,429	29.00%	994			994

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September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of September 30, 2014 and December 31, 2013 are as follows, continued:

In millions of won

	September 30, 2014					
	Net	Percentage	Share in	Investment	Intercompany	Book
Investees	assets	of	net	differential	transaction	value
		ownership	assets		Others	
<Joint ventures>						
KEPCO-Uhde Inc.	13,845	66.00%	9,138		12	9,150
Eco Biomass Energy Sdn. Bhd.		61.53%				
Datang Chaoyang Renewable Power Co., Ltd.	65,659	40.00%	26,264			26,264
Shuweiha Asia Power Investment B.V.	38,705	49.00%	18,965		(29)	18,936
Shuweiha Asia Operation & Maintenance Company	1,795	55.00%	987		(1)	986
Waterbury Lake Uranium L.P.	56,513	40.00%	22,605		(705)	21,900
ASM-BG Investicii AD	39,757	50.00%	19,879			19,879
RES Technology AD	30,636	50.00%	15,318			15,318
KV Holdings, Inc.	4,516	40.00%	1,807			1,807
KEPCO SPC Power Corporation	233,644	75.20%	175,700			175,700
Canada Korea Uranium Limited Partnership	41,594	12.50%	5,199		(5,199)	
KEPCO Energy Resource Nigeria Limited	(16,137)	30.00%	(4,841)		4,841	
Gansu Datang Yumen Wind Power Co., Ltd.	43,973	40.00%	17,589			17,589
Datang Chifeng Renewable Power Co., Ltd.	393,155	40.00%	157,262		(34)	157,228
	24,788	40.00%	9,915			9,915

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Datang KEPCO Chaoyang Renewable Power Co., Ltd.					
Rabigh Electricity Company	214,925	40.00%	85,970	(80,695)	5,275
Rabigh Operation & Maintenance Company	10,062	40.00%	4,025		4,025
Jamaica Public Service Company Limited	358,538	40.00%	143,415	130,726	(7,314) 266,828
KW Nuclear Components Co., Ltd.	6,813	43.36%	2,954	90	3,044
Busan Shinho Solar power Co., Ltd.	12,926	25.00%	3,231		3,231
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	593,082	34.00%	201,648		201,648
Global Trade Of Power System Co., Ltd.	1,071	29.00%	311		311
Expressway Solar-light Power Generation Co., Ltd.	6,964	29.00%	2,019		2,019
KODE NOVUS I LLC.	16,328	50.00%	8,164	4,732	12,896
KODE NOVUS II LLC.	16,737	49.00%	8,201		8,201
Daejung Offshore Wind Power Co., Ltd.	7,614	49.90%	3,799		3,799
Amman Asia Electric Power Company	200,546	60.00%	120,328	(79)	120,249
KEPCO-ALSTOM Power Electronics Systems, Inc.	9,833	51.00%	5,015		5,015
Dongbu Power Dangjin Corporation	89,505	40.00%	35,802	2,226	38,028
Honam Wind Power Co., Ltd.	10,055	29.00%	2,916	32	2,948
Nepal Water & Energy Development Company Pty Ltd.	23,077	52.21%	12,048	972	13,020
Chun-cheon Energy Co., Ltd.	39	29.90%	12	3	15
Yeonggwangbaeksu Wind Power Co., Ltd.	17,794	15.00%	2,669	(1,669)	1,000
Nghi Son 2 Power Ltd.	225	50.00%	113		113
Kelar S.A.	(7,356)	65.00%	(4,781)	4,781	
PT. Tanjung Power Indonesia	1,967	35.00%	688		688
Incheon New Power Co., Ltd.	1,449	29.00%	420		420
Seokmun Energy Co., Ltd.	172	34.00%	58		58

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of September 30, 2014 and December 31, 2013 are as follows, continued:

In millions of won

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

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JinanJangsu Wind Power Co., Ltd.	309	25.00%	77		77
Changjuk Wind Power Co., Ltd.	21,147	30.00%	6,344		6,344
KNH Solar Co., Ltd.	5,081	27.00%	1,372		1,372
SPC Power Corporation	125,098	38.00%	47,537	124	47,661
Gemeng International Energy Co., Ltd.	1,790,218	34.00%	608,674		608,674
PT. Cirebon Electric Power	119,369	27.50%	32,826		32,826
KNOC Nigerian East Oil Co., Ltd.	(53,029)	14.63%	(7,758)	7,758	
KNOC Nigerian West Oil Co., Ltd.	(47,429)	14.63%	(6,939)	6,939	
Dolphin Property Limited	(880)	15.00%	(132)	132	
E-Power S.A.	14,311	30.00%	4,293	991	5,284
PT Wampu Electric Power	32,871	46.00%	15,121		15,121
PT. Bayan Resources TBK	330,776	20.00%	66,155	513,379	579,534
S-Power Co., Ltd.	268,161	40.00%	107,264		107,264
Pioneer Gas Power Limited	64,129	40.00%	25,652	18,014	43,666
Eurasia Energy Holdings	(423)	40.00%	(169)	169	
Xe-Pian Xe-Namnoy Power Co., Ltd.	52,720	25.00%	13,180	4,878	18,058
Busan Solar Co., Ltd.	3,743	19.80%	741		741
Hadong Mineral Fiber Co., Ltd.	12	25.00%	3		3
Green Biomass Co., Ltd.	504	34.00%	171		171
Gumi-ochang Photovoltaic Power Co., Ltd.	3,894	10.00%	389		389
Chungbuk Photovoltaic Power Co., Ltd.	1,844	10.00%	184		184
Cheonan Photovoltaic Power Co., Ltd.	1,478	10.00%	148		148
PT. Mutiara Jawa	5,504	29.00%	1,596	70	1,666

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of September 30, 2014 and December 31, 2013 are as follows, continued:

In millions of won

Investees	December 31, 2013						Book value
	Net assets	Percentage of ownership	Share in net assets	Investment differential	Intercompany transaction	Others	
Hyundai Asan Solar Power Co., Ltd.	4,129	10.00%	413	49			462
Heang Bok Do Si Photovoltaic Power Co., Ltd.	324	28.00%	91				91
Jeonnam Solar Co., Ltd.	6,960	10.00%	696				696
DS POWER Co., Ltd.	123,648	10.91%	13,495			4,405	17,900
D Solar Energy Co., Ltd.	3,627	10.00%	363	1			364
Dongducheon Dream Power Co., Ltd.	314,580	43.61%	137,188	(2,790)			134,398
KS Solar Corp. Ltd.	2,677	19.00%	509	28			537
KOSCON Photovoltaic Co., Ltd.	1,657	19.00%	315				315
Yeongwol Energy Station Co., Ltd.	6,829	13.30%	908				908
Yeonan Photovoltaic Co., Ltd.	648	19.00%	123				123
Q1 Solar Co., Ltd.	3,512	28.00%	983				983
Jimbhuvish Power Generation	59,032	5.16%	3,046	5,449			8,495
Best Solar Energy Co., Ltd.	3,906	23.00%	898				898
Seokcheon Solar Power Co., Ltd.	10,755	9.73%	1,046				1,046
SE Green Energy Co., Ltd.	7,841	47.76%	3,745				3,745

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Daegu Photovoltaic Co., Ltd.	4,600	29.00%	1,334		1,334
Jeongam Wind Power Co., Ltd.	811	40.00%	324		324
Korea Power Engineering Service Co., Ltd.	2,016	29.00%	585		585
Golden Route J Solar Power Co., Ltd.	987	10.00%	99		99
<Joint ventures>					
KEPCO-Uhde Inc.	14,450	66.00%	9,537		9,537
Eco Biomass Energy Sdn. Bhd.		61.53%			
Datang Chaoyang Renewable Power Co., Ltd.	70,402	40.00%	28,161		28,161
Shuweiha Asia Power Investment B.V.	129	49.00%	63		63
Shuweiha Asia Operation & Maintenance Company	53	55.00%	29		29
Waterbury Lake Uranium L.P.	57,469	40.00%	22,988	54	23,042
ASM-BG Investicii AD	40,177	50.00%	20,088		20,088
RES Technology AD	32,090	50.00%	16,045		16,045
KV Holdings, Inc.	4,606	40.00%	1,842		1,842
KEPCO SPC Power Corporation	190,551	75.20%	143,294		143,294
Canada Korea Uranium Limited Partnership	41,594	12.50%	5,199	(5,199)	
KEPCO Energy Resource Nigeria Limited	7,338	30.00%	2,202		2,202
Gansu Datang Yumen Wind Power Co., Ltd.	48,093	40.00%	19,237		19,237
Datang Chifeng Renewable Power Co., Ltd.	415,910	40.00%	166,364	(34)	166,330
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	26,510	40.00%	10,604		10,604
Rabigh Electricity Company	198,123	40.00%	79,249	(79,249)	
Rabigh Operation & Maintenance Company	10,206	40.00%	4,082		4,082
Jamaica Public Service Company Limited	507,916	40.00%	203,166	130,726	(65,870) 268,022
KW Nuclear Components Co., Ltd.	5,503	45.00%	2,476		2,476
Busan Shinho Solar power Co., Ltd.	11,445	25.00%	2,861	10	2,871
	354,929	49.00%	173,915		173,915

STX Electric Power Co., Ltd. (Newly, GS Donghae Electric Power Co., Ltd.)					
Yeongam Wind Power Co., Ltd.	23,315	49.00%	11,424		11,424
Global Trade Of Power System Co., Ltd.	860	29.00%	249		249
Expressway Solar-light Power Generation Co., Ltd.	6,426	29.00%	1,863		1,863
KODE NOVUS I LLC.	19,009	50.00%	9,504	4,733	14,237

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

- (5) Financial information of associates and joint ventures converted to the Company's shares in net assets as of September 30, 2014 and December 31, 2013 are as follows, continued:

In millions of won

Investees	December 31, 2013			Investment differential	Intercompany transaction	Others	Book value
	Net assets	Percentage of ownership	Share in net assets				
KODE NOVUS II LLC.	19,408	49.00%	9,510				9,510
Daejung Offshore Wind Power Co., Ltd.	8,287	49.90%	4,135				4,135
Amman Asia Electric Power Company	185,525	60.00%	111,315				111,315
KEPCO-ALSTOM Power Electronics Systems, Inc.	9,329	51.00%	4,758				4,758
Dongbu Power Dangjin Corporation	92,190	40.00%	36,876	2,226			39,102
Honam Wind Power Co., Ltd.	6,368	30.00%	1,910	23			1,933
Nepal Water & Energy Development Company Pty Ltd.	21,659	43.57%	9,437	972			10,409
Kelar S.A	1,019	65.00%	663	3,517			4,180
PT. Tanjung Power Indonesia	1,034	35.00%	361				361
Incheon New Power Co., Ltd.	1,548	29.00%	449				449
Seokmun Energy Co., Ltd.	1,221	34.00%	415				415

- (6) As of September 30, 2014, there is no unrecognized equity interest in investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses.

- (7) As of September 30, 2014, shareholders' agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows:

(i) Gemeng International Energy Co., Ltd.

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

(ii) Hyundai Energy Co., Ltd.

As of September 30, 2014, Hyundai Energy Co., Ltd., an associate of the Company, which engages in the integrated energy business, carries long-term borrowings for project financing amounting to 450 billion from Korea Development Bank and others.

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

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

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September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

(7) As of September 30, 2014, shareholders' agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows, continued:

(iii) Taebaek Wind Power Co., Ltd.

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

(iv) Pyeongchang Wind Power Co., Ltd.

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

(v) Daeryun Power Co., Ltd.

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

(vi) Jeongam Wind Power Co., Ltd.

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

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

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

(viii) Dongducheon Dream Power Co., Ltd.

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

(ix) DS Power Co., Ltd.

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

17. Investments in Associates and Joint Ventures, Continued

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

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

Principal and interest, dividends to shareholders cannot be paid without written consent of financial institutions.

DS Power Co., Ltd.

Shares cannot be transferred whole or in partial, except for permitted by the agreement.

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September 30, 2014

(Unaudited)

18. Property, Plant and Equipment**(1) Property, plant and equipment as of September 30, 2014 and December 31, 2013 are as follows:***In millions of won*

	September 30, 2014				
	Acquisition	Government	Accumulated	Accumulated	Book
	cost	grants	depreciation	impairment	value
				losses (*)	
Land	13,915,956	(3,085)			13,912,871
Buildings	13,049,676	(43,845)	(4,552,500)	(853)	8,452,478
Structures	53,488,067	(194,534)	(15,631,200)	(1,183)	37,661,150
Machinery	48,971,797	(97,926)	(15,875,609)	(46,231)	32,952,031
Ships	5,011		(3,849)		1,162
Vehicles	195,961	(49)	(153,874)		42,038
Equipment	910,384	(726)	(739,335)		170,323
Tools	730,341	(237)	(611,252)		118,852
Construction-in-progress	34,023,938	(141,279)			33,882,659
Finance lease assets	2,385,229		(1,743,570)		641,659
Asset retirement costs	7,752,724		(2,371,196)		5,381,528
Others	8,383,730		(6,199,261)		2,184,469
	183,812,814	(481,681)	(47,881,646)	(48,267)	135,401,220

In millions of won

	December 31, 2013				
	Acquisition	Government	Accumulated	Accumulated	Book
	cost	grants	depreciation	impairment	value
				losses (*)	
Land	13,784,026	(3,137)			13,780,889
Buildings	12,672,055	(45,396)	(4,121,506)	(852)	8,504,301
Structures	52,080,007	(193,189)	(14,259,717)	(1,183)	37,625,918
Machinery	47,073,366	(101,808)	(13,297,596)	(46,231)	33,627,731
Ships	5,014		(3,592)		1,422
Vehicles	195,045	(83)	(149,326)		45,636
Equipment	866,999	(707)	(679,842)		186,450

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Tools	716,749	(312)	(577,085)		139,352
Construction-in-progress	27,452,032	(117,728)			27,334,304
Finance lease assets	2,385,231		(1,650,046)		735,185
Asset retirement costs	7,787,832		(2,133,236)		5,654,596
Others	7,679,146		(5,677,334)		2,001,812
	172,697,502	(462,360)	(42,549,280)	(48,266)	129,637,596

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

18. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

*In millions of won***September 30, 2014**

	Beginning balance	Acquisition	Disposal	Depreciation	Others	Ending balance
Land	13,784,026	30,683	(15,745)		116,992	13,915,956
(Government grants)	(3,137)		53		(1)	(3,085)
Buildings	8,549,697		(4,034)	(430,117)	380,777	8,496,323
(Government grants)	(45,396)		106	2,498	(1,053)	(43,845)
Structures	37,819,108		(746,633)	(1,510,613)	2,293,822	37,855,684
(Government grants)	(193,190)		1,072	6,643	(9,059)	(194,534)
Machinery	33,729,539	181,591	(116,735)	(2,633,183)	1,888,745	33,049,957
(Government grants)	(101,808)		202	7,295	(3,615)	(97,926)
Ships	1,422			(260)		1,162
Vehicles	45,719	1,589	(12)	(15,618)	10,409	42,087
(Government grants)	(83)			34		(49)
Equipment	187,158	25,545	(270)	(60,692)	19,308	171,049
(Government grants)	(708)			271	(289)	(726)
Tools	139,665	13,976	(1,543)	(43,385)	10,376	119,089
(Government grants)	(313)			104	(28)	(237)
Construction-in-progress	27,452,029	10,434,727	(658)		(3,862,160)	34,023,938
(Government grants)	(117,725)	(26,178)			2,624	(141,279)
Finance lease assets	735,185		(129)	(93,729)	332	641,659
Asset retirement cost	5,654,596			(430,599)	157,531	5,381,528
Others	2,001,812	4,399	(53)	(521,898)	700,209	2,184,469
	129,637,596	10,666,332	(884,379)	(5,723,249)	1,704,920	135,401,220

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

18. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:

In millions of won

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

(3)

The Company is scheduled to move its headquarters to Naju, Jeollanam-do, in November as part of the government's plan to relocate state-run companies for balanced national development. Hyundai Motor and two of its affiliates won the bid to buy the buildings and land of the Company's headquarters by offering 10.55 trillion. The total sale value amounted to 10.55 trillion and the ownership is expected to be transferred in September 25, 2015. The Company is scheduled to reclassify the buildings and land as held-for-sales assets after the construction of the Naju headquarters is completed which is estimated to be in December 2014 and also, the Company recognized contract deposit amounted to 1.55 trillion as advance received during the nine-month period ended September 30, 2014.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

