

KOREA ELECTRIC POWER CORP  
Form 6-K  
September 11, 2018

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 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 September 2018**

**KOREA ELECTRIC POWER CORPORATION**

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

**55 Jeollyeok-ro, Naju-si, Jeollanam-do, 58217, Korea**

**(Address of principal executive offices)**

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

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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-\_\_\_\_\_.

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.

QUARTERLY BUSINESS REPORT

(For the period from January 1, 2018 to June 30, 2018)

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.

## I. Company Overview

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

2. Information of the company

(Address) 55 Jeollyeok-ro, Naju-si, Jeollanam-do, 58217, Korea

(Phone number) 82-61-345-4213

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

3. Major businesses

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

development of electric power resources;

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

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

overseas business related to the businesses mentioned above;

investment or contributions related to the businesses mentioned above;

development and operation of certain real estate holdings; and

other businesses entrusted by the government.

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

4. Subsidiaries and affiliates of KEPCO

(As of June 30, 2018)

| Classification | Consolidated | Associates and | Total |
|----------------|--------------|----------------|-------|
|----------------|--------------|----------------|-------|

|              | <b>subsidiaries</b> | <b>joint ventures</b> |     |
|--------------|---------------------|-----------------------|-----|
| Domestic     | 26                  | 60                    | 86  |
| Overseas     | 75                  | 46                    | 121 |
| <b>Total</b> | 101                 | 106                   | 207 |

5. Major changes in management

- A. On March 19, 2018, Mr. Kim, Chang-Joon was appointed as a non-standing director in the replacement of Mr. Koo, Ja-Yoon, whose term of office expired.
- B. On April 4, 2018, Mr. Yang, Bong-Ryull, Mr. Kim, Jwa-Kwan and Mr. Jung, Yeon-Gil were appointed as non-standing directors in the replacement of Mr. Ahn, Choong-Yong, Mr. Lee, Gang-Hee and Mr. Cho, Jeon-Hyeok whose terms of office expired.
- C. At the extraordinary general meeting of shareholders of KEPCO held on April 10, 2018, Mr. JongKap KIM was appointed as the President and Chief Executive Officer, in replacement of Mr. Cho, Hwan-Eik who voluntarily resigned on December 8, 2017.
- D. On June 12, 2018, Ms. Noh, Geum-Sun, Mr. Choi, Seung-Kook and Mr. Park, Cheol-Su were appointed as non-standing directors in the replacement of Mr. Choi, Ki-Ryun, Mr. Sung, Tae-Hyun and Mr. Kim, Ju-Suen whose terms of office expired.
- E. At the extraordinary general meeting of shareholders of KEPCO held on July 16, 2018, Mr. Kim, Dong-Sub, Mr. Kim, Hoe-Chun, Mr. Park, Hyung-Duck and Mr. Lim, Hyun-Seung were appointed as standing directors in replacement of Mr. Kim, Si-Ho and other standing directors whose terms of office expired. Ms. Noh, Geum-Sun and Mr. Jung, Yeon-Gil were appointed as non-standing directors and members of the audit committee.
- F. At the extraordinary general meeting of shareholders of KEPCO held on July 30, 2018, Mr. Lee, Jung-Hee was appointed as standing director and member of the audit committee in replacement of Mr. Lee, Sung-Han whose term of office expired.

6. Changes in major shareholders

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

7. Information regarding KEPCO shares

- A. Issued share capital: Won 3,210 billion (Authorized capital: Won 6 trillion)
- B. Total number of issued shares: 641,964,077  
(Total number of shares authorized to for issuance: 1,200,000,000)

- C. Dividends: Dividend payment of Won 790 per share for fiscal year 2017 (Won 507 billion in aggregate). Dividend payments for fiscal year 2016, 2015 and 2014 were Won 1,980, Won 3,100 and Won 500 per share respectively.

## II. Business Overview

### 1. Consolidated financial results by segment for a six-month period ended June 30, 2018 and 2017

(In billions of Won)

|   | January to June 2017 |                  | January to June 2018 |                  |
|---|----------------------|------------------|----------------------|------------------|
|   | Sales                | Operating profit | Sales                | Operating profit |
| Electricity sales                         | 28,445               | -443             | 28,821               | -2,140           |
| Nuclear generation                        | 4,944                | 938              | 3,924                | 223              |
| Thermal generation                        | 11,384               | 1,718            | 13,008               | 1,071            |
| Others <sup>(*)</sup>                     | 1,454                | 163              | 1,613                | 161              |
| Subtotal                                  | 46,227               | 2,376            | 47,366               | -685             |
| Adjustment for related-party transactions | -18,155              | -66              | -18,323              | -130             |
| <b>Total</b>                              | <b>28,072</b>        | <b>2,310</b>     | <b>29,043</b>        | <b>-815</b>      |

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

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

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

The figures for the period of 2017 are presented in accordance with previous standards including K-IFRS 1018 Revenue, K-IFRS 1011 Construction Contracts and K-IFRS 1039 Financial Instrument: Recognition and Measurement.

### 2. Changes in unit prices of major products

(In Won per kWh)

| Business sector          | Company            | January to December | January to June |
|--------------------------|--------------------|---------------------|-----------------|
|                          |                    | 2017                | 2018            |
| Electricity sold         | Residential        | 108.50              | 107.09          |
|                          | Commercial         | 130.42              | 125.83          |
|                          | Educational        | 103.07              | 99.71           |
|                          | Industrial         | 107.41              | 104.24          |
|                          | Agricultural       | 47.57               | 47.95           |
|                          | Street lighting    | 113.48              | 114.60          |
| Electricity from nuclear | Overnight usage    | 67.48               | 67.88           |
|                          | Nuclear Generation | 62.25               | 64.07           |



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|                                     |                    |        |       |       |
|-------------------------------------|--------------------|--------|-------|-------|
| generation                          |                    |        |       |       |
|                                     |                    | KOSEP  | 77.66 | 92.34 |
|                                     |                    | KOMIPO | 89.01 | 97.02 |
| Electricity from thermal generation | Thermal generation | KOWEPO | 92.31 | 97.40 |
|                                     |                    | KOSPO  | 91.10 | 99.10 |
|                                     |                    | EWP    | 92.04 | 98.01 |

## 3. Power purchase from generation companies for a six-month period ended June 30, 2018

| <b>Company</b> | <b>Volume<br/>(MWh)</b> | <b>Expense<br/>(In billions of Won)</b> |
|----------------|-------------------------|---|
| KHNP           | 59,417,699              | 3,812                                   |
| KOSEP          | 29,837,681              | 2,538                                   |
| KOMIPO         | 23,456,296              | 2,279                                   |
| KOWEPO         | 25,166,883              | 2,453                                   |
| KOSPO          | 28,164,991              | 2,794                                   |
| EWP            | 25,210,318              | 2,471                                   |
| Others         | 77,578,522              | 8,469                                   |
| Total          | 268,832,390             | 24,816                                  |

Excludes expense related to the renewable portfolio standard provisions and carbon emissions.

4. Intellectual property as of June 30, 2018

|                              | Patents  |          | Utility<br>models | Designs | Trademarks |          | Total |
|------------------------------|----------|----------|-------------------|---------|------------|----------|-------|
|                              | Domestic | Overseas |                   |         | Domestic   | Overseas |       |
| KEPCO                        | 2,020    | 267      | 73                | 63      | 140        | 45       | 2,608 |
| Consolidated<br>subsidiaries | 3,895    | 596      | 803               | 117     | 246        | 23       | 5,680 |
| Total                        | 5,915    | 863      | 876               | 180     | 386        | 68       | 8,288 |