19. Investment Properties**(1) Investment properties as of September 30, 2014 and December 31, 2013 are as follows:**

	September 30, 2014			
	Acquisition	Government	Accumulated	Accumulated
	cost	grants	depreciation	impairment losses
				Book value
Land	528,392			528,392
Buildings	39,812	(11)	(16,540)	23,261
	568,204	(11)	(16,540)	551,653

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

(2) Changes in investment properties for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

	September 30, 2014					
	Beginning balance	Acquisition	Disposals	Depreciation	Impairment	Others
						Ending balance
Land	516,440					11,952
Buildings	21,899			(626)		1,999
(Government grants)	(12)			1		

538,327 (625) 13,951 551,653

In millions of won

December 31, 2013

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

19. Investment Properties, Continued

- (3) **Income and expenses related to investment properties for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Rental income	3,112	7,930	2,560	7,625
Operating and maintenance expenses (related to investment property which incurs rental income)	(209)	(625)	(227)	(685)
	2,903	7,305	2,333	6,940

- (4) **Fair value of investment properties as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
Land	528,392	565,611	516,440	541,564
Buildings	23,261	24,112	21,887	22,680
	551,653	589,723	538,327	564,244

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

- (5) **All of the Company'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, 2014 and for the year ended December 31, 2013 are as follows:**

In millions of won

	September 30, 2014			
	Beginning balance	Increase and decrease(*)	Recognized revenue	Ending balance
Nuclear power plant construction in UAE	18,522,411	(78,399)	(1,730,437)	16,713,575
Kazakhstan EPC and others	811,005	201,566	(360,608)	651,963
	19,333,416	123,167	(2,091,045)	17,365,538

- (*) For the nine-month period ended September 30, 2014, the increased balance of contracts from new orders and other is 255,417 million and the decreased balance of contracts from changes in size of construction is 132,250 million.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

20. Construction Contracts, Continued

- (1) **Changes in balance of construction contracts for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:**

In millions of won

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

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

- (2) **Accumulated earned revenue, expense and others related to the Company's construction as of September 30, 2014 and December 31, 2013 are as follows:**

In millions of won

	September 30, 2014			
	Accumulated earned revenue	Accumulated expense	Accumulated profit	Unearned advance receipts
Nuclear power plant construction in UAE	6,691,257	6,328,234	363,023	
Kazakhstan EPC and others	1,192,454	1,137,793	54,661	
	7,883,711	7,466,027	417,684	

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

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

20. Construction Contracts, Continued

- (3) Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Assets (*1)	Liabilities (*2)	Assets (*1)	Liabilities (*2)
Nuclear power plant construction in UAE		980,198		812,642
Kazakhstan EPC and others	189,153	3,013	98,726	30,907
	189,153	983,211	98,726	843,549

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

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

21. Intangible Assets other than Goodwill**(1) Intangible assets as of September 30, 2014 and December 31, 2013 are as follows:***In millions of won*

	September 30, 2014				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Software	348,652	(375)	(295,683)		52,594
Licenses and franchises	3,398		(3,326)		72
Copyrights, patents rights and other industrial rights	31,642		(8,491)		23,151
Mining rights	472,913		(1,232)		471,681
Development expenditures	729,831	(9,158)	(667,650)		53,023
Intangible assets under development	64,539	(10,096)			54,443
Usage rights of donated assets and other	373,376	(45)	(315,346)		57,985
Leasehold rights	19,112		(18,325)		787
Others	153,521	(1)	(70,220)	(12,579)	70,721
	2,196,984	(19,675)	(1,380,273)	(12,579)	784,457

In millions of won

	December 31, 2013				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Software	335,489	(428)	(269,740)		65,321
Licenses and franchises	3,398		(3,190)		208
Copyrights, patents rights and other industrial rights	31,218		(6,265)		24,953
Mining rights	476,844		(6,286)		470,558
Development expenditures	722,082	(11,705)	(645,928)		64,449
Intangible assets under development	52,050	(7,792)			44,258
Usage rights of donated assets and other	373,376	(53)	(308,666)		64,657
Leasehold rights	19,112		(18,300)		812

Others	152,917	(1)	(64,889)	(12,579)	75,448
	2,166,486	(19,979)	(1,323,264)	(12,579)	810,664

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

21. Intangible Assets other than Goodwill, Continued**(2) Changes in intangible assets for the nine-month period ended September 30, 2014 and for the year ended December 31 are as follows:***In millions of won*

	September 30, 2014						
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others	Ending balance
Software	65,751	4,198		(24,891)		7,911	52,969
(Government grants)	(430)			118		(63)	(375)
Licenses and franchises	208			(136)			72
Copyrights, patents rights and other industrial rights	24,953	229		(2,215)		184	23,151
Mining rights	470,558	23,635		(1,525)		(20,987)	471,681
Development expenditures	76,154	1,446		(21,515)		6,096	62,181
(Government grants)	(11,705)			2,964		(417)	(9,158)
Intangible assets under development	52,050	19,841			(11)	(7,341)	64,539
(Government grants)	(7,792)	(3,001)				697	(10,096)
Usage rights of donated assets and other	64,710			(6,644)		(36)	58,030
(Government grants)	(53)			8			(45)
Leasehold rights	812			(25)			787
Others	75,449	9	(4)	(4,310)		(422)	70,722
(Government grants)	(1)						(1)
	810,664	46,357	(4)	(58,171)	(11)	(14,378)	784,457

In millions of won

	December 31, 2013						
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others	Ending balance
Software	83,370	12,311		(39,419)		9,489	65,751
(Government grants)	(199)			160		(391)	(430)
Licenses and franchises	844			(636)			208

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

21. Intangible Assets other than Goodwill, Continued**(3) Significant specific intangible assets as of September 30, 2014 and December 31, 2013 are as follows:***In millions of won and thousands of Australian dollars*

		September 30, 2014		
Type	Description	Currency	Amount	Remaining useful years
Software	ERP system and others			9 months ~
		KRW	8,653	1 years and 5 months
Copyrights, patents rights and other industrial rights	Smart technology verification			
	and standard design project conducting right	KRW	8,000	8 years
Mining rights	Mining right of Bylong mine	AUD	401,225	(*)
Development expenditures	KOSPO Evolutionary Efficient & Powerful System(KEEPS)	KRW	6,040	2 years and 9 months
Development expenditures	Development of maintenance system for utility plant	KRW	1,791	3 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	7,528	
Usage rights of donated assets	Songdo international business district (sector 1, 3) sharing charge	KRW	4,697	3 years and 1 months
Usage rights of donated assets	Dangjin power plant load facility usage right	KRW	40,926	6 years and 6 months
Others	Shingwangju electricity supply facility usage right	KRW	3,137	4 years and 8 months
Others		KRW	3,201	7 years and 2 months

Sillim electricity supply facility
usage right

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

21. Intangible Assets other than Goodwill, Continued**(3) Significant specific intangible assets as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of Australian dollars***December 31, 2013**

Type	Description	Currency	Amount	Remaining useful years
Software	ERP system and others	KRW	8,163	1 year and 11 months ~ 2 years and 2 months
Copyrights, patents rights and other industrial rights	Smart technology verification and standard design project conducting right	KRW	8,750	8 years and 9 months
Mining rights	Mining right of Bylong mine	AUD	401,225	(*)
Development expenditures	KOSPO Evolutionary Efficient & Powerful System(KEEPS)	KRW	8,629	3 years and 6 months
Development expenditures	Development of maintenance system for utility plant	KRW	2,212	3 years and 11 months
Intangible assets under development	Contributions to APR NRC DC	KRW	18,252	
Intangible assets under development	CHF testing for best representative of HIPER/X2-Gen Fuel and development of best explanatory CHF correlation	KRW	7,448	
Usage rights of donated assets	Songdo international business district (sector 1, 3) sharing charge	KRW	5,840	3 years and 10 months
Usage rights of donated assets	Dangjin power plant load facility usage right	KRW	45,648	7 years and 3 months
Others	Shingwangju electricity supply facility usage right	KRW	3,641	5 years and 5 months
Others		KRW	3,536	7 years and 11 months

Sillim electricity supply facility
usage right

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

(4) For the nine-month periods ended September 30, 2014 and 2013, the Company recognized research and development expenses of 378,304 million and 379,625 million, respectively.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

22. Trade and Other Payables

Trade and other payables as of September 30, 2014 and the December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Trade payables	2,108,945		3,107,082	
Other trade payables	1,273,725	3,185,786	1,475,048	3,068,631
Accrued expenses	991,789	2,418	1,076,868	2,318
Leasehold deposits received	1,817		1,636	
Other deposits received	174,879	95,627	115,216	90,055
Finance lease liabilities	109,701	687,460	115,308	769,658
Dividends payable	1,210		1,605	
Others		30,764		40,857
	4,662,066	4,002,055	5,892,763	3,971,519

23. Borrowings and Debt Securities

(1) Borrowings and debt securities as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Current liabilities		
Short-term borrowings	840,540	579,327
Current portion of long-term borrowings	960,808	893,532
Current portion of debt securities	5,555,892	6,625,007
Less: Current portion of discount on long-term borrowings	(962)	(1,997)
Less: Current portion of discount on debt securities	(2,806)	(8,371)
	7,353,472	8,087,498

Non-current liabilities

Long-term borrowings	3,667,135	4,555,769
Debt securities	51,107,644	48,367,149
Less : Discount on long-term borrowings	(15,692)	(17,379)
Less : Discount on debt securities	(104,652)	(105,240)
Add: Premium on debt securities	284	353
	54,654,719	52,800,652
	62,008,191	60,888,150

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

23. Borrowings and Debt Securities, Continued**(2) Short-term borrowings as of September 30, 2014 and December 31, 2013 are as follows:***In millions of won and thousands of dollars***September 30, 2014**

Type	Creditor	Interest rate (%)	Foreign currency		Local currency
Local commercial paper	Shinhan Bank and others	2.33 ~ 2.60			630,000
Foreign short-term borrowings	RBS and others	0.33 ~ 0.76	USD	187,093	196,560
Local bank overdraft	Woori Bank	Standard overdraft rate + 1.27			13,980
					840,540

*In millions of won and thousands of dollars***December 31, 2013**

Type	Creditor	Interest rate (%)	Foreign currency		Local currency
Local short-term borrowings	Shinhan Bank and others	2.78			70,000
Local commercial paper	Korea Exchange Bank and others	2.80 ~ 2.85			297,500
Foreign short-term borrowings	ANZ and others	0.67 ~ 6.50	USD	154,313	162,846
Foreign short-term borrowings	Scotia Bank	TIIE + 1.25	USD	5,447	5,748
Local bank overdraft	Woori Bank	Standard overdraft rate + 1.27			43,233
					579,327

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

23. Borrowings and Debt Securities, Continued**(3) Long-term borrowings as of September 30, 2014 and December 31, 2013 are as follows :***In millions of won and thousands of foreign currencies*

September 30, 2014					
Type		Interest rate (%)		Foreign Maturity	Local currency
Local long-term borrowings					
Korea Development Bank	Others	0.50		2015 ~ 2044	7,369
	Facility	4.60		2028	43,600
	Facility	3yr KTB rate	1.25	2027	9,000
Korea Exchange Bank	Commercial Paper	3M CD + 0.03 ~ 0.54		2014 ~ 2017	1,100,000
	Facility	3yr KTB rate	1.25	2021 ~ 2028	11,248
	Facility	4.60		2028	20,000
	Energy rationalization	3yr KTB rate	1.25	2019	900
	Energy rationalization	2.75 ~ 3.70		2015 ~ 2017	7,793
Industrial Bank of Korea	Others	KTB rate	1.25	2016	8,000
Hana Bank	PF Refinancing	CD+1.70		2026	21,613
	PF Refinancing	4.80		2026	11,992
Export-Import Bank of Korea	Project loans	2.00		2026	35,355
Korea Finance Corporation	Facility	1yr KoFC bond rate + 0.20 ~ 0.31		2018 ~ 2019	1,700,000
Korea Resources Corporation	Development of power resources				
		3yr KTB rate	2.25	2022 ~ 2027	48,896
	Facility	3yr KTB rate	2.25	2023 ~ 2024	5,098
	Project loans			2022 ~ 2027	8,677
	Others	KTB rate-2.25		2024 ~ 2025	13,707
Shinhan Bank and others	Facility	3yr Corporate bond AA-+		2028	30,000
		1.10			

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Woori Bank	PF Refinancing	CD+1.70	2023 ~ 2026	21,613
	PF Refinancing	4.80	2026	11,991
Others	Facility	4.60 ~ 5.80	2025 ~ 2028	157,320
	PF Refinancing	4.80	2026	17,267
	PF Refinancing	CD+1.70	2026	523
	Others	Floating	2028	7,250
	Others	Fixed		58,927
				3,358,139

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

23. Borrowings and Debt Securities, Continued**(3) Long-term borrowings as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

		September 30, 2014					
Type		Interest rate	Maturity	Foreign currency		Local currency	
		(%)					
Foreign long-term borrowings							
Korea National Oil Corporation	Project loans		2021 ~ 2023	USD	8,784		9,229
Export-Import Bank of Korea and others	Direct loans and others	3M Libor + 2.60 ~ 3.70	2027	JOD	201,377		298,276
	Commercial loans and others	3M Libor + 1.50 ~ 2.50	2014 ~ 2033	USD	316,442		332,454
SCNT and others	Shareholder's loan	6.50	2033	USD	35,063		36,837
	Shareholder's loan	8.00	2031	JOD	8,498		12,587
PT PJB and others	Shareholder's loan	12.75	2017	IDR	22,368,029		1,930
HSBC and others	Syndicated loan	3M Libor + 0.27 ~ 1.50	2014 ~ 2019	USD	364,478		382,920
Others	Others	3M Libor + 0.95	2016	USD	175,767		184,661
	Others		2019	USD	10,384		10,910
							1,269,804
							4,627,943
Less : Discount of long-term borrowings							(16,654)
Less : Current portion of long-term borrowings							(960,808)
Add : Current portion of discount of long-term borrowings							962
							3,651,443

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

23. Borrowings and Debt Securities, Continued**(3) Long-term borrowings as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

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

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	Facility	3yr KTB rate		
		2.25	2023 ~ 2024	5,355
	Project loans			8,677
	Others	KTb rate		
		2.25	2024 ~ 2025	13,707
Shinhan Bank and others	Facility	3yr AA- CB		
		rate + 1.10	2028	30,000
Woori Bank	PF Refinancing	CD+1.7	2026	21,613
	PF Refinancing	4.80	2026	11,991
Others	Facility	4.60 ~ 5.80	2025 ~ 2028	159,200
	PF Refinancing	4.80	2026	17,267
	PF Refinancing	CD+1.7	2026	524
	Others	3yr KTB rate		
		2.25	2023 ~ 2028	30,774
				4,193,700

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

23. Borrowings and Debt Securities, Continued**(3) Long-term borrowings as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

		December 31, 2013				
Type		Interest rate (%)	Maturity	Foreign currency		Local currency
Foreign long-term borrowings						
Korea National Oil Corporation	Project loans		2021 ~ 2023	USD	8,784	9,270
Export-Import Bank of US	Project loans	4.48	2014	USD	5,598	5,908
JBIC	Project loans	6M Libor				
		+ 1.2	2014	USD	10,301	10,870
Export-Import Bank of Korea and others	Project loans	7.20	2014	USD	2,803	2,958
	Term loan	LIBOR + 2.25	2033	USD	151,921	160,322
	Direct loan and others	LIBOR + 2.6 ~ 3.7	2027	JOD	129,975	194,062
Proparco and others	Shareholder's loan	LIBOR + 3.7	2027	USD	106,249	112,125
PT PJB	Shareholder's loan	8.00	2031	JOD	8,498	12,688
	Shareholder's loan	6.50		USD	31,876	33,639
	Shareholder's loan	12.75	2017	IDR	22,446,293	1,939
SMBC and others	Commercial loan and others	LIBOR + 1.5~2.5	2030 ~ 2033	USD	131,603	138,881
HSBC and others	Syndicated loan	3M Libor + 0.27 ~				
		1.50	2014 ~ 2017	USD	374,124	394,813
Others	Others		2019 ~ 2031	USD	11,276	11,900
	Others	LIBOR + 0.95		USD	157,516	166,226

	1,255,601
	5,449,301
Less : Discount of long-term borrowings	(19,376)
Less : Current portion of long-term borrowings	(893,532)
Add : Current portion of discount of long-term borrowings	1,997
	4,538,390

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

23. Borrowings and Debt Securities, Continued**(4) Local debt securities as of September 30, 2014 and December 31, 2013 are as follows:***In millions
of won*