**III. Financial Information**

## 1. Condensed consolidated financial results as of and for a six-month period ended June 30, 2017 and 2018

(In billions of Won)

|                  | <b>Consolidated statements of<br/>comprehensive income</b> |                                     |                       | <b>Consolidated statements of<br/>financial position</b> |                              |                          |                       |
|------------------|--|-------------------------------------|-----------------------|--|------------------------------|--------------------------|-----------------------|
|                  | <b>January to<br/>June<br/>2017</b>                        | <b>January to<br/>June<br/>2018</b> | <b>Change<br/>(%)</b> |  | <b>December 31,<br/>2017</b> | <b>June 30,<br/>2018</b> | <b>Change<br/>(%)</b> |
| Sales            | 28,072   | 29,043                              | 3.5                   | Total assets   | 181,789                      | 185,786                  | 2.2                   |
| Operating profit | 2,310  | -815                                | -135.3                | Total liabilities  | 108,824                      | 114,508                  | 5.2                   |
| Net income       | 1,259  | -1,169                              | -192.9                | Total equity   | 72,965                       | 71,278                   | -2.3                  |

## 2. Condensed separate financial results as of and for a six-month period ended June 30, 2017 and 2018

(In billions of Won)

|       | <b>Separate statements of<br/>comprehensive income</b> |                                 |                       | <b>Separate statements of<br/>financial position</b> |                              |                          |                       |
|-------|--|---------------------------------|-----------------------|--|------------------------------|--------------------------|-----------------------|
|       | <b>January to June<br/>2017</b>                        | <b>January to June<br/>2018</b> | <b>Change<br/>(%)</b> |  | <b>December 31,<br/>2017</b> | <b>June 30,<br/>2018</b> | <b>Change<br/>(%)</b> |
| Sales | 28,445   | 28,821                          | 1.3                   | Total assets   | 106,540                      | 107,657                  | 1.0                   |

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|                  |      |        |        |                   |        |        |      |
|------------------|------|--------|--------|-------------------|--------|--------|------|
| Operating profit | -443 | -2,140 | -383.5 | Total liabilities | 50,758 | 53,471 | 5.3  |
| Net income       | 549  | -1,046 | -290.4 | Total equity      | 55,782 | 54,186 | -2.9 |

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

1. The board of directors is required to consist of not more than 15 directors including the president. Under our Articles of Incorporation, there may not be more than seven standing directors including the president, and more than eight non-standing directors. The number of non-standing directors must exceed the number of standing directors, including our president.

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

2. Board meetings and agendas for a six-month period ended June 30, 2018

| Number of meetings | Number of agendas | Classification |         |
|--------------------|-------------------|----------------|---------|
|                    |                   | Resolutions    | Reports |
| 9                  | 32                | 26             | 6       |

\* The audit committee held 6 meetings with 15 agendas (of which, 7 were approved as proposed and 8 were accepted as reported).

3. Major activities of the Board of Directors

| Date              | Agenda   | Results              | Type       |
|-------------------|--|----------------------|------------|
| February 8, 2018  | Approval of amendments to the Electricity Usage Agreement and Rules for Operation  | Approved as proposed | Resolution |
| February 23, 2018 | Approval of the maximum aggregate amount of remuneration for directors in 2018   | Approved as proposed | Resolution |
|                   | Approval of the relocation plan of materials center in Gyeonggi District Division  | Approved as proposed | Resolution |
|                   | Approval of consolidated and separate financial statements for the fiscal year 2017  | Approved as proposed | Resolution |
|                   | Approval to call for the annual general meeting of shareholders for the fiscal year 2017   | Approved as proposed | Resolution |
|                   | Report on operating plan of the Act on the Control and Supervision on Nuclear Power Suppliers, etc. for the Prevention of Corruption in the Nuclear Power Industry (2018-2019) | Accepted as reported | Report     |
|                   | Report on the annual management of commercial papers in 2017   | Accepted as reported | Report     |
|                   | Report on internal control over financial reporting for the fiscal year 2017   | Accepted as reported | Report     |
|                   | Evaluation report on internal control over financial reporting for the fiscal year 2017  | Accepted as reported | Report     |
|                   | Report on the audit result for 2017  | Accepted as reported | Report     |