	Issue date	Maturity	Interest rate (%)	September 30, 2014	December 31, 2013
Electricity Bonds(*)	2008.10.27 ~ 2014.08.27	2014.10.27 ~ 2029.08.27	2.77 ~ 7.19	27,140,000	27,290,000
Electricity Bonds			3M CD +		
	2010.05.28 ~ 2013.06.25	2015.05.28 ~ 2018.06.25	0.25 ~ 1.05	1,160,000	1,160,000
Corporate Bonds	2008.11.13 ~ 2014.09.01	2014.11.13 ~ 2040.12.10	2.59 ~ 7.18	17,870,010	15,150,010
				46,170,010	43,600,010
Less : Discount on local debt securities				(41,401)	(37,675)
Less : Current portion of local debt securities				(4,820,000)	(4,250,000)
Add : Current portion of discount on local debt securities				789	679
				41,309,398	39,313,014

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

(5) Foreign debt securities as of September 30, 2014 and December 31, 2013 are as follows:*In millions of won and thousands of foreign currencies*

September 30, 2014					
Type	Issue date	Maturity	Interest rate (%)	Foreign currency	Local currency

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FY-96	1996.04.01 ~ 1996.12.06	2026.12.06 ~ 2096.04.01	6.00 ~ 8.37	USD	249,721	262,357
FY-97	1997.01.31 ~ 1997.08.04	2027.01.31 ~ 2027.08.04	6.75 ~ 7.00	USD	314,717	330,642
FY-04(*)	2004.04.21	2034.04.21	5.13	USD	286,920	301,438
FY-06	2006.03.14 ~ 2006.09.29	2016.03.14 ~ 2016.09.29	5.50 ~ 6.00	USD	650,000	682,890
FY-08	2008.11.27	2018.11.27	4.19	JPY	20,000,000	192,048
FY-10	2010.09.16 ~ 2010.10.05	2015.09.16 ~ 2015.10.05	3.00 ~ 3.13	USD	1,200,000	1,260,720
FY-10			3M Libor + 1.00			
	2010.07.29 ~ 2010.11.18	2015.07.29 ~ 2015.11.18	~ 1.64	USD	250,000	262,650
FY-11	2011.07.13 ~ 2011.07.29	2017.01.30 ~ 2021.07.13	3.63 ~ 4.75	USD	800,000	840,480
FY-12	2012.05.10 ~ 2012.09.19	2017.05.10 ~ 2022.09.19	2.50 ~ 3.13	USD	1,750,000	1,838,550
FY-13	2013.02.05 ~ 2013.11.27	2018.02.05 ~ 2018.11.27	1.88 ~ 2.88	USD	1,900,000	1,996,140
FY-13	2013.09.26 ~ 2013.10.23	2019.03.26 ~ 2019.04.23	1.50 ~ 1.63	CHF	400,000	441,868
FY-13	2013.09.25	2020.09.25	5.75	AUD	325,000	297,723
FY-13			3M Libor + 0.84			
	2013.02.20 ~ 2013.07.25	2018.02.20 ~ 2018.07.25	~ 1.50	USD	500,000	525,300
FY-14	2014.02.11 ~ 2014.09.22	2019.02.11 ~ 2019.09.22	2.65 ~ 2.75	USD	600,000	630,360
FY-14			3M Libor + 0.55			
	2014.01.28 ~ 2014.07.31	2017.01.28 ~ 2017.07.31	~ 1.50	USD	500,000	525,300
FY-14	2014.07.30	2029.07.30	3.57	CHF	100,000	105,060
						10,493,526
Less : Discount on foreign debt securities						(66,057)
Add : Premium on foreign debt securities						284
Less : Current portion of foreign debt securities						(735,892)
Add : Current portion of discount on foreign debt securities						2,017
						9,693,878

(*) For Global 4 in FY-04, early redemption of USD 13,080,000 was requested during the nine-month period ended September 30, 2014 and the remaining amount is USD 286,920,000 as of September 30, 2014.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

23. Borrowings and Debt Securities, Continued**(5) Foreign debt securities as of September 30, 2014 and December 31, 2013 are as follows, continued:***In millions of won and thousands of foreign currencies*

December 31, 2013						
Type	Issue date	Maturity	Interest rate (%)	Foreign currency		Local currency
FY-96	1996.04.01 ~ 1996.12.06	2026.12.06 ~ 2096.04.01	6.00 ~ 8.37	USD	250,022	263,848
FY-97	1997.01.31 ~ 1997.08.04	2027.01.31 ~ 2027.08.04	6.75 ~ 7.00	USD	314,717	332,121
FY-04	2004.04.21 ~ 2004.07.21	2014.07.21 ~ 2034.04.21	5.13 ~ 5.75	USD	450,000	474,885
FY-06	2006.03.14 ~ 2006.09.29	2016.03.14 ~ 2016.09.29	5.50 ~ 6.00	USD	650,000	685,945
FY-08	2008.11.27	2018.11.27	4.19	JPY	20,000,000	200,932
FY-09	2009.06.17 ~ 2009.07.21	2014.06.17 ~ 2014.07.21	5.50 ~ 6.25	USD	1,500,000	1,582,950
FY-10	2010.09.16 ~ 2010.10.05	2015.09.16 ~ 2015.10.05	3.00 ~ 3.13	USD	1,200,000	1,266,360
FY-10	2010.07.29 ~ 2010.11.18	2015.07.29 ~ 2015.11.18	3M USD	USD	250,000	263,825
Libor + 1.00 ~ 1.64						
FY-11	2011.07.13 ~ 2011.07.29	2017.01.29 ~ 2021.07.13	3.63 ~ 4.75	USD	800,000	844,240
FY-11	2011.02.18 ~ 2011.04.15	2014.04.15 ~ 2014.09.17	3M USD	USD	300,000	316,590
Libor + 0.80 ~ 1.00						
FY-12	2012.05.10 ~ 2012.09.19	2017.05.10 ~ 2022.09.19	2.50 ~ 3.00	USD	1,750,000	1,846,775
FY-13	2013.02.20 ~ 2013.07.25	2018.02.20 ~ 2018.07.25	3M USD	USD	500,000	527,650
Libor + 0.84 ~ 1.5						
FY-13	2013.09.25	2020.09.25	5.75	AUD	325,000	305,487
FY-13	2013.09.26 ~ 2013.10.23	2019.03.26 ~ 2019.04.23	1.50 ~ 1.63	CHF	400,000	475,468
FY-13	2013.02.05 ~ 2013.11.27	2018.02.05 ~ 2018.11.27	1.88 ~ 3.16	USD	1,900,000	2,005,070
						11,392,146
Less : Discount on foreign debt securities						(75,936)
Add : Premium on foreign debt securities						353
Less : Current portion of foreign debt securities						(2,375,007)
Add : Current portion of discount on foreign debt securities						7,692

8,949,248

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

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

(2) Finance lease liabilities as of September 30, 2014 and December 31, 2013 are as follows and are included in current and non-current trade and other payables, net, in the accompanying consolidated statements of financial position:

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Present value of		Present value of	
	Minimum lease payments	minimum lease payments	Minimum lease payments	minimum lease payments
Less than 1 year	187,854	109,701	202,309	115,308
1 ~ 5 years	644,103	474,734	716,928	521,031
More than 5 years	315,960	212,726	381,742	248,627
	1,147,917	797,161	1,300,979	884,966

(3) Current and non-current portion of financial lease liabilities as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Current finance lease liabilities	109,701	115,308
Non-current finance lease liabilities	687,460	769,658

797,161

884,966

- (4) Lease payments recognized as an expense from a lessee position for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Minimum lease payment	57,487	182,525	64,139	198,816
Contingent rent payment	(4,213)	(13,190)	(3,659)	(11,373)

- (5) The Company does not have any irrevocable operating lease contracts as of September 30, 2014 and December 31, 2013.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

25. Employment Benefits**(1) Employment benefit obligations as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Defined benefit obligations	2,263,467	2,064,505
Other long-term employee benefit obligations	20,906	72,791
	2,284,373	2,137,296

(2) Principal assumptions on actuarial valuation as of September 30, 2014 and December 31, 2013 are as follows:

	September 30, 2014	December 31, 2013
Discount rate	3.09% ~ 3.31%	3.72% ~ 4.12%
Future salary and benefit levels	5.44%	4.80%
Weighted average duration	12.93 years	12.90 years

(3) Details of expense relating to defined benefit plans for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Current service cost	79,253	233,006	84,160	258,707
Interest cost	26,149	77,331	24,292	72,601
Expected return on plan assets	(5,438)	(16,664)	(3,430)	(11,879)
Loss from settlement	(4,493)	(4,493)		
	95,471	289,180	105,022	319,429

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

<i>In millions of won</i>	September 30, 2014	September 30, 2013
Cost of sales	208,954	228,234
Selling and administrative expenses	49,845	55,459
Others (construction-in-progress and others)	30,381	35,736
	289,180	319,429

In addition, for the nine-month periods ended September 30, 2014 and 2013, employee benefit obligations expense of 29,181 million and 29,750 million, respectively, is recognized as cost of sales, and 3,619 million and 3,593 million, respectively, is recognized as selling and administrative expenses, and 8,775 million and 8,482 million, respectively relates to the Company's defined contribution plans.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

25. Employment Benefits, Continued**(4) Details of defined benefit obligations as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Present value of defined benefit obligation from funded plans	2,800,927	2,629,057
Fair value of plan assets	(537,460)	(564,552)
	2,263,467	2,064,505
Present value of defined benefit obligation from unfunded plans		
Net liabilities incurred from defined benefit plans	2,263,467	2,064,505

(5) Changes in the present value of defined benefit obligations for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Beginning balance	2,629,057	2,542,207
Current service cost	233,006	348,945
Interest cost (*)	77,331	100,315
Remeasurement component	138,091	(204,478)
Loss from settlement	(4,493)	
Liabilities decreased through settlement	(95,306)	
Actual payments	(176,792)	(157,711)
Others	33	(221)
Ending balance	2,800,927	2,629,057

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

25. Employment Benefits, Continued

- (6) Changes in the fair value of plan assets for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Beginning balance	564,552	472,342
Expected return	16,664	15,975
Remeasurement component	(3,990)	243
Contributions by the employers	14,210	90,011
Contributions by the employees		11,709
Actual payments	(52,936)	(25,532)
Assets decreased through settlement	(1,273)	
Others	233	(196)
Ending balance	537,460	564,552

In addition, gain or loss on accumulated remeasurement component amounted to (-)91,870 million and 39,591 million and has been recognized as other comprehensive income (loss) for the nine-month period ended September 30, 2014 and December 31, 2013, respectively.

- (7) Details of the fair value of plan assets as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Equity instruments	67,175	35,463
Debt instruments	87,097	124,056
Bank deposit	82,989	117,626
Others	300,199	287,407
	537,460	564,552

For the nine-month period ended September 30, 2014 and the year ended December 31, 2013, actual returns on plan assets are amounted to 12,674 million and 16,218 million, respectively.

(8) Remeasurement component recognized in other comprehensive income (loss) for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Actuarial gain from changes in demographic assumptions		100,715
Actuarial gain (loss) from changes in financial assumptions	198,499	(351,257)
Experience adjustments	(60,408)	46,064
Expected return	3,990	(243)
	142,081	(204,721)

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

26. Provisions**(1) Provisions as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Employment benefits	838,818		777,419	
Provision for employment benefits	838,818		777,419	
Litigation		25,655		23,720
Litigation provisions		25,655		23,720
Decommissioning cost		11,667,259		12,568,622
Nuclear plants		10,220,500		9,887,621
Spent fuel		1,239,766		1,211,440
Waste		1,271,131		1,249,062
PCBs		206,173		219,704
Other recovery provisions		820		795
Others	554,535	8,122	336,398	9,972
Power plant regional support program	122,541		112,498	
Provisions for tax		649		649
Provisions for financial guarantee		6,193		8,789
Provisions for RPS	431,295		223,259	
Others	699	1,280	641	534
	1,393,353	12,972,167	1,113,817	12,602,314

(2) Changes in provisions for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014				
	Beginning balance	Accretion expenses	Payment	Reversal	Other
					Ending balance

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Employment benefits	777,419	467,437	(367,393)	(38,645)		838,818
Provision for employment benefits	777,419	467,437	(367,393)	(38,645)		838,818
Litigation	23,720	21,936	(14,544)	(5,457)		25,655
Litigation provisions	23,720	21,936	(14,544)	(5,457)		25,655
Decommissioning cost	12,568,622	656,126	(284,848)	(4,614)	3,104	12,938,390
Nuclear plants	9,887,621	332,990	(111)			10,220,500
Spent fuel	1,211,440	297,070	(268,744)			1,239,766
Waste	1,249,062	18,965			3,104	1,271,131
PCBs	219,704	7,076	(15,993)	(4,614)		206,173
Other recovery provisions	795	25				820
Others	346,371	363,266	(102,039)	(52,870)	7,929	562,657
Power plant regional support program	112,498	30,185	(29,063)		8,921	122,541
Provisions for tax	649					649
Provisions for financial guarantee	8,789			(1,503)	(1,093)	6,193
Provisions for RPS	223,260	332,265	(72,883)	(51,347)		431,295
Others	1,175	816	(93)	(20)	101	1,979
	13,716,132	1,508,765	(768,824)	(101,586)	11,033	14,365,520

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

26. Provisions, Continued

(2) **Changes in provisions for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows, continued:**

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

27. Government Grants**(1) Government grants as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Land	(3,085)	(3,137)
Buildings	(43,845)	(45,396)
Structures	(194,534)	(193,189)
Machinery	(97,926)	(101,808)
Vehicles	(49)	(83)
Equipment	(726)	(707)
Tools	(237)	(312)
Construction-in-progress	(141,279)	(117,728)
Investment properties	(11)	(13)
Software	(375)	(428)
Development expenditures	(9,158)	(11,705)
Intangible assets under development	(10,096)	(7,792)
Usage rights of donated assets and other	(45)	(53)
Others	(1)	(1)
	(501,367)	(482,352)

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

27. Government Grants, Continued

- (2) Changes in government grants for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

In millions of won

	September 30, 2014					
	Beginning	Receipt	Acquisition	Offset the items of depreciation expense and others	Disposal	Others
	balance					Ending balance
Land	(3,137)				53	(1)
Buildings	(45,396)			2,498	106	(1,053)
Structures	(193,189)			6,643	1,072	(9,060)
Machinery	(101,808)			7,295	202	(3,615)
Vehicles	(83)			34		
Equipment	(707)			271		(290)
Tools	(312)			104		(29)
Construction-in-progress	(117,728)		2,624			(26,175)
Investment properties	(13)			1		1
Software	(428)			118		(65)
Development expenditures	(11,705)			2,964		(417)
Intangible assets under development	(7,792)		697			(3,001)
Usage rights of donated assets and other	(53)			8		
Others	(1)					
	(482,352)		3,321	19,936	1,433	(43,705)
						(501,367)

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

**Offset
the
items of
depreciation
expense
and**

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

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28. Deferred Revenues

Deferred revenue related to the Company's construction contracts as of September 30, 2014 and December 31, 2013 are as follows and included in current and non-current non-financial liabilities in the accompanying consolidated statements of financial position:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Beginning balance	6,506,639	6,031,311
Increase during the current year / period	488,268	800,618
Offset during the current year / period	(261,666)	(325,290)
Ending balance	6,733,241	6,506,639

29. Non-financial Liabilities

Non-financial liabilities as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
Advance received	4,931,981	764,922	3,533,965	632,661
Unearned revenue	52,514	91,615	46,546	108,222
Deferred revenue	340,606	6,392,635	323,463	6,183,176
Withholdings	267,286	43,015	257,365	43,280
Others	800,091	18,276	569,292	18,302
	6,392,478	7,310,463	4,730,631	6,985,641

30. Contributed Capital

(1) Details of shares issued as of September 30, 2014 and December 31, 2013 are as follows:

In millions of won except share information

		September 30, 2014				
		Par value				
	Shares authorized	Shares issued	per share	Owned by government(*)	Owned by others	Total
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

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

(*) Korea Finance Corporation's 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, 2014 and for the year ended December 31, 2013.