|                   |   |                        |            |
|-------------------|---|------------------------|------------|
| February 27, 2018 | Approval to close the shareholders registry for extraordinary general meeting of shareholders   | Approved as proposed   | Resolution |
| March 15, 2018    | Approval of amendments to investment structure and guarantee for Nghi Son II coal-fired power plant in Vietnam  | Conditionally Approved | Resolution |
|                   | Approval of liquidation of KEPCO Canada Energy(KCE), a subsidiary located in Canada   | Approved as proposed   | Resolution |
|                   | Approval of the construction of a new Integrated Gangwon District Division Office Building  | Approved as proposed   | Resolution |
|                   | Approval of the Statement of Appropriation of Retained Earnings for the fiscal year 2017  | Approved as proposed   | Resolution |
| March 26, 2018    | Approval to call for the extraordinary general meeting of shareholders for the fiscal year 2018   | Approved as proposed   | Resolution |
| April 20, 2018    | Approval of amendments to the regulation for employee remuneration and welfare  | Approved as proposed   | Resolution |
|                   | Approval of forming Director Nomination Committee and evaluation standards for the candidates of non-standing directors                               | Approved as proposed   | Resolution |
|                   | Approval to close the shareholders registry for extraordinary general meeting of shareholders   | Approved as proposed   | Resolution |
| May 18, 2018      | Approval of forming Director Nomination Committee and evaluation standards for the candidate of a standing director and member of the Audit Committee | Approved as proposed   | Resolution |
|                   | Approval to close the shareholders registry for extraordinary general meeting of shareholders   | Approved as proposed   | Resolution |
|                   | Approval of amendment to the rules on employment  | Approved as proposed   | Resolution |
|                   | Report on results of external and internal audits for the first quarter of 2018   | Accepted as reported   | Report     |

|               |   |                      |            |
|---------------|---|----------------------|------------|
| June 15, 2018 | Approval of investment in the mutual growth and cooperation fund for agriculture and fishery in 2018    | Approved as proposed | Resolution |
|               | Approval of plans for the sales of real estate holdings within combined heat and power plant in Bucheon | Approved as proposed | Resolution |
|               | Approval of 8 <sup>th</sup> long-term plan for power transmission and substation facilities             | Approved as proposed | Resolution |
|               | Approval of the establishment of a new regional office  | Approved as proposed | Resolution |
|               | Approval of amendment to the regulation of the Board of directors                                       | Approved as proposed | Resolution |
| June 29, 2018 | Approval of Agreement on Management Performance Assessment for the President                            | Approved as proposed | Resolution |
|               | Approval of mid-to-long term financial management plan (2018-2022)                                      | Approved as proposed | Resolution |
|               | Approval of recommendation of a candidate for the Audit Committee                                       | Approved as proposed | Resolution |
|               | Approval to call for the extraordinary general meeting of shareholders for the fiscal year 2018         | Approved as proposed | Resolution |

4. Major Activities and Attendance Status of Non-standing directors

| Agenda   | Ahn, Choong-Yong | Lee, Gang-Hee | Cho, Jeon-Hyeok | Choi, Ki-Ryun | Sung, Tae-Hyun | Koo, Ja-Yoon | Kim, Joo-Suen | Kim, Ji-Hong | Kim, Chang-Joon | Yang, Bong-Ryull | Kim, Jwa-Kwan | Jung, Yeon-Gil | Noh, Geum-Sun | Choi, Seung-Kook   |
|--|------------------|---------------|-----------------|---------------|----------------|--------------|---------------|--------------|-----------------|------------------|---------------|----------------|---------------|--------------------|
| January 8, 2018<br>Approval of amendments to the Electricity Usage Agreement and Rules for Operation | For              | For           | For             | For           | Absent         | For          | For           | For          |                 |                  |               |                |               | Before Appointment |



|                   |  |        |     |        |        |        |        |     |                   |
|-------------------|--|--------|-----|--------|--------|--------|--------|-----|-------------------|
| February 23, 2018 | Approval of the maximum aggregate amount of remuneration for directors in 2018   | For    | For | For    | For    | For    | For    | For | For               |
|                   | Approval of the relocation plan of materials center in Gyeonggi District Division  | For    | For | For    | For    | For    | For    | For | For               |
|                   | Approval of consolidated and separate financial statements for the fiscal year 2017  | For    | For | For    | For    | For    | For    | For | For               |
|                   | Approval to call for the annual general meeting of shareholders for the fiscal year 2017   | For    | For | For    | For    | For    | For    | For | For               |
|                   | Report on operating plan of the Act on the Control and Supervision on Nuclear Power Suppliers, etc. for the Prevention of Corruption in the Nuclear Power Industry (2018-2019) |        |     |        |        |        |        |     | Agenda for Report |
|                   | Report on the annual management of commercial papers in 2017   |        |     |        |        |        |        |     | Agenda for Report |
|                   | Report on internal control over financial reporting for the fiscal year 2017   |        |     |        |        |        |        |     | Agenda for Report |
|                   | Evaluation report on internal control over financial reporting for the fiscal year 2017  |        |     |        |        |        |        |     | Agenda for Report |
|                   | Report on the audit result for fiscal year 2017  |        |     |        |        |        |        |     | Agenda for Report |
| February 27, 2018 | Approval to close the shareholders registry for extraordinary general meeting of shareholders  | Absent | For | Absent | Absent | Absent | For    | For | For               |
| March 15, 2018    | Approval of amendments to  | For    | For | For    | For    | Absent | Absent | For | For               |

|  |     |     |     |     |        |        |     |     |  |
|--|-----|-----|-----|-----|--------|--------|-----|-----|--|
| investment structure and guarantee for Nghi Son II coal-fired power plant in Vietnam |     |     |     |     |        |        |     |     |  |
| Approval of liquidation of KEPCO Canada Energy (KCE), an associate located in Canada | For | For | For | For | Absent | Absent | For | For |  |
| Approval of the establishment of a new Integrated Gangwon District Division Office   | For | For | For | For | Absent | Absent | For | For |  |
| Approval of the Statement of Appropriation of Retained Earnings for fiscal year 2017 | For | For | For | For | Absent | Absent | For | For |  |

|                |   |     |         |        |     |        |         |     |        |        |     |     |     |
|----------------|---|-----|---------|--------|-----|--------|---------|-----|--------|--------|-----|-----|-----|
| March 26, 2018 | Approval to call for the extraordinary general meeting of shareholders for the fiscal year 2018   | For | For     | For    | For | Absent | Retired | For | Absent | For    |     |     |     |
| April 20, 2018 | Approval of amendments to the regulation for employee remuneration and welfare  |     | Retired | Absent | For |        |         | For | For    | For    | For | For | For |
|                | Approval of forming Director Nomination Committee and evaluation standards for the candidates of non-standing directors                               |     |         | Absent | For |        |         | For | For    | For    | For | For | For |
|                | Approval to close the shareholders registry for extraordinary general meeting of shareholders   |     |         | Absent | For |        |         | For | For    | For    | For | For | For |
| May 18, 2018   | Approval of forming Director Nomination Committee and evaluation standards for the candidate of a standing director and member of the Audit Committee |     |         | For    | For |        |         | For | For    | Absent | For | For | For |
|                |   |     |         | For    | For |        |         | For | For    | Absent | For | For | For |

Approval to  
close the  
shareholders  
registry for  
extraordinary  
general  
meeting of  
shareholders  
Approval of  
amendment to  
the rules on  
employment  
Report on  
results of  
external and  
internal audits  
for the first  
quarter of  
2018