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Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

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

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Share premium	843,758	843,758

31. Retained Earnings and Dividends Paid**(1) Details of retained earnings as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Legal reserve (*)	1,604,910	1,603,919
Voluntary reserves	22,999,359	22,753,160
Retained earnings before appropriations	10,270,769	8,409,007
Retained earnings	34,875,038	32,766,086

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

(2) Details of voluntary reserves as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Reserve for investment on social overhead capital	5,277,449	5,277,449

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

(*) The reserve for research and human development is appropriated by KEPCO 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, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Beginning balance	32,766,086	32,564,283
Net profit for the period attributed to owner of the Company	2,234,448	60,011
Changes in equity method retained earnings	(2,917)	7,671
Actuarial gain (loss) on remeasurement	(66,505)	134,121
Dividend paid	(56,074)	
Ending balance	34,875,038	32,766,086

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September 30, 2014

(Unaudited)

31. Retained Earnings and Dividends Paid, Continued

- (4) Dividends paid for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:**

In millions of won except share information

	September 30, 2014				
	Number of shares issued	Number of treasury stocks	Number of shares eligible for dividends	Dividends paid per share	Dividends paid
Common shares	641,964,077	18,929,995	623,034,082	90	56,074

In millions of won except share information

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

- (5) Changes in retained earnings of investments in associates and joint ventures for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follow:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Beginning balance	(233)	(7,904)
Changes	(2,917)	7,671
Income tax effect		
Ending balance	(3,150)	(233)

- (6) Changes in remeasurement components for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follow:**

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Beginning balance	39,591	(76,088)
Changes	(100,995)	207,761
Income tax effect	34,490	(73,640)
Transfer to reserve for business expansion	(64,956)	(18,442)
Ending balance	(91,870)	39,591

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32. Hybrid Bonds

Korea Western Power Co., Ltd. and Korea South-East Power Co., Ltd. which are wholly owned subsidiaries of the Company, issued bond-type hybrid bonds for the nine-month period ended September 30, 2014. Bond-type hybrid securities classified as equity (non-controlling interest) as of September 30, 2014 are as follows:

In millions of won

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

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

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

33. Other Components of Equity

(1) Other components of equity of the parent as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Other capital surpluses	969,954	830,982
Accumulated other comprehensive income (loss)	(89,987)	55,538
Treasury stocks	(741,489)	(741,489)
Other equity	13,294,973	13,294,973
	13,433,451	13,440,004

(2) Changes in other capital surpluses for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014			December 31, 2013		
	Gains on disposal of treasury stocks	Others	Subtotal	Gains on disposal of treasury stocks	Others	Subtotal
Beginning balance	303,028	527,954	830,982	303,028	402,420	705,448
Disposal of subsidiary		138,972	138,972		183,522	183,522
Issuance of share capital of subsidiary					(155)	(155)
Change in consolidation scope					(10,224)	(10,224)
Income tax effect					(47,609)	(47,609)
Ending balance	303,028	666,926	969,954	303,028	527,954	830,982

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(Unaudited)

33. Other Components of Equity, Continued

(3) Changes in accumulated other comprehensive income (loss) for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

In millions of won

	September 30, 2014				
	Available-for-sale financial asset valuation reserve	Shares in other comprehensive Income of investments in associates and joint ventures	Reserve for overseas operations translation credit	Reserve for loss on valuation of derivatives	Total
Beginning balance	62,614	182,261	(170,679)	(18,658)	55,538
Changes in the unrealized fair value of available- for-sale financial assets, net of tax	(20,610)				(20,610)
Shares in other comprehensive loss of associates and joint ventures, net of tax		30,481			30,481
Foreign currency translation of foreign operations, net of tax			(100,465)		(100,465)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax				(54,931)	(54,931)
Ending balance	42,004	212,742	(271,144)	(73,589)	(89,987)

In millions of won

	December 31, 2013			
	Available-for-sale financial asset	Shares in other comprehensive income of	Reserve for overseas operations	Reserve for loss on valuation of
				Total

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

(4) There were no changes in treasury stocks for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013.

(5) Changes in other equity for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Statutory revaluation reserve	13,294,973	13,295,098
Changes in other equity		(125)
	13,294,973	13,294,973

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(Unaudited)

34. Sales**Details of sales for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:***In millions of won*

	Domestic		Overseas		Total	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Sales of goods	13,924,491	39,697,374	68,665	199,384	13,993,156	39,896,758
Electricity	13,800,442	39,171,805			13,800,442	39,171,805
Heat supply	5,882	158,134			5,882	158,134
Others	118,167	367,435	68,665	199,384	186,832	566,819
Sales of service	51,691	145,115	60,865	174,905	112,556	320,020
Sales of construction services	59,370	155,003	653,706	1,936,042	713,076	2,091,045
Revenue related to transfer of assets from customers	88,755	261,666			88,755	261,666
	14,124,307	40,259,158	783,236	2,310,331	14,907,543	42,569,489

In millions of won

	Domestic		Overseas		Total	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Sales of goods	13,499,707	37,552,342	59,344	179,575	13,559,051	37,731,917
Electricity	13,321,729	37,045,017			13,321,729	37,045,017
Heat supply	7,332	169,163			7,332	169,163
Others	170,646	338,162	59,344	179,575	229,990	517,737
Sales of service	46,364	131,189	24,128	90,007	70,492	221,196
Sales of construction services	53,996	152,083	522,218	1,417,389	576,214	1,569,472

Revenue related to transfer of assets from customers	82,233	240,767			82,233	240,767
	13,682,300	38,076,381	605,690	1,686,971	14,287,990	39,763,352

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(Unaudited)

35. Selling and Administrative Expenses

Selling and administrative expenses for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:

In millions of won

	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Salaries	141,390	414,829	152,470	418,277
Retirement benefit expense	18,562	53,464	19,890	59,052
Welfare and benefit expense	12,607	59,726	28,678	76,450
Insurance expense	2,293	8,032	1,704	5,432
Depreciation	17,151	49,918	17,398	51,177
Amortization of intangible assets	9,732	30,494	12,513	37,580
Bad debt expense	16,848	33,205	33,292	42,233
Commission	115,216	409,593	120,238	378,027
Advertising expense	7,698	17,980	6,508	19,320
Training expense	1,895	4,259	2,066	4,341
Vehicle maintenance expense	2,986	8,839	3,177	9,439
Publishing expense	558	1,916	524	2,168
Business promotion expense	573	2,155	832	2,676
Rent expense	11,404	27,172	13,531	29,853
Telecommunication expense	5,147	16,493	5,814	18,801
Transportation expense	90	268	75	253
Taxes and dues	3,017	42,602	11,074	20,708
Expendable supplies expense	808	1,722	1,009	3,126
Water, light and heating expense	2,507	7,490	2,476	7,722
Repairs and maintenance expense	7,326	20,509	8,993	17,435
Ordinary development expense	37,742	107,319	42,425	113,686
Travel expense	2,391	8,402	2,780	9,989
Clothing expense	234	2,847	95	1,849
Survey and analysis expense	139	410	185	478
Membership fee	127	729	153	696
Others	21,142	68,530	27,460	71,265

439,583	1,398,903	515,360	1,402,033
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September 30, 2014

(Unaudited)

36. Other Non-operating Income and Expense**(1) Other income for the three and nine-month periods ended September 30, 2014 and 2013 are as follows :**

<i>In millions of won</i>	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Reversal of other provisions	1,258	5,100	668	11,032
Reversal of allowance for doubtful accounts		14		226
Gains on assets contributed	640	660	30	100
Gains on liabilities exempted	41	841	479	479
Compensation and reparations revenue	10,858	32,249	38,870	72,813
Gains on electricity infrastructure development fund	2,730	17,685	4,677	22,409
Revenue from research contracts	2,872	5,898	2,883	3,550
Rental income	52,358	143,626	46,362	144,613
Others	6,852	17,217	2,185	16,671
	77,609	223,290	96,154	271,893

(2) Other expense for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Accretion expenses of other provisions	122	251	17	293
Depreciation expenses on investment properties	209	626	227	685
Depreciation expenses on idle assets	1,663	4,992	1,676	4,993
Other bad debt expense		17,653		5,576

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Donations	9,702	19,551	9,554	19,350
Others	1,761	7,741	2,990	9,713
	13,457	50,814	14,464	40,610

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September 30, 2014

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37. Other Gains (Losses)

Details of other gains (losses) for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Other gains				
Gains on disposal of property, plant, and equipment	17,227	49,735	7,004	29,184
Gains on disposal of intangible assets	4	4		
Gains on foreign currency translation	366	3,151	3,928	6,350
Gains on foreign currency transaction	7,880	33,788	26,687	55,937
Insurance proceeds		3,046		1,632
Others	52,009	144,200	70,438	160,474
Other losses				
Losses on disposal of property, plant and equipment	(6,222)	(16,363)	(8,681)	(32,989)
Losses on disposal of intangible assets	(1)	(18)	(1)	(1)
Impairment loss on property, plant and equipment				(1,161)
Impairment loss on intangible assets	(11)	(11)		(2)
Losses on foreign currency translation	(8,259)	(10,974)		(4,974)
Losses on foreign currency transaction	(13,056)	(37,934)	(3,062)	(49,237)
Others	(29,145)	(57,355)	(6,183)	(35,555)
	20,792	111,269	90,130	129,658

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September 30, 2014

(Unaudited)

38. Finance Income**(1) Finance income for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:***In millions of won*

	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Interest income	44,625	142,630	38,029	135,228
Dividends income	259	13,806	(48)	9,736
Gains on disposal of financial assets	35,730	35,730		
Gains on valuation of derivatives	273,157	16,014		36,387
Gains on transaction of derivatives	1,911	40,124	2,001	106,573
Gains on foreign currency translation	42,955	130,478	686,731	76,322
Gains on foreign currency transaction	31,229	87,093	11,635	20,674
	429,866	465,875	738,348	384,920

(2) Interest income included in finance income for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:*In millions of won*

	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Cash and cash equivalents	14,721	41,557	11,267	43,422
Available-for-sale financial assets	108	326	241	1,051
Held-to-maturity investments	26	64	14	45
Loans and receivables	6,263	23,192	8,872	29,531
Short-term financial instrument	1,183	4,331	2,559	11,241
Long-term financial instrument	9	199	4	13

Trade and other receivables	22,315	72,961	15,072	49,392
Other financial assets				533
	44,625	142,630	38,029	135,228

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39. Finance Expenses**(1) Finance expenses for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:***In millions of won*

	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Interest expense	593,133	1,786,901	571,664	1,767,271
Losses on sale of financial assets	719	721	4,202	4,202
Impairment of available-for-sale financial assets	312	42,104		10,673
Losses on valuation of derivatives	27,097	166,758	481,903	75,718
Losses on transaction of derivatives	28,800	117,086	13,855	57,311
Losses on foreign currency translation	370,081	56,181		74,568
Losses on foreign currency transaction	1,300	14,491	8,032	91,708
Losses on repayment of financial liabilities		199		
	1,021,442	2,184,441	1,079,656	2,081,451

(2) Interest expenses included in finance costs for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:*In millions of won*

	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Trade and other payables	25,176	72,317	14,538	66,948
Short-term borrowings	6,382	22,060	6,721	28,017
Long-term borrowings	44,352	134,618	44,114	147,665
Debt securities	583,678	1,746,180	559,097	1,650,507

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Other financial liabilities	147,423	440,328	142,230	424,555
	807,011	2,415,503	766,700	2,317,692
Less: Capitalized borrowing costs	(213,878)	(628,602)	(195,036)	(550,421)
	593,133	1,786,901	571,664	1,767,271

Capitalization rates for the nine-month periods ended September 30, 2014 and 2013 are 3.20%~3.99% and 3.39%~5.02%, respectively.

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(Unaudited)

40. Income Tax**(1) Income tax expense for the nine-month periods ended September 30, 2014 and 2013 are as follows:***In millions of won*

	September 30, 2014	September 30, 2013
Current income tax expense		
Payment of income tax	826,614	711,920
Adjustment due to changes in estimates related to prior years	46,632	(18,044)
Current income tax directly recognized in equity	36,152	14,790
	909,398	708,666
Deferred income tax expense		
Generation and realization of temporary differences	90,702	(188,993)
Reclassified from equity to loss		(64)
Changes of unrecognized tax losses, tax credit and temporary differences for prior periods	9,217	78,971
Changes in deferred tax on tax losses incurred during the period	371,393	(334,859)
Tax credit carry forwards	14,245	(12,083)
	485,557	(457,028)
Income tax expense	1,394,955	251,638

(2) Reconciliation between actual income tax expense (benefit) and amount computed by applying the statutory tax rate of 24.2% to income before income taxes for the nine-month periods ended September 30, 2014 and 2013 are as follows:

In millions of won

	September 30, 2014	September 30, 2013
Loss (income) before income tax (expense) benefit	(3,716,787)	199,126
Income tax (expense) benefit computed at applicable tax rate of 24.2%	(899,462)	48,188
Adjustments		
Additional payment of income taxes or receipt of income tax refunds	(1,675)	23,801
Effect of applying gradual tax rate	1,269	1,513
Effect of non-taxable revenue	32,931	92,006
Effect of non-deductible expenses	(9,316)	(4,945)
Effects of tax credits and deduction	14,875	26,010
Recognition (reversal) of unrecognized deferred tax asset, net	7,514	(84,979)
Consolidated deferred income tax	(552,594)	(347,096)
Others, net	11,503	(6,136)
	(495,493)	(299,826)
Income tax expense	(1,394,955)	(251,638)
Effective tax rate	37.50%	

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(Unaudited)

40. Income Taxes, Continued

- (3) Income tax directly adjusted to shareholders' equity (except for accumulated other comprehensive income (loss)) for the nine-month periods ended September 30, 2014 and 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	September 30, 2013
Dividends of hybrid securities	3,943	4,130
Loss on disposal of subsidiaries and associates	(44,552)	
	(40,609)	4,130

- (4) Income tax recognized as other comprehensive income (loss) for the nine-month periods ended September 30, 2014 and 2013 are as follows:**

<i>In millions of won</i>	September 30, 2014	September 30, 2013
Income tax recognized as other comprehensive income (loss)		
Gain (loss) on valuation of available-for-sale financial assets	4,446	(23,155)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	37,621	22,901
Actuarial income on employee benefit obligations	54,771	9,211
Investments in associates	(12,412)	1,703
Others	(7,665)	
	76,761	10,660

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

40. Income Tax, Continued

(5) Changes deferred income tax assets (liabilities) recognized in the statements of financial position for the nine- month period ended September 30, 2014 and for the year ended 2013 are as follows:

In millions of won

	September 30, 2014					
		Amount	in	Amounts		
	Beginning	recognized	other	recognized	Others	Ending
	balance	in profit or	comprehensive	directly		balance
		loss	income	in equity		
Deferred income tax on temporary differences						
Employee benefits	518,681	1,468	28,733			548,882
Cash flow hedge	51,991	3,114	20,933			76,038
Investments in associates or subsidiaries	(5,227,034)	(388,307)	15,141	(44,552)		(5,644,752)
Property, plant and equipment	(6,061,613)	141,195				(5,920,418)
Finance lease	(142,081)	(39,531)				(181,612)
Intangible assets	10,242	2,281				12,523
Financial assets at fair value through profit or loss	83,645	(80,877)				2,768
Available-for-sale financial assets	(101,088)	10,189	6,514			(84,385)
Deferred revenue	244,806	(8,135)				236,671
Provisions	3,150,908	138,349				3,289,257
Doubtful receivables	59	1,326				1,385
Other finance liabilities	25,856	(1,849)		3,943		27,950
Gains (losses) on foreign exchange translation	(19,164)	26,953				7,789
Allowance for doubtful accounts	7,314	11,793				19,107
Accrued income	(1,248)	(2,650)				(3,898)
Special deduction	(194,785)	119				(194,666)
Impairment of non-current assets	86,720					86,720
Reserve for research and human development	(43,143)	3,986				(39,157)

Others	409,436	47,798	5,440		462,674
	(7,200,498)	(132,778)	76,761	(40,609)	(7,297,124)
Deferred income tax on unused tax losses and tax credit					
Tax losses	2,501,349	(373,116)			2,128,233
Tax credit	56,099	(26,485)			29,614
Others		10,670			10,670
	2,557,448	(388,931)			2,168,517
	(4,643,050)	(521,709)	76,761	(40,609)	(5,128,607)

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

40. Income Tax, Continued

(5) Changes deferred income tax assets (liabilities) recognized in the statements of financial position for the nine- month period ended September 30, 2014 and for the year ended 2013 are as follows, continued:

In millions of won

	December 31, 2013				
		Amounts	in	Amounts	
	Beginning	recognized	other	recognized	Ending
	balance	in profit or	comprehensive	directly	balance
		loss	income	in equity	
Deferred income tax on temporary differences					
Employee benefits	547,115	45,213	(73,647)		518,681
Cash flow hedge	(11,364)	56,939	6,416		51,991
Investments in associates or subsidiaries	(5,273,904)	104,803	(10,324)	(47,609)	(5,227,034)
Property, plant and equipment	(6,326,201)	264,588			(6,061,613)
Finance lease	(159,957)	17,876			(142,081)
Intangible assets	8,534	1,708			10,242
Financial assets at fair value through profit or loss	30,148	53,497			83,645
Available-for-sale financial assets	(73,867)	4,146	(31,367)		(101,088)
Deferred revenue	43,752	201,054			244,806
Provisions	3,003,489	147,419			3,150,908
Doubtful receivables	59				59
Other finance liabilities	10,794	9,607		5,455	25,856
Gains (losses) on foreign exchange translation	6,017	(25,181)			(19,164)
Allowance for doubtful accounts	(85)	7,399			7,314
Accrued income	(1,341)	93			(1,248)
Special deduction	(194,925)	140			(194,785)
Impairment of non-current assets		86,720			86,720
	(40,485)	(2,658)			(43,143)

Reserve for research and human development					
Others	398,870	10,566			409,436
	(8,033,351)	983,929	(108,922)	(42,154)	(7,200,498)

Deferred income tax on unused tax losses and tax credit

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

(6) Deferred income tax assets (liabilities) recognized in the statements of financial position as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Deferred income tax assets	432,268	359,535
Deferred income tax liabilities	(5,560,875)	(5,002,585)
	(5,128,607)	(4,643,050)

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

40. Income Taxes, Continued

- (7) Details of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Deductible temporary differences	426,850	441,955
Tax losses and tax credits carryback	31,010	29,775
	457,860	471,730

- (8) Expiration dates of tax losses and unused tax credits not recognized as deferred income tax assets as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
	Tax credits	Tax credits
	Tax losses carryback	Tax losses carryback
Less than 1 year	4,252	4,484
1 ~ 2 years	4,765	5,134
2 ~ 3 years	15,543	16,945
More than 3 years	6,450	3,212
	31,010	29,775

41. Assets Held-for-Sale

Assets held-for-sale as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Investments in associates	1,242	
	1,242	

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

42. Expenses Classified by Nature**Expenses classified by nature for the nine-month periods ended September 30, 2014 and 2013 are as follows:***In millions of won*

	September 30, 2014		
	Selling and administrative expenses	Cost of sales	Total
Raw materials used		15,112,262	15,112,262
Salaries	414,829	1,939,223	2,354,052
Retirement benefit expense	53,464	238,135	291,599
Welfare and benefit expense	59,726	220,925	280,651
Insurance expense	8,032	51,597	59,629
Depreciation	49,918	5,668,339	5,718,257
Amortization of intangible assets	30,494	27,677	58,171
Bad debt expense	33,205		33,205
Commission	409,593	232,084	641,677
Advertising expense	17,980	4,348	22,328
Training expense	4,259	6,809	11,068
Vehicle maintenance expense	8,839	6,947	15,786
Publishing expense	1,916	2,385	4,301
Business promotion expense	2,155	2,769	4,924
Rent expense	27,172	85,629	112,801
Telecommunication expense	16,493	51,175	67,668
Transportation expense	268	2,396	2,664
Taxes and dues	42,602	191,688	234,290
Expendable supplies expense	1,722	16,702	18,424
Water, light and heating expense	7,490	21,713	29,203
Repairs and maintenance expense	20,509	1,006,245	1,026,754
Ordinary development expense	107,319	270,985	378,304
Travel expense	8,402	33,309	41,711
Clothing expense	2,847	1,517	4,364
Survey and analysis expense	410	1,655	2,065
Membership fee	729	5,824	6,553
Power purchase		8,895,758	8,895,758
Others	68,530	2,154,542	2,223,072

	1,398,903	36,252,638	37,651,541
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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

42. Expenses Classified by Nature, Continued

Expenses classified by nature for the nine-month periods ended September 30, 2014 and 2013 are as follows, continued:

In millions of won

	September 30, 2013		
	Selling and administrative expenses	Cost of sales	Total
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

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Membership fee	696	4,869	5,565
Power purchase		8,168,935	8,168,935
Others	71,265	1,609,180	1,680,445
	1,402,033	37,249,460	38,651,493

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

43. Earnings (Loss) Per Share

- (1) Basic earnings (loss) per share for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:**

In won

Type	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Basic earnings (loss) per share	2,483	3,586	1,518	(859)

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

Net profit (loss) for the period and weighted average number of common shares used in the calculation of basic earnings (loss) per share for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:

In millions of won except number of shares

Type	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Controlling interest in net income (loss)	1,547,434	2,234,448	945,455	(535,064)
Income (loss) used in the calculation of total basic earnings (loss) per share	1,547,434	2,234,448	945,455	(535,064)
Weighted average number of common shares	623,034,082	623,034,082	623,034,082	623,034,082

- (3) **There are no potential dilutive instruments and diluted earnings (loss) per shares are same as basic earnings (loss) per share for the three and nine-month period ended September 30, 2014 and 2013.**

44. Risk Management

(1) Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue while maximizing the return to shareholder through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (offset by cash and cash equivalents) and equity. The Company's overall capital risk management strategy remains unchanged from that of the prior year.

Details of the Company's capital management accounts as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Total borrowings and debt securities	62,008,191	60,888,150
Cash and cash equivalents	(3,485,279)	(2,232,313)
Net borrowings and debt securities	58,522,912	58,655,837
Total shareholder's equity	53,524,333	51,450,736
Debt to equity ratio	109.34%	114.00%

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

44. Risk Management, Continued

(2) Financial risk management

The Company is exposed to various risks related to its financial instruments, such as, market risk (currency risk, interest rate risk, price risk), credit risk. The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. The Company uses derivative financial instruments to certain hedge risk exposures. The Company's overall financial risk management strategy remains unchanged from that of the prior year.

(i) Credit risk

Credit risk is the risk of finance loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the sales activities, securities and derivatives. In addition, credit risk exposure may exist within financial guarantees and unused line of credits. As these financial institutions the Company makes transactions with are reputable financial institutions, the credit risk from them are considered limited. The Company decides credit transaction limits based on evaluation of client's credit, through information obtained from the credit bureau and disclosed financial position at committing contracts.

Credit risk management

Electricity sales, the main operations of the Company are the necessity for daily life and industrial activities of Korean nationals, and have importance as one of the national key industries. The Company dominates the domestic market supplying electricity to customers. The Company is not exposed to credit risk as customers of the Company are from various industries and areas. The Company uses publicly available information and its own internal data related to trade receivables, to rate its major customers and to measure the credit risk that a counter party will default on a contractual obligation. For the incurred but not recognized loss, it is measured considering overdue period.

Impairment and allowance account

In accordance with the Company policies, individual material financial assets are assessed on a regular basis, trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Value of the acquired collateral (including the confirmation of feasibility) and estimated collectable amounts are included in this assessment.

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

Book values of the financial assets represent the maximum exposed amounts of the credit risk. Details of the Company's level of maximum exposure to credit risk as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014	December 31, 2013
Cash and cash equivalents	3,485,279	2,232,313
Derivative assets (trading)	11,267	4,118
Available-for-sale financial assets	1,015,406	1,256,765
Held-to-maturity investments	3,682	2,285
Loans and receivables	617,815	608,239
Long-term/short-term financial instruments	202,516	385,382
Derivative assets (using hedge accounting)	49,151	82,376
Trade and other receivables	8,138,479	9,170,644
Financial guarantee contracts (*)	185,880	261,565

(*) Maximum exposure associated with the financial guarantee contracts is the maximum amounts of the obligation. Financial guarantee contracts as of September 30, 2014 are as follows:

<i>In thousands of U.S. dollars</i>			
Type	Company	Currency	Amounts
Joint ventures	KEPCO SPC Power Corporation	USD	176,927
			176,927

As of the reporting date, there are no financial assets and non-financial assets that were acquired through the exercise of the right of collateralized assets and reinforcement of credit arrangement.

(ii) Market risk

Market risk is the risk that the Company's fair values of the financial instruments or future cash flows are affected by the changes in the market. Market risk consists of interest rate risk, currency risk and other price risk.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

(iii) Sensitivity analysis

Significant assets and liabilities with uncertainties in underlying assumptions

Defined benefit obligation

The following is a sensitivity analysis of defined benefit obligation assuming a 1% increase and decrease movements in the actuarial valuation assumptions as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>		September 30, 2014		December 31, 2013	
Type	Accounts	1% Increase	1% Decrease	1% Increase	1% Decrease
Future salary increases	Increase (decrease) in defined benefit obligation	311,758	(330,731)	257,512	(316,563)
Discount rate	Increase (decrease) in defined benefit obligation	(266,204)	310,931	(236,761)	274,619
Changes of employee benefits assuming a 1% increase and decrease movements in discount rate on plan asset for the nine-month period ended September 30, 2014 and 2013 are 4,236 million and 3,556 million, respectively.					

Provisions

Changes in provisions due to movements in underlying assumptions as of September 30, 2014 and December 31, 2013 are as follows:

Type	Accounts	September 30, 2014	December 31, 2013
PCBs	Inflation rate	3.04%	3.10%
	Discount rate	4.39%	4.92%
Nuclear plants	Inflation rate	2.93%	2.93%

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	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, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>		September 30, 2014		December 31, 2013	
Type	Accounts	0.1 % Increase	0.1 % Decrease	0.1 % Increase	0.1 % Decrease
Discount rate	PCBs	(1,006)	1,015	(1,086)	1,095
	Nuclear plants	(221,764)	227,786	(221,516)	227,667
	Spent fuel	(47,240)	49,072	(46,164)	47,953
Inflation rate	PCBs	1,191	(1,183)	1,113	(1,106)
	Nuclear plants	248,841	(242,290)	240,778	(234,438)
	Spent fuel	49,781	(47,988)	48,646	(46,895)

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(Unaudited)

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

Management judgment affected by uncertainties in underlying assumptions

Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as of September 30, 2014 and December 31, 2013 are as follows:

In thousands of foreign currencies

Type	Assets		Liabilities	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
AUD	10,742	1,460	320,997	321,444
CAD	4	4		611
CNY		1		
EUR	1,086	27,946	20,452	33,398
IDR	273,738	546,902	17,288	2,973
MXN	7,637	5,064	122	426
PHP	230,539	248,623	13,838	22,954
SAR	1,068	1,565		
USD	1,298,439	627,504	10,673,871	11,207,483
INR	674,134	362,996	240,956	500,933
PKR	167,747	116,847	2,037	650
MGA	2,183,910	2,124,218	69,199	101,503
JPY	84,733	176,921	20,079,861	22,521,580
KZT	153,592	164,790		16,517
GBP				4
CHF	4,170	143,120	400,016	400,012
AED	679	288	770	809
ZAR	146			

JOD	1,080	132	1	1
BDT	47,166	34,753	314	2,977
CLP		93		
SEK			196	

A sensitivity analysis on the Company's income for the period assuming a 10% increase and decrease in currency exchange rates as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i> Type	September 30, 2014		December 31, 2013	
	10% Increase	10% Decrease	10% Increase	10% Decrease
Increase (decrease) of income before income tax	(1,077,015)	1,077,015	(1,199,673)	1,199,673
Increase (decrease) of shareholder's equity(*)	(1,077,015)	1,077,015	(1,199,673)	1,199,673

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

Sensitivity analysis above is conducted for monetary assets and liabilities denominated in foreign currencies other than functional currency, without consideration of hedge effect of related derivatives, as of September 30, 2014 and December 31, 2013.

To manage its foreign currency risk related to foreign currency denominated receivables and payables, the Company has a policy to enter into currency forward agreements. In addition, to manage its foreign currency risk related to foreign currency denominated expected sales transactions and purchase transactions, the Company enters into cross-currency swap agreements.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

44. Risk Management, Continued**(2) Financial risk management, continued****Interest rate risk**

The Company is exposed to interest rate risk due to its borrowing with floating interest rates. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Company's borrowings and debt securities with floating interest rates as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>		
Type	September 30, 2014	December 31, 2013
Short-term borrowings	13,980	48,981
Long-term borrowings	4,194,065	5,029,163
Debt securities	2,473,250	2,268,065
	6,681,295	7,346,209

A sensitivity analysis on the Company's long-term borrowings and debt securities assuming a 1% increase and decrease in interest rates, without consideration of hedge effect of related derivatives for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>		September 30, 2014		December 31, 2013	
Type		1% Increase	1% Decrease	1% Increase	1% Decrease
Increase (decrease) of profit before income tax		(66,813)	66,813	(73,462)	73,462
Increase (decrease) of shareholder's equity (*)		(66,813)	66,813	(73,462)	73,462

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

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

Electricity rates risk

The Company is exposed to electricity rates risk due to the rate regulation of the government which considers the effect of electricity rate on the national economy.

A sensitivity analysis on the Company's income for the period assuming a 1% increase and decrease in price of electricity for the nine-month periods ended September 30, 2014 and 2013 are as follows:

<i>In millions of won</i> Type	September 30, 2014		September 30, 2013	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Increase (decrease) of profit before income tax	391,718	(391,718)	377,099	(377,099)
Increase (decrease) of shareholder's equity(*)	391,718	(391,718)	377,099	(377,099)

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

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(Unaudited)

44. Risk Management, Continued**(2) Financial risk management, continued****(iv) Liquidity risk**

The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

In addition, the Company has established credit lines on its trade financing and bank overdrafts, and through payment guarantees it has received, it maintains an adequate credit (borrowing) line. In addition, The Company has the ability to utilize excess cash or long-term borrowings for major construction investments.

The following table shows the details of maturities of non-derivative financial liabilities as of September 30, 2014 and December 31, 2013. This table, based on the undiscounted cash flows of the non-derivative financial liabilities, has been completed based on the respective liabilities' earliest maturity date.

In millions of won

Type	September 30, 2014				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	
Borrowings and debt securities	9,688,450	8,317,958	28,293,537	31,003,273	77,303,218
Finance lease liabilities	187,854	182,757	461,346	315,960	1,147,917
Trade and other payables	4,552,365	282,463	552,704	2,479,428	7,866,960
Financial guarantee contracts (*)	26,554	26,554	79,663	53,109	185,880
	14,455,223	8,809,732	29,387,250	33,851,770	86,503,975

In millions of won

Type	December 31, 2013				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	
Borrowings and debt securities	9,676,694	8,052,432	25,845,951	29,021,954	72,597,031
Finance lease liabilities	202,309	184,809	532,119	381,742	1,300,979

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Trade and other payables	5,777,455	397,279	751,577	2,053,005	8,979,316
Financial guarantee contracts (*)	88,190	26,673	80,019	66,683	261,565
	15,744,648	8,661,193	27,209,666	31,523,384	83,138,891

(*) Total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of September 30, 2014 and December 31, 2013 are 6,193 million and 8,789 million, respectively.

Table of Contents**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES****Notes to the Consolidated Interim Financial Statements, Continued****September 30, 2014**

(Unaudited)

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

The expected maturities for non-derivative financial assets as of September 30, 2014 and December 31, 2013 in detail are as follows:

In millions of won

Type	September 30, 2014				Total
	Less than 1 year	1~5 Years	More than 5 years	Other (*)	
Cash and cash equivalents	3,485,279				3,485,279
Available-for-sale financial assets				1,015,406	1,015,406
Held-to-maturity investments	205	3,464	13		3,682
Loans and receivables	68,409	201,998	398,861	8,411	677,679
Long-term/short-term financial instruments	201,773			743	202,516
Trade and other receivables	6,508,356	782,114	780,186	77,333	8,147,989
	10,264,022	987,576	1,179,060	1,101,893	13,532,551

In millions of won

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

10,196,691	976,922	1,101,776	1,448,271	13,723,660
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(*) The maturities cannot be presently determined.

Derivative liabilities classified by maturity periods which from reporting date to maturity date of contract as of September 30, 2014 and December 31, 2013 are as follows:

In millions of won

Type	September 30, 2014				
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	Total
Gross settlement					
- Trading	(67,829)	(84,281)	(111,808)	(56,839)	(320,757)
- Hedging	(38,722)	(16,953)	(232,007)	(61,205)	(348,887)
	(106,551)	(101,234)	(343,815)	(118,044)	(669,644)

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

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

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

(3) Fair value risk

The fair value of the Company's actively-traded financial instruments (i.e. short-term financial assets held for trading, available-for-sale financial assets, etc.) is based on the traded market-price as of the reporting period end. The fair value of the Company's financial assets is the amount which the asset could be exchanged for or the amount a liability could be settled for.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Company uses that technique.

For trade receivables and payables, the Company considers the carrying value net of impairment as fair value. While for disclosure purposes, the fair value of financial liabilities is estimated by discounting a financial instruments with similar contractual cash flows based on the effective interest method.