For For For For Absent For For For

Agenda for Report

|                            |   |           |            |           |             |             |           |            |             |           |            |           |            |            |            |
|----------------------------|---|-----------|------------|-----------|-------------|-------------|-----------|------------|-------------|-----------|------------|-----------|------------|------------|------------|
| June 15, 2018              | Approval of investment in the mutual growth and cooperation fund for agriculture and fishery in 2018    | Retired   | Retired    | Retired   | For         | For         | For       | For        | For         | For       | For        | For       | For        | For        | For        |
|                            | Approval of plans for the sales of real estate holdings within combined heat and power plant in Bucheon |           |            |           | For         | For         | For       | For        | For         | For       | For        | For       | For        | For        | For        |
|                            | Approval of 8 <sup>th</sup> long-term plan for power transmission and substation facilities             |           |            |           | For         | For         | For       | For        | For         | For       | For        | For       | For        | For        | For        |
|                            | Approval of the establishment of a new regional office  |           |            |           | For         | For         | For       | For        | For         | For       | For        | For       | For        | For        | For        |
|                            | Approval of amendment to the regulation of the Board of directors                                       |           |            |           | For         | For         | For       | For        | For         | For       | For        | For       | For        | For        | For        |
| June 29, 2018              | Approval to call for the extraordinary general meeting of shareholders for the fiscal year 2018         |           |            |           | For         | For         | For       | Absent     | For         | For       | For        | For       | For        | For        | For        |
| <b>Attendance Rate (%)</b> |   | <b>80</b> | <b>100</b> | <b>80</b> | <b>71.4</b> | <b>42.9</b> | <b>75</b> | <b>100</b> | <b>88.9</b> | <b>80</b> | <b>100</b> | <b>75</b> | <b>100</b> | <b>100</b> | <b>100</b> |

## 4. Major activities of the Audit Committee

| <b>Date</b>          | <b>Agenda</b>  | <b>Results</b>       | <b>Type</b> |
|----------------------|--|----------------------|-------------|
| January 19,<br>2018  | Audit plans for 2018   | Approved as proposed | Resolution  |
|                      | Education plans for auditors for 2018  | Approved as reported | Report      |
| February 23,<br>2018 | Amendments to Code of Conduct and Guideline for Practice for KEPCO executives and staff members                                      | Approved as proposed | Resolution  |
|                      | Report on the audit result for 2017  | Approved as reported | Report      |
|                      | Report on internal control over financial reporting for the fiscal year 2017   | Approved as reported | Report      |
|                      | Evaluation report on internal control over financial reporting for the fiscal year 2017  | Approved as reported | Report      |
| March 15, 2018       | 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 the fiscal year 2017 | Approved as reported | Report      |
| April 6,<br>2018     | Auditor's report on the agendas for the extraordinary general meeting of shareholders  | Approved as proposed | Resolution  |
| April 20,<br>2018    | Approval of selection of independent auditors of subsidiaries  | Approved as proposed | Resolution  |
|                      | Report on the Form 20-F for the fiscal year 2017 to be filed with the U.S. Securities and Exchange Commission                        | Approved as reported | Report      |
|                      | Auditor's report for the fiscal year 2017 in accordance with U.S. accounting principles  | Approved as reported | Report      |
| May 18,<br>2018      | Approval of selection of independent auditors of subsidiaries  | Approved as proposed | Resolution  |
|                      | Report on results of external and internal audits during the first quarter of 2018   | Approved as reported | Report      |

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

## V. Shareholders

### 1. List of shareholders as of June 4, 2018

|               |                                     | Number of<br>shareholders | Shares owned | Percentage of<br>total (%) |
|---------------|-------------------------------------|---------------------------|--------------|----------------------------|
|               | Government of the Republic of Korea | 1                         | 116,841,794  | 18.20                      |
|               | Korea Development Bank              | 1                         | 211,235,264  | 32.90                      |
|               | Subtotal                            | 2                         | 328,077,058  | 51.10                      |
|               | National Pension Service            | 1                         | 41,259,764   | 6.43                       |
| Public        | Common shares                       | 1,241                     | 152,674,876  | 23.78                      |
|               | American depository shares          |                           |              |                            |
| (non-Koreans) | (ADS)                               | 1                         | 33,227,098   | 5.18                       |
| Public        | Corporate                           | 1,293                     | 36,872,238   | 5.74                       |
| (Koreans)     | Individual                          | 427,823                   | 49,853,043   | 7.77                       |
|               | Total                               | 430,361                   | 641,964,077  | 100.00                     |

Percentages are based on issued shares of common stock.

All of our shareholder have equal voting rights.

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

**VI. Directors and employees as of and for a six-month period ended June 30, 2018 (KEPCO Only)**

## 1. Directors

(In thousands of Won)

| Type                      | Number of directors | Total remuneration | Average remuneration per person | Remarks                                  |
|---------------------------|---------------------|--------------------|---------------------------------|--|
| Standing director         | 4                   | 342,828            | 85,707                          | Excluding the members of Audit Committee |
| Non-standing director     | 6                   | 90,000             | 15,000                          |  |
| Member of Audit Committee | 3                   | 166,586            | 55,529                          |  |
| Total                     | 13                  | 599,414            | 156,236                         |  |

## 2. Employees

(In thousands of Won)

| Type   | Number of employees |             |        | Average continuous service year | Total salaries | Average salaries per person |
|--------|---------------------|-------------|--------|---------------------------------|----------------|-----------------------------|
|        | Regular             | Non-regular | Total  |                                 |                |                             |
| Male   | 17,575              | 375         | 17,950 | 17.4                            | 730,499,992    | 40,696                      |
| Female | 4,228               | 80          | 4,308  | 13.4                            | 135,645,520    | 31,487                      |
| Total  | 21,803              | 455         | 22,258 | 16.6                            | 866,145,512    | 38,914                      |

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

## 1. Summary of shareholder s meetings for a six-month period ended June 30, 2018

| Type   | Agenda   | Results  |
|--|--|--|
| Annual General Meeting held on March 30, 2018        | Approval of financial statements for the fiscal year 2017                      | Approved as proposed                               |
|  | Approval of the maximum aggregate amount of remuneration for directors in 2018 | Approved as proposed                               |
| Extraordinary General Meeting held on April 10, 2018 | Election of President and CEO  | JongKap KIM was appointed as the President and CEO |
|  | - Candidates :   |  |
|  | 1) JongKap KIM   |  |



2) Byun, Jun-Yeon

## 2. Pending legal proceedings as of June 30, 2018

(In billions of Won)

| Type  | Number of lawsuits | Amount claimed |
|---|--------------------|----------------|
| Lawsuits where KEPCO and its subsidiaries are engaged as the defendants | 588                | 544            |
| Lawsuits where KEPCO and its subsidiaries are engaged as the plaintiffs | 185                | 726            |

**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/ Kim, Kab-soon

Name: Kim, Kab-soon

Title: Vice President

Date: September 11, 2018

KOREA ELECTRIC POWER CORPORATION

AND SUBSIDIARIES

Consolidated Interim Financial Statements

June 30, 2018

(Unaudited)

(With Independent Auditors' Review Report Thereon)

INDEX TO FINANCIAL STATEMENTS

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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 June 30, 2018, the consolidated interim statements of comprehensive income (loss) for the three and six-month periods ended June 30, 2018 and 2017, changes in equity and cash flows for the six-month periods ended June 30, 2018 and 2017 and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Interim Financial Statements**

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

### **Auditors' Review Responsibility**

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

### **Review Conclusion**

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

### **Other Matters**

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

We have previously audited, in accordance with Korean Standards on Auditing, the consolidated statement of financial position of the Company as of December 31, 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, and we expressed an unqualified opinion on those consolidated financial statements in our report dated March 15, 2018. The accompanying consolidated financial position of the Company as of December 31, 2017, is consistent, in all material

respects, with the audited consolidated financial statements from which it has been derived.

KPMG Samjong Accounting Corp.

Seoul, Korea

August 14, 2018

This report is effective as of August 14, 2018, 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 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.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position

As of June 30, 2018 and December 31, 2017

(Unaudited)

| <i>In millions of won</i>                    | Note               | June 30, 2018        | December 31,<br>2017 |
|--|--------------------|----------------------|----------------------|
| <b>Assets</b>                                |                    |                      |                      |
| Current assets                               |                    |                      |                      |
| Cash and cash equivalents                    | 5,6,7,44           | ₩ 2,389,664          | 2,369,739            |
| Current financial assets, net                | 5,10,11,12,44      | 3,126,798            | 1,958,357            |
| Trade and other receivables, net             | 5,8,14,20,44,45,46 | 7,078,666            | 7,928,972            |
| Inventories, net                             | 13                 | 6,453,278            | 6,002,086            |
| Income tax