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

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

- (i) Fair value and book value of financial assets and liabilities as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
Type	Book value	Fair value	Book value	Fair value
Assets recognized at fair value				
Available-for-sale financial assets (*1)	1,015,406	1,015,406	1,256,765	1,256,765
Derivative assets (trading)	11,267	11,267	4,118	4,118
Derivative assets (using hedge accounting)	49,151	49,151	82,376	82,376
Long-term financial instruments	743	743	1,183	1,183
Short-term financial instruments	201,773	201,773	384,199	384,199
	1,278,340	1,278,340	1,728,641	1,728,641
Assets carried at amortized cost				
Held-to-maturity investments	3,682	3,682	2,285	2,285
Loans and receivables	617,815	617,815	608,239	608,239
Trade and other receivables	8,138,479	8,138,479	9,170,644	9,170,644
Cash and cash equivalents	3,485,279	3,485,279	2,232,313	2,232,313
	12,245,255	12,245,255	12,013,481	12,013,481
Liabilities recognized at fair value				
Derivative liabilities (trading)	281,421	281,421	491,035	491,035
Derivative liabilities (using hedge accounting)	300,649	300,649	209,440	209,440
	582,070	582,070	700,475	700,475

Liabilities carried at amortized cost

Secured borrowings	1,053,127	1,053,127	582,053	579,111
Unsecured bond	56,556,362	60,067,885	54,878,897	57,226,079
Finance lease liabilities	797,161	797,161	884,966	884,966
Unsecured borrowings	4,384,722	4,493,495	5,383,966	5,493,786
Trade and other payables(*2)	7,866,960	7,866,960	8,979,316	8,979,316
Bank overdraft	13,980	13,980	43,233	43,233
	70,672,312	74,292,608	70,752,431	73,206,491

(*1) Book values of equity securities held by the Company that were measured at cost as of September 30, 2014 and December 31, 2013 are 310,371 million and 330,001 million, respectively, as a quoted market price does not exist in an active market and its fair value cannot be measured reliably.

(*2) Excludes finance lease liabilities.

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(Unaudited)

44. Risk Management, Continued**(3) Fair value risk, continued****(ii) Interest rates used for determining fair value**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

The discount rate used for calculating fair value as of September 30, 2014 and December 31, 2013 are as follows:

Type	September 30, 2014	December 31, 2013
Derivatives	0.17% ~ 2.96%	0.17% ~ 4.34%
Borrowings and debt securities	0.99% ~ 5.38%	1.40% ~ 4.11%
Finance lease	5.90% ~ 10.83%	5.90% ~ 10.83%

(iii) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2, or 3, based on the degree to which the fair value is observable.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Fair values of financial instruments by hierarchy level as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014			
Type	Level 1	Level 2	Level 3	Total
Financial assets at fair value				

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Available-for-sale financial assets	518,556	186,479	705,035
Derivative assets	60,418		60,418

518,556 60,418 186,479 765,453

Financial liabilities at fair value

Derivative liabilities	582,070		582,070
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In millions of won

<i>In millions of won</i>		December 31, 2013		
Type	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Available-for-sale financial assets	740,805		185,959	926,764
Derivative assets		86,494		86,494

740,805 86,494 185,959 1,013,258

Financial liabilities at fair value

Derivative liabilities	700,475		700,475
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The fair value of available-for-sale financial assets publicly traded is measured at the closing bid price quoted at the end of the reporting period. Meanwhile, the fair value of unquoted available-for-sale financial assets is calculated using the valuation results from an external pricing service in which weighted average borrowing rates of interest of evaluated companies are used as a discount rate. The fair value of derivatives is measured using valuation model which is determined at the present value of estimated future cash flows discounted at current market interest rate.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

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

Changes of financial assets and liabilities which are classified as level 3 for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

<i>In millions of won</i>		September 30, 2014			
	Beginning balance	Acquisition	Valuation	Disposal	Foreign currency translation
Financial assets at fair value					Ending balance
Available-for-sale financial assets					
Unlisted securities	171,304		1		171,305
Debt securities	14,655				519
					15,174

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

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

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

(2) Rights and classification of the arrangement

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

(3) The Company's expected future collections of service concession arrangements as of September 30, 2014 are as follows:

In millions of won

Type	Amounts
Less than 1 year	219,479
1 ~ 2 years	219,479
2 ~ 3 years	219,479
Each year thereafter through 2022	237,769

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties**(1) Related parties of the Company as of September 30, 2014 are as follows:**

Type	Related party
Parent	Republic of Korea government
Subsidiaries (78 subsidiaries)	Korea Hydro & Nuclear Power Co., Ltd., Korea South-East Power Co., Ltd., Korea Midland Power Co., Ltd., Korea Western Power Co., Ltd., Korea Southern Power Co., Ltd., Korea East-West Power Co., Ltd., KEPCO Engineering & Construction Company, Inc., KEPCO Plant Service & Engineering Co., Ltd., KEPCO Nuclear Fuel Co., Ltd., KEPCO KDN Co., Ltd., Garorim Tidal Power Plant Co., Ltd., KEPCO International HongKong Ltd., KEPCO International Philippines Inc., KEPCO Gansu International Ltd., KEPCO Philippines Holdings Inc., KEPCO Philippines Corporation, KEPCO Ilijan Corporation, KEPCO Lebanon SARL, KEPCO Neimenggu International Ltd., KEPCO Shanxi International Ltd., KOMIPO Global Pte Ltd., KEPCO Canada Energy Ltd., KEPCO Netherlands B.V., KOREA Imouraren Uranium Investment Corp., KEPCO Australia Pty., Ltd., KOSEP Australia Pty., Ltd., KOMIPO Australia Pty., Ltd., KOWEPO Australia Pty., Ltd., KOSPO Australia Pty., Ltd. KEPCO Middle East Holding Company, Qatrana Electric Power Company, KHNP Canada Energy Ltd., KEPCO Bylong Australia Pty., Ltd., Korea Waterbury Uranium Limited Partnership, KEPCO Canada Uranium Investment Limited Partnership, Korea Electric Power Nigeria Ltd., KEPCO Holdings de Mexico, KST Electric Power Company, KEPCO Energy Service Company, KEPCO Netherlands S3 B.V., PT. KOMIPO Pembangkitan Jawa Bali, PT. Cirebon Power Service, KOWEPO International Corporation, KOSPO Jordan LLC, EWP Philippines Corporation EWP America Inc., EWP Renewable Co., DG Fairhaven Power, LLC, DG Kings Plaza Holdings, LLC, DG Kings Plaza, LLC, DG Kings Plaza II, LLC, DG Whitefield, LLC, Springfield Power, LLC, KNF Canada Energy Limited, PT KEPCO Resource Indonesia, EWP Barbados 1 SRL, California Power Holdings, LLC, Gyeonggi Green Energy Co., Ltd., PT. Tanggamus Electric Power, Gyeongju Wind Power Co., Ltd., KOMIPO America Inc., Boulder Solar Power, LLC, EWPRC Biomass Holdings, LLC, KOSEP USA, INC., PT. EWP Indonesia, KOWEPO America LLC., KEPCO Netherlands J3 B.V., Korea Offshore Wind Power Co., Ltd., Global One Pioneer B.V., Global Energy Pioneer B.V., Mira Power Limited, KOSEP Material Co., Ltd., Commerce and Industry Energy Co., Ltd., KEPCO Singapore Holding Pte., Ltd., KOWEPO India Private Limited, KEPCO KPS Philippines Corp., KOSPO Chile SpA., PT. KOWEPO Sumsel Operation And Maintenance Services

Associates (52 associates)	Daegu Green Power Co., Ltd., Korea Gas Corporation, Korea Electric Power Industrial Development Co., Ltd., YTN Co., Ltd., Cheongna Energy Co., Ltd., Gangwon Wind Power Co., Ltd., Hyundai Green Power Co., Ltd., Korea Power Exchange, AMEC Partners Korea, Hyundai Energy Co., Ltd., Ecollite Co., Ltd., Taebaek Wind Power Co., Ltd., Muju Wind Power Co., Ltd., Pyeongchang Wind Power Co., Ltd., Daeryun Power Co., Ltd., JinanJangsu Wind Power Co., Ltd., Changjuk Wind Power Co., Ltd., KNH Solar Co., Ltd., SPC Power Corporation, Gemeng International Energy Co., Ltd., PT. Cirebon Electric Power, KNOC Nigerian East Oil Co., Ltd., KNOC Nigerian West Oil Co., Ltd., Dolphin Property Limited, E-Power S.A., PT Wampu Electric Power, PT. Bayan Resources TBK, S-Power Co., Ltd., Pioneer Gas Power Limited, Eurasia Energy Holdings, Xe-Pian Xe-Namnoy Power Co., Ltd., Busan Solar Co., Ltd., Hadong Mineral Fiber Co., Ltd., Green Biomass Co., Ltd., PT. Mutiara Jawa, Heang Bok Do Si Photovoltaic Power Co., Ltd., Jeonnam Solar Co., Ltd., DS POWER Co., Ltd., Dongducheon Dream Power Co., Ltd., KS Solar Corp. Ltd., Yeongwol Energy Station Co., Ltd., Jinbhuvish Power Generation, Best Solar Energy Co., Ltd., SE Green Energy Co., Ltd., Daegu Photovoltaic Co., Ltd., Jeongam Wind Power Co., Ltd., Korea Power Engineering Service Co., Ltd., Goseong Green Energy Co. Ltd., Naepo Green Energy Co., Ltd., Shin Pyeongtaek Power Co., Ltd., Gangneung Eco Power Co., Ltd., Noeul Green Energy Co., Ltd.
Joint ventures (38 joint ventures)	KEPCO-Uhde Inc., Eco Biomass Energy Sdn. Bhd., Datang Chaoyang Renewable Power Co., Ltd., Shuweiha Asia Power Investment B.V., Shuweiha Asia Operation & Maintenance Company, Waterbury Lake Uranium L.P., ASM-BG Investicii AD, RES Technology AD, KV Holdings, Inc., KEPCO SPC Power Corporation, Canada Korea Uranium Limited Partnership, KEPCO Energy Resource Nigeria Limited, Gansu Datang Yumen Wind Power Co., Ltd., Datang Chifeng Renewable Power Co., Ltd., Datang KEPCO Chaoyang Renewable Power Co., Ltd., Rabigh Electricity Company, Rabigh Operation & Maintenance Company, Jamaica Public Service Company Limited, KW Nuclear Components Co., Ltd., Busan shinho Solar power Co., Ltd., GS Donghae Electric Power Co., Ltd., Global Trade Of Power System Co., Ltd., Expressway Solar-light Power Generation Co., Ltd, KODE NOVUS 1 LLC., KODE NOVUS 2 LLC., Daejung Offshore Wind Power Co., Ltd., Arman Asia Electric Power Company, KEPCO-ALSTOM Power Electronics Systems, Inc., Dongbu Power Dangjin Corporation, Honam Wind Power Co., Ltd., Nepal Water & Energy Development Company Pty Ltd., Kelar S.A, PT. Tanjung Power Indonesia, Incheon New Power Co., Ltd., Seokmun Energy Co., Ltd., Nghi Son 2 Power Ltd., Chun-cheon Energy Co., Ltd., Yeonggwangbaeksu Wind Power Co., Ltd.
Others	Korea Finance Corporation

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

Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued

(2) Transactions between KEPCO 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, 2014 and 2013 are as follows:
<Sales and others>

In millions of won

<i>In millions of won</i>		Sales and others	
		September 30, 2014	September 30, 2013
Company name	Transaction type		
<Associates>			
Daegu Green Power Co., Ltd.	Electricity sales	1,006	28
Dongducheon Dream Power Co., Ltd.	Rental income and others	9,249	7,233
Korea Gas Corporation	Electricity sales	61,393	115,792
Chungbuk Photovoltaic Power Co., Ltd	Electricity sales	6	
Cheonan Photovoltaic Power Co., Ltd.	Electricity sales	2	
SE Green Energy Co., Ltd.	Electricity sales		1
Daegu Photovoltaic Co., Ltd.	Service		5
Jeongam wind Power Co., Ltd.	Service	7	2
Golden Route J Solar Power Co., Ltd.	Electricity sales	1	
Yeongwol Energy Station Co., Ltd.	Service	3,374	17,055
KOSCON Photovoltaic Co., Ltd.	Electricity sales	5	1
Yeonan Photovoltaic Co., Ltd.	Electricity sales	4	
Q1 Solar Co., Ltd.	Electricity sales	13	3
Best Solar Energy Co., Ltd.	Electricity sales	16	
Seokcheon Solar Power Co., Ltd.	Electricity sales	6	
DSolar Energy Co., Ltd.	Electricity sales	8	
KS Solar Co., Ltd.	Electricity sales	8	
Hyundai Asan Solar Power Co., Ltd.	Electricity sales	8	
Jeonnam Solar Co., Ltd.	Electricity sales	16	
Korea Electric Power Industrial Development Co., Ltd.	Service	12,586	3,074
DS POWER Co., Ltd.	Construction revenue	72,252	

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Goseong Green Energy Co. Ltd.	Property sales	3,900	
Gangneung Eco Power Co., Ltd.	Property sales	2,305	
YTN Co., Ltd.	Electricity sales	6,880	839
Cheongna Energy Co., Ltd.	Rental income and others	7,887	10,485
Gangwon Wind Power Co., Ltd.	Dividend income	2,124	2,106
Hyundai Green Power Co., Ltd.	Design Service	13,683	13,822
Korea Power Exchange	Service	9,327	9,654
Hyundai Energy Co., Ltd.	Service	45,846	16,140
Ecollite Co., Ltd.	Interest income		866
Taebaek Wind Power Co., Ltd.	Service	1,522	511
Pyeongchang Wind Power Co., Ltd.	Design Service	85	
Daeryun Power Co., Ltd.	Electricity sales	1,162	302
Changjuk Wind Power Co., Ltd.	Electricity sales	1,815	474
KNH Solar Co., Ltd.	Electricity sales	13	14
S-Power Co., Ltd.	Electricity sales	1,625	
Busan Solar Co., Ltd.	Electricity sales	13	2
Dolphin Property Limited	Service		32
E-Power S.A.	Service	1,452	1,896

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued

(3) Related party transactions for the nine-month periods ended September 30, 2014 and 2013 are as follows, continued:

<Sales and others>*In millions of won*

<i>In millions of won</i>		Sales and others	
		September 30, 2014	September 30, 2013
Company name	Transaction type		
<Joint ventures>			
KEPCO SPC Power Corporation	Service	7,093	6,327
KEPCO-ALSTOM Power Electronics Systems, Inc.	Service	502	364
Dongbu Power Dangjin Corporation	Technical fee	6	
Honam Wind Power Co., Ltd.	Electricity sales	57	
Incheon New Power Co., Ltd.	Construction revenue	6,390	
KW Nuclear Components Co., Ltd.	Service	371	545
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	Architectural engineering	2,789	2,961
Busan Shinho Solar power Co., Ltd.	Electricity sales	18	
Yeongam Wind Power Co., Ltd.	Service	47	
Global Trade Of Power System Co., Ltd.	Service	39	
Datang Chifeng Renewable Power Co., Ltd.	Interest income	1,453	1,922
Rabigh Electricity Company	Electricity sales		676
Rabigh Operation & Maintenance Company	Rental income and others	2,822	2,091
Jamaica Public Service Company Limited	Service	4,249	2,081
KV Holdings, Inc.	Dividend income		315
	Service	10,890	16,869

Amman Asia Electric Power
Company
Kelar S.A.

Service

2,041

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued

(3) Related party transactions for the nine-month periods ended September 30, 2014 and 2013 are as follows, continued:

<Purchase and others>*In millions of won*

<i>In millions of won</i>		Purchase and others	
Company name	Transaction type	September 30, 2014	September 30, 2013
<Associates>			
Korea Gas Corporation	Purchase of power generation fuel	7,755,393	9,230,117
Gumi-ochang Photovoltaic Power Co., Ltd.	REC Purchase	1,789	2,898
Chungbuk Photovoltaic Power Co., Ltd.	REC Purchase	575	839
Cheonan Photovoltaic Power Co., Ltd.	REC Purchase	435	599
Daegu Photovoltaic Co., Ltd.	Electricity purchase	2,852	360
Golden Route J Solar Power Co., Ltd.	REC Purchase	518	445
KOSCON Photovoltaic Co., Ltd.	REC Purchase	243	328
Yeonan Photovoltaic Co., Ltd.	Electricity purchase	635	51
Q1 Solar Co., Ltd.	Electricity purchase	2,502	496
Best Solar Energy Co., Ltd.	REC Purchase	4,882	
Seokcheon Solar Power Co., Ltd.	Electricity purchase	1,193	1,234
DSolar Energy Co., Ltd.	REC Purchase	1,163	
KS Solar Co., Ltd	REC Purchase	3,653	
Hyundai Asan Solar Power Co., Ltd.	Electricity purchase	606	
	Rental income and others	70	

Heang Bok Do Si Photovoltaic
Power Co., Ltd.

Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	187,427	140,981
YTN Co., Ltd.	Service	142	535
Gangwon Wind Power Co., Ltd.	Electricity purchase	19,014	28,786
Hyundai Green Power Co., Ltd.	Electricity purchase	336,451	215,544
Korea Power Exchange	Trading Fees	64,264	58,390
Hyundai Energy Co., Ltd.	Electricity purchase	2,160	302
Taebaek Wind Power Co., Ltd.	REC Purchase	9,386	8,294
Changjuk Wind Power Co., Ltd.	Electricity purchase	9,631	8,200
KNH Solar Co., Ltd.	REC Purchase	3,758	3,628
Busan Solar Co., Ltd.	Electricity purchase	3,695	2,831
Green Biomass Co., Ltd.	Woodchip purchase	1,172	542

<Joint ventures>

KEPCO-ALSTOM Power Electronics Systems, Inc.	Service	176	
Honam Wind Power Co., Ltd.	Electricity purchase	3,109	
Busan Shinho Solar power Co., Ltd.	Electricity purchase	6,111	3,580
Yeongam Wind Power Co., Ltd.	Electricity purchase	7,081	
Yeongam F1 Solar Power Plant Co., Ltd.	Electricity purchase		52,861
Expressway Solar-light Power Co., Ltd.	Electricity purchase	3,078	943
Jamaica Public Service Company Limited	Service	149	640

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued**(4) Receivables and payables arising from related party transactions as of September 30, 2014 and December 31, 2013 are as follows:**

<i>In millions of won</i>		Receivables		Payables	
Company name	Type	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
<Associates>					
Daegu Green Power Co., Ltd.	Trade receivables		35		
Korea Gas Corporation	Trade receivables		8,237		
	Non-trade receivables and others	715	1,507		
	Trade payables			739,502	1,208,072
	Non-trade payables and others				101
Chungbuk Photovoltaic Power Co., Ltd.	Non-trade payables and others				57
Daegu Photovoltaic Co., Ltd.	Non-trade payables and others				212
Jeongam Wind Power Co., Ltd.	Non-trade payables and others				6
Golden Route J Solar Power Co., Ltd.	Non-trade payables and others				48
Yeongwol Energy Station Co., Ltd.	Trade receivables	6,874	11,413		
KOSCON Photovoltaic Co., Ltd.	Non-trade payables and others				45
Yeonan Photovoltaic Co., Ltd.	Trade receivables		23		
	Non-trade payables and others				20
Best Solar Energy Co., Ltd.	Non-trade payables and others				21
Seokcheon Solar Power Co., Ltd.	Non-trade payables and others				154
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DSolar Energy Co., Ltd.	Non-trade payables and others				29
Heang Bok Do Si Photovoltaic Power Co., Ltd.	Non-trade payables and others			23	
Korea Electric Power Industrial Development Co., Ltd.	Trade receivables	799	590		
	Non-trade receivables and others	93	129		
	Trade payables			3,765	
	Non-trade payables and others			200	24,357
DS Power Co., Ltd.	Trade receivables	53,436			
	Non-trade payables and others				1
YTN Co., Ltd.	Trade receivables		51		
	Non-trade payables and others				110
Cheongna Energy Co., Ltd.	Trade receivables		133		
	Non-trade receivables and others	95	1,805		
	Non-trade payables and others			180	
Gangwon Wind Power Co., Ltd.	Trade receivables		7		
	Non-trade payables and others				3,720

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued

(4) Receivables and payables arising from related party transactions as of September 30, 2014 and December 31, 2013 are as follows, continued:

<i>In millions of won</i>		Receivables		Payables	
Company name	Type	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
<Associates>					
Hyundai Green Power Co., Ltd.	Trade receivables	510	1,311		
	Non-trade payables and others				28,427
Korea Power Exchange	Trade receivables	3,007	3,810		
	Non-trade receivables and others		147		
	Trade payables				3,497
	Non-trade payables and others			1,073	6,709
Hyundai Energy Co., Ltd.	Trade receivables	28,546	60		
	Non-trade receivables and others		17,936		
	Non-trade payables and others			8,847	8,823
Taebaek Wind Power Co., Ltd.	Trade receivables		129		
	Non-trade receivables and others	94			
	Non-trade payables and others				703
Pyeongchang Wind Power Co., Ltd.	Trade receivables		186		
	Non-trade receivables and others	271			
Daeryun Power Co., Ltd.	Trade receivables		208		
	Trade receivables		92		

Changjuk Wind Power Co.,
Ltd.

	Non-trade receivables and others	84		
	Non-trade payables and others			797
Busan Solar Co., Ltd.	Non-trade payables and others		201	3
KNH Solar Co., Ltd.	Trade receivables		1	
Green Biomass Co., Ltd.	Non-trade receivables and others		258	
	Non-trade payables and others			45
SPC Power Corporation	Non-trade receivables and others		6	
E-POWER S.A.	Non-trade receivables and others	2	2	

<Joint Ventures>

KEPCO SPC Power Corporation	Trade receivables	6,355	10,237	
	Non-trade receivables and others	3,298		
KEPCO-ALSTOM Power Electronics Systems, Inc.	Non-trade receivables and others		473	
Dongbu Power Dangjin Corporation	Non-trade receivables and others	1,575	1,575	
Honam Wind Power Co., Ltd.	Non-trade payables and others			1,182
Seokmun Energy Co., Ltd.	Non-trade receivables and others		196	

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued

(4) Receivables and payables arising from related party transactions as of September 30, 2014 and December 31, 2013 are as follows, continued:

In millions of won

Company name	Type	Receivables		Payables	
		September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Incheon New Power Co., Ltd.	Trade receivables	3,394			
	Non-trade payables and others				1,483
KW Nuclear Components Co., Ltd.	Non-trade receivables and others	58			
GS Donghae Electric Power Co., Ltd. (Formerly, STX Electric Power Co., Ltd.)	Trade receivables	406	323		
	Non-trade receivables and others	1,016	100		
	Non-trade payables and others			25	
Busan Shinho Solar power Co., Ltd.	Non-trade payables and others			770	1,132
Yeongam Wind Power Co., Ltd.	Trade receivables		252		
Datang Chifeng Renewable Power Co., Ltd.	Trade receivables	60	613		
Jamaica Public Service Company Limited	Trade receivables	1,068	537		
	Non-trade receivables and others	462	59		
Amman Asia Electric Power Company	Trade receivables	4,403			

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued**(5) Loans arising from related party transactions as of September 30, 2014 and December 31, 2013 are as follows:***In millions of won*

Type	Company name	Beginning balance	Loans	Collection	Others	Ending balance
Joint ventures	KEPCO SPC Power Corporation	48,544			(7,991)	40,553
Joint ventures	Datang Chifeng Renewable Power Co., Ltd.	35,679		(7,104)	(159)	28,416
Joint ventures	Jamaica Public Service Company Limited	2,111			(9)	2,102
Associates	KNOC Nigerian East Oil Co., Ltd. and KNOC Nigerian West Oil Co., Ltd.	25,353	189	(75)	(108)	25,359
	Allowance for doubtful accounts	(20,228)			56	(20,172)
Associates	Dolphin Property Limited	953		(957)	4	
Associates	Rabigh Electricity Company	103,421		(27,341)	(460)	75,619
Associates	PT. Cirebon Electric Power	55,741	1,720	(19,809)	(403)	37,250
Associates	Xe-Pian Xe-Namnoy Power Co., Ltd.		1,413			1,413
		251,575	3,323	(55,286)	(9,070)	190,541

(6) Borrowings arising from related party transactions as of September 30, 2014 and December 31, 2013 are as follows:

In millions of won

Related parties	Type	December 31,			September 30,	
		2013	Borrowing	Refund	Others	2014
Korea Finance Corporation	Facility	2,300,000		(600,000)		1,700,000

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued**(7) Guarantees provided to an associates or joint ventures as of September 30, 2014 are as follows:***In millions of won and thousands of foreign currencies*

Primary guarantor	Secondary guarantor	Type of guarantees	Credit limit		Guarantee
Korea Electric Power Corporation	KEPCO SPC Power Corporation	Debt guarantees	USD	157,340	SMBC and others
Korea Electric Power Corporation	Shuweiha 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	16,800	Standard Chartered Bank
Korea Western Power Co., Ltd.	Cheongna Energy Co., Ltd.	Collateralized money invested Guarantees for supplemental funding (*)	KRW	42,646	Hana Bank, Korea Exchange Bank
Korea Western Power Co., Ltd.	Xe-Pian Xe-Namnoy Power Co., Ltd.	Payment guarantees for business reserve	USD	2,500	Krung Thai Bank
		Collateralized money invested Guarantees for supplemental funding (*)	USD	20,922	
Korea Western Power Co., Ltd.	Rabigh O&M Co., Ltd.	Performance guarantees	SAR	4,800	Saudi Arabia British 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	111,134	Kookmin Bank
Korea Western Power Co., Ltd.	PT Mutiara Jawa	Collateralized money invested	USD	2,610	Shinhan Bank Singapore

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Korea Western Power Co., Ltd.	Heangbok Do Si Photovoltaic Power Co., Ltd.	Collateralized money invested	KRW	194	Shinhan Capital Co., Ltd., Nonghyup Bank
Korea Western Power Co., Ltd.	Shin Pyeongtaek Power Co., Ltd.	Collateralized money invested	KRW	40	Kookmin Bank
Korea East-West Power Co., Ltd.	Busan Shinho Solar power Co., Ltd.	Collateralized money invested	KRW	61,880	KT Capital Co., Ltd.
Korea East-West Power Co., Ltd.	GS-Donghae Electric Power Co., Ltd. (Formerly named STX Electric Power Co., Ltd.)	Collateralized money invested	KRW	2,018,120	Korea Development Bank and others
Korea East-West Power Co., Ltd.	Honam Wind Power Co., Ltd.	Collateralized money invested	KRW	39,000	Shinhan Bank and others
Korea East-West Power Co., Ltd.	Yeonggwangbaeksu Wind Power Co., Ltd.	Collateralized money invested	KRW	103,200	Korea Development Bank, Daewoo Securities Co., Ltd.
Korea Southern Power Co., Ltd.	KNH Solar Co., Ltd.	Collateralized money invested Performance guarantees and guarantees for supplemental funding (*)	KRW	1,296	Shinhan Bank, Kyobo Life Insurance Co., Ltd.
Korea Southern Power Co., Ltd.	Daeryun Power Co., Ltd.	Collateralized money invested Guarantees for supplemental funding (*)	KRW	25,477	Korea Development Bank, Daewoo Securities Co., Ltd. and others
Korea Southern Power Co., Ltd.	Changjuk Wind Power Co., Ltd.	Collateralized money invested Guarantees for supplemental funding (*)	KRW	3,801	Shinhan Bank, Woori Bank
Korea Southern Power Co., Ltd.	Busan Solar Co., Ltd.	Collateralized money invested	KRW	793	Consus Asset Management Co., Ltd
Korea Southern Power Co., Ltd.	Daegu Green Power Co., Ltd.	Collateralized money invested Performance guarantees and guarantees for supplemental funding (*)	KRW	76,193	Korea Exchange Bank and others
Korea Southern Power Co., Ltd.	KS Solar Corp. Ltd.	Collateralized money invested	KRW	636	Shinhan Capital Co., Ltd.
Korea Southern Power Co., Ltd.	Jeonnam Solar Co., Ltd.	Collateralized money invested	KRW	700	Shinhan Capital Co., Ltd.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued**(7) Guarantees provided to an associates or joint ventures as of September 30, 2014 are as follows, continued:***In millions of won and thousands of foreign currencies*

Primary guarantor	Secondary guarantor	Type of guarantees	Credit limit		Guarantee
Korea Southern Power Co., Ltd.	Kelar S.A.	Performance guarantees	USD	13,000	Korea Exchange Bank
		Debt guarantees	USD	106,600	SMBC, MIZUHO
KEPCO Engineering & Construction Company, Inc.	DS Power Co., Ltd.	Collateralized money invested	KRW	2,900	Korea Development Bank and Daewoo Securities Co., Ltd.
Korea Southern Power Co., Ltd.			KRW	13,841	
KEPCO Engineering & Construction Company, Inc.		Performance guarantees and guarantees for supplemental funding (*)			
Korea Southern Power Co., Ltd.					
Korea Midland Power Co., Ltd.	Hyundai Green Power Co., Ltd.	Collateralized money invested	KRW	87,003	Korea Development Bank and others
		Guarantees for supplemental funding (*)			
Korea Midland Power Co., Ltd.	Gangwon Wind Power Co., Ltd.	Collateralized money invested	KRW	7,409	Industrial Bank of Korea
Korea South-East Power Co., Ltd.	Hyundai Energy Co., Ltd.	Collateralized money invested	KRW	59,470	Korea Development Bank and others
		Performance guarantees and guarantees for supplemental funding (*)			
Korea South-East Power Co., Ltd.	RES Technology AD				

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		Collateralized money invested	KRW EUR	15,595 4,271	Korea Development Bank and others
		Debt guarantees			
Korea South-East Power Co., Ltd.	ASM-BG Investicii AD	Collateralized money invested	KRW EUR	16,101 4,175	Korea Development Bank and others
		Debt guarantees			
Korea South-East Power Co., Ltd.	Express solar-light Power Generation Co., Ltd.	Guarantees for supplemental funding (*) Guarantees for supplemental funding (*)	KRW	3,132	Woori Bank and others
Korea South-East Power Co., Ltd.	S-Power Co., Ltd.	Collateralized money invested	KRW	108,000	Korea Development Bank and others
		Performance guarantees and guarantees for supplemental funding (*)			
Korea South-East Power Co., Ltd.	Best Solar Energy Co., Ltd.	Collateralized money invested	KRW	1,242	Shinhan Bank and others
		Guarantees for supplemental funding (*)			
KOSEP USA, INC.	KODE NOVUS II LLC	Collateralized money invested	USD	3,750	Korea Development Bank and others
		Guarantees for supplemental funding (*)			
KOSEP USA, INC.	KODE NOVUS I LLC	Guarantees for supplemental funding (*)			The Export-import Bank of Korea and others
Korea Hydro & Nuclear Power Co., Ltd.	Yeong Wol Energy Station Co., Ltd.	Collateralized money invested	KRW	1,400	Daewoo Securities Co., Ltd. and others
KEPCO Plant Service & Engineering Co., Ltd.	Incheon New Power Co., Ltd.	Collateralized money invested	KRW	6,800	Shinhan Bank
		Guarantees for supplemental funding (*)			

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

46. Related Parties, Continued**(8) As of September 30, 2014, there are no guarantees provided by related parties.****(9) Salaries and other compensations to the key members of management of the Company for the three and nine-month periods ended September 30, 2014 and 2013 are as follows:***In millions of won*

Type	September 30, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Salaries	286	670	148	961
Employee benefits	16	27	16	48
	302	697	164	1,009

47. Non-Cash Transactions**Significant non-cash investing and financing transactions for the nine-month periods ended September 30, 2014 and 2013 are as follows:***In millions of won*

Transactions	September 30, 2014	September 30, 2013
Transfer of long-term borrowings and debt securities from non-current to current	6,512,932	5,608,306
Recognition of asset retirement cost and related provision for decommissioning costs	141,358	169,821
Transfer of provision for disposal of spent nuclear fuel to accrued expenses	204,812	246,577

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

48. Commitments for Expenditure

- (1) The agreements for acquisition of property, plant and equipment as of September 30, 2014 and December 31, 2013 are as follows:

<i>In millions of won</i>	September 30, 2014		December 31, 2013	
Contracts	Amounts	Balance	Amounts	Balance
Construction of New Uljin units	14,559,941	10,851,067	14,559,941	11,756,580
Construction of New Kori units	14,097,914	7,842,283	14,097,914	8,306,938
Construction of New Wolseong units	5,310,003	227,204	5,310,003	449,958
Construction of Dangjin units	962,024	197,377	952,729	486,809
Construction of New Boryeong units	1,312,785	928,662	1,801,718	1,613,529
Construction of Samcheok units	2,288,199	808,902	2,273,156	1,772,954
Construction of Taean IGCC units	919,350	169,407	925,173	521,439
Construction of Taean units	947,214	681,573	937,954	852,254
Construction of office building(KDN)	106,493	23,174	106,493	68,283
Construction of office building(KOPEC)	210,021	97,785	210,021	167,563
Construction of Sejong city cogeneration units	305,360	46,007	305,360	63,485
Purchase of Wonju cogeneration units	50,220	36,052	50,400	50,241
Purchase of Ulsan combined cycle power units	258,787	10,709	256,760	63,514
Purchase of Pyeongtaek combined cycle power units	345,883	3,698	354,976	75,048
Purchase of Andong main machine	234,601	11,730	685,335	28,194
Purchase of diesel for generation	54,177		54,177	54,177
Construction of New Yeongheung units	1,561,393	141,851	1,639,047	286,727
Construction of New Yeosu units	493,785	306,051	417,733	337,926
Construction of New Seoul units	586,493	550,088	586,493	550,493
Purchase of Concrete Poles (10M,350KGF)	77,209	12,523	77,209	71,111
Purchase of Concrete Poles (10M,350KGF)	123,888	120,740		
Purchase of cable (TR CNCE-W/AL,1C,400SQ) (unit price contract)	149,083	115,625		
Purchase of cable (TR CNCE-W/AL,1C,400SQ) (unit price contract)	149,861	116,403		
Other purchase contracts	159,362	84,588	135,761	65,394

45,264,046	23,383,499	45,738,353	27,642,617
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(2) As of September 30, 2014, details of contracts for inventory purchase are as follows:

The Company imports all of its uranium ore concentrates from sources outside Korea (including the United States, United Kingdom, Kazakhstan, France, Russia, South Africa, Canada and Australia) which are paid for with currencies other than Won, primarily in U.S. dollars. In order to ensure stable supply, the Company entered into long-term and medium-term contracts with various suppliers, and supplements such supplies with purchases of fuels on spot markets. The long-term and medium-term contract periods vary among contractors and the stages of fuel manufacturing process. Contract prices for processing of uranium are generally based on market prices. Contract periods for ore concentrates, conversion, enrichment and design and fabrication are as follows:

Type	Periods	Contracted amounts
Concentrate	2014 ~ 2030	36,288 Ton U3O8
Transformed	2014 ~ 2022	19,511 Ton U
Enrichment	2014 ~ 2029	39,058 Ton SWU
Molded	2014	999 Ton U

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

49. Contingencies and Commitments**(1) Ongoing litigations related with contingent liabilities and assets as of September 30, 2014 and December 31, 2013 are as follows:***In millions of won*

	September 30, 2014		December 31, 2013	
	Number of cases	Claim amount	Number of cases	Claim amount
As the defendant	631	556,728	608	407,910
As the plaintiff	172	195,480	123	157,104

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

Korea Electric Power Corporation (KEPCO) contracted with LS Cable & System Ltd. for 250kV submarine cables installed in the 105km section between Jindo (Mainland) and Jeju Island in September 2009. LS Cable & System Ltd. notified KEPCO of the completion of construction and requested the issuance of a certificate of completion, however, KEPCO disagreed that LS Cable & System Ltd. had completed construction in accordance with the conditions of their contract. As a result, KEPCO rejected the goods (submarine cables installed) delivered and refused to pay LS Cable & System Ltd.

LS Cable & System Ltd. filed for arbitration (seeking a total amount of 194 billion from KEPCO) with the Korean Commercial Arbitration Board in April 2013 in order to demand unpaid invoices and extra payments relating to claims of rejection of the test on completion and goods (submarine cables installed) delivered.

At this time, management believes the Company does not have a present obligation for this matter and has not recognized any provision as of September 30, 2014 due to the fact that LS Cable & System did not fully perform its obligations according to the contract terms. It is not possible to estimate an amount of potential loss because the Korean Commercial Arbitration Board is in the early stage of the process of examining the factual accuracy of the claims of each party by hiring third party experts.

Hyundai Engineering & Construction Co., Ltd.(Hyundai E&C), SK Engineering & Construction Co., Ltd. and GS Engineering & Construction Co., Ltd. filed a law suit for increase in contract bill (formerly, amounted of 1,000 million) against Korea Hydro & Nuclear Co., Ltd.(KHNP) in September, 2013, in

accordance with the design changes on the plant construction of New Hanwool 1 & 2. Hyundai Engineering & Construction Co., Ltd. and two other companies submitted an application to demand extra contract payments due to the design change, and they are asking a total amount of 133,426 million from KHNP.

Due to the inherent uncertainties, the Company is not able to reliably estimate the amount of compensation and timing if any, that might be awarded to Hyundai E&C and two other companies. Consequently, it is not possible for the Company to make an estimate of the expected financial effect that will result from the ultimate resolution of a lawsuit. Therefore, the Company has not recognized any provision for the lawsuit.

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

The court ruled against the plaintiff based on the principle of freedom of contract and principle of competitive bid preference in October 2013. The plaintiff has filed an appeal as of September 30, 2014.

At this time, management believes the Company does not have a present obligation for this matter and has not recognized any provision as of September 30, 2014 since the Company does not have any legal obligation to have a contract with the plaintiff which is supported by the initial decision of the court.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

49. Contingencies and Commitments, Continued**(1) Ongoing litigations related with contingent liabilities and assets as of September 30, 2014 and December 31, 2013 are as follows, continued:**

In December 2013, the Supreme Court of Korea ruled that regular bonuses also fall under the category of ordinary wages on the condition that those bonuses are paid regularly and uniformly. The Supreme Court ruled, that employees shall not retroactively demand the difference in overtime pay as additional wages, in the event that the demand itself causes an unexpected increase in spending for their company, and thus lead the company to financial difficulty. In that case, the request is not acceptable, since it is unjust, and it is in breach of the principle of good faith.

Prior to the ruling of the Supreme Court, the Company determined wages in accordance with budget instructions from the Ministry of Strategy and Finance, which excluded bonuses from ordinary wages and was with the consent of the Company's labor unions. Any request for the retroactive demand for the difference in overtime pay as additional wages may be limited based on the principle of good faith.

At this time, management believes that the Company does not have a present obligation for this matter and has not recognized any provision as of September 30, 2014 because the application of the Supreme Court's ruling is not clear and it is highly unpredictable to estimate the timing of payment and the amount since the Company is required to follow the Korean government's guidance, as a government entity. It is not possible to estimate the amount of potential loss because it will be dependent upon the future agreement between the management of the Company and the labor unions or the outcome of any similar lawsuits.

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

(2) Guarantees of borrowings provided to other companies as of September 30, 2014 and December 31, 2013 are as follows:*In thousands of U.S. dollars*

Guarantees	Financial or non-financial institution	Date of contract	Period of contract	September 30,	December 31, 2013
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2014

Repayment guarantees for					
UAE Shuweihaat S3					
borrowings	Mizuho, SMBC, HSBC	2011-05-16	2011-05-16 ~ 2014-02-28	USD	58,294

Guarantee of UAE

Shuweihaat S3 interest					
swap agreement	SMBC	2011-05-16	2011-05-16 ~ 2014-02-28	USD	1,500

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

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

49. Contingencies and Commitments, Continued**(3) Credit lines provided by financial institutions as of September 30, 2014 are as follows:***In millions of won and thousands of foreign currencies*

Commitments	Financial institutions	Currency	Amount
Commitments on Bank-overdraft	Nonghyup Bank and others	KRW	1,784,000
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	77,023
Certification of payment on payables from foreign country	Korea Development Bank	USD	392,125
Loan limit	The Export-Import Bank of Korea and others	KRW	148,950
	BNP Paribas and others	USD	2,556,000
Certification of payment on L/C	Woori Bank and others	USD	2,098,124
	Korea Exchange Bank and others	EUR	3,100
	Kookmin bank and others	JPY	8,677,652
	Korea Exchange Bank	GBP	183,507
Certification of performance guarantee on contract	Shinhan Bank and others	KRW	156,102
	Standard Chartered Bank and others	USD	707,502
	Kookmin bank and others	EUR	37,082
	Hana Bank and others	INR	185,077
	Korea Exchange Bank	AED	54,880
Certification of bidding	SMBC and others	USD	10,816
Advance payment bond, warranty bond, retention bond and others	Shinhan Bank	EUR	1,088
	Standard Chartered Bank and others	USD	252,214
	Kathmandu Bank and others	NPR	68,941
Others	Korea Exchange Bank	KRW	4,240
	Hana Bank and others	INR	157,830
		USD	551,414

	The Export-Import Bank of Korea and others		
Inclusive credit	Korea Exchange Bank	KRW	885,195
	Shinhan Bank and others	INR	47,489
	HSBC and others	USD	342,491
Trade finance	BNP Paribas and others	USD	900,000

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

49. Contingencies and Commitments, Continued

(4) As of September 30, 2014, the blank check and assets provided as collaterals or pledges to financial institutions by the Company are follows:

In millions of won and thousands of foreign currencies

Guarantor	Guarantee	Type of guarantee	Currency	Amount	Description
Korea Nuclear Fuel Co., Ltd.	Korea Resources Corporation	Blank check	KRW		Collateral for borrowings
Korea East-West Power Co., Ltd.	Korea Development Bank and others	All shareholdings of Gyeongju Wind Power Co., Ltd.	KRW	9,240	Collateral for borrowings
Korea Hydro & Nuclear Power Co., Ltd.	Korea Development Bank and others	All shareholdings of Gyeonggi Green Energy Co., Ltd.	KRW	47,000	Collateral for borrowings
Korea Midland Power Co., Ltd.	Hana Bank and others	All shareholdings of Commerce and Industry Energy Co., Ltd.	KRW	13,570	Collateral for borrowings
Gyeonggi Green Energy Co., Ltd.	Korea Development Bank and others	Factory estate and others	KRW	327,080	Providing guarantees (*)
Commerce and Industry Energy Co., Ltd.	Hana Bank and others	Land, buildings, structures and machinery	KRW	111,800	Collateral for borrowings
Gyeongju Wind Power Co., Ltd.	Korea Development Bank and others	Existing or expected trade receivables	KRW	20,320	Collateral for borrowings
		Land and Property, Plant and Equipment	KRW	37,549	Collateral for borrowings
Qatrana Electric Power Company	The Islamic Development Bank and others	Finance Lease receivable and Property, Plant and Equipment and others	JOD	45,381	Collateral for borrowings
KST Electric Power Company	Scotiabank Inverlat, S.A.	Finance Lease receivable and others	USD	316,442	Collateral for borrowings
Korea Southern Power Co., Ltd.	KOSPO-Jordan LLC	Shinhan Bank	USD	386	Performance guarantee

(*) The Company provided to the financial institutions the shares of Gyeonggi Green Energy Co., Ltd., one of its subsidiaries, as collateral related to long-term borrowings. Additionally, pledge for transfer of rights of long-term borrowings, pledge for insurance claims and other pledges were established.

(5) Fuel cost adjustment, a new electric tariff system was enacted by the Ministry of Knowledge Economy (MKE) (newly named the Ministry of Trade Industry and Energy (MTIE)) effective in July 2011. However, due to inflationary and other policy considerations relating to protecting the consumers from sudden and substantial rises in electricity tariff, the MKE issued a hold order on July 29, 2011 to suspend the Company's billing and collecting the amounts. In July 2014, the Fuel Cost Pass-through Adjustment (FCPTA) was abolished by the amendments to Tariff Adjustment Basis (notified by the MTIE on May 21, 2014) and Rules and Rates for Electric Service (approved on September 13, 2014 and implemented in July 2014).

The unbilled FCPTA amounts as of September 30, 2014 is 176,468 million, which decreased by 1,700,903 million from 1,877,371 million as of December 31, 2013.

In prior period, the Company concluded that, in consideration of the prolonged unbilled period and consultation with, and information from, the MTIE, the Company would not be able to bill and collect the unbilled FCPTA amounts for the foreseeable future. As a result, there were no FCPTA amounts remaining in the consolidated statement of financial position as of September 30, 2014 and the accumulated unbilled FCPTA will be reflected in the next electricity rates by adjusting the total electricity cost.

(6) The Company has a potential obligation to reimburse approximately 8.3 billion to KEPCO SPC Power Corporation, one of its joint ventures of the Company, for the turbine accident on Philippine Unit 2 power plant. Due to the uncertainties of whose responsibility for the accident, the Company has not recognized for the expected financial effect in the consolidated statement of financial position as of September 30, 2014.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

50. Subsequent Events

- (1) Subsequent to the September 30, 2014, the subsidiaries of KEPCO, namely, Korea Hydro & Nuclear Power Co., Ltd., Korea western Power Co. Ltd., Korea South-East Power Co., Ltd., and Korea Southern Power Co., Ltd., have issued new debt securities for funds of facilities and operation as follows:

In millions of won and thousands of US dollars

Company name	Type	Interest rate	Issue date	Maturity	Currency	Amounts
Korea Hydro & Nuclear Power Co., Ltd.	Global bond 6	2.38%	2014.10.28	2019.10.28	USD	300,000
Korea Western Power Co., Ltd.	23-1 st Unsecured bond	2.47%	2014.10.23	2019.10.23	KRW	80,000
	23-2 nd Unsecured bond	2.82%	2014.10.23	2024.10.23	KRW	120,000
	Asset backed short-term bond	2.05%	2014.10.16	2014.10.23	KRW	30,000
	Asset backed short-term bond	2.05%	2014.10.16	2014.10.23	KRW	70,000
Korea South-East Power Co., Ltd.	41-1 st Unsecured bond	2.21%	2014.10.30	2017.10.30	KRW	100,000
	41-2 nd Unsecured bond	2.41%	2014.10.30	2019.10.30	KRW	110,000
Korea Southern Power Co., Ltd.	30-1 st Unsecured bond	2.32%	2014.11.07	2019.11.07	KRW	190,000
	30-2 nd Unsecured bond	2.69%	2014.11.07	2024.11.07	KRW	60,000

- (2) KEPCO sold 18,929,995 shares of treasury stock amounted to 856 billion through block sales on October 24, 2014 to reduce debt levels and improve management efficiency of public enterprises.

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Notes to the Consolidated Interim Financial Statements, Continued

September 30, 2014

(Unaudited)

51. Adjusted Operating Profit

The operating profit in the Company'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 the Company's results from operating activities as presented in the Company's consolidated statements of comprehensive income (loss) prepared in accordance with K-IFRS for each of the three and nine-month periods ended September 30, 2014 and 2013 to the operating profit or loss as presented in the Company's 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, 2014		September 30, 2013	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
Operating profit on the statement of comprehensive income (loss)	2,861,631	4,917,948	1,547,321	1,111,859
Add				
Other income				
Reversal of other provisions	1,258	5,100	668	11,032
Reversal of allowance for doubtful accounts		14		226
Gains on assets contributed	640	660	30	100
Gains on liabilities exempted	41	841	479	479
Compensation and reparations revenue	10,858	32,249	38,870	72,813
Electricity infrastructure development fund	2,730	17,685	4,677	22,409
Revenue from research contracts	2,872	5,898	2,883	3,550
Rental income	52,358	143,626	46,362	144,613
Others	6,852	17,217	2,185	16,671
Other profit				
Gains on disposal of property, plant and equipment	17,227	49,735	7,004	29,184
Gains on disposal of intangible assets	4	4		
Gains on foreign currency translation	366	3,151	3,928	6,350
Gains on foreign currency transaction	7,880	33,788	26,687	55,937
Gains on insurance		3,046		1,632
Other profits	52,009	144,200	70,438	160,474

Deduct

Other expense				
Accretion expenses of other provisions	(122)	(251)	(17)	(293)
Depreciation expenses on investment properties	(209)	(626)	(227)	(685)
Depreciation expense on idle assets	(1,663)	(4,992)	(1,676)	(4,993)
Other bad debt expense		(17,653)		(5,576)
Donations	(9,702)	(19,551)	(9,554)	(19,350)
Others	(1,761)	(7,741)	(2,990)	(9,713)
Other loss				
Losses on disposal of property, plant and equipment	(6,222)	(16,363)	(8,681)	(32,989)
Losses on disposal of intangible assets	(1)	(18)	(1)	(1)
Impairment loss on property, plant and equipment				(1,161)
Impairment loss on intangible assets	(11)	(11)		(2)
Losses on foreign currency translation	(8,259)	(10,974)		(4,974)
Losses on foreign currency transaction	(13,056)	(37,934)	(3,062)	(49,237)
Other losses	(29,145)	(57,355)	(6,183)	(35,555)
Adjusted operating profit	2,946,575	5,201,693	1,719,141	1,472,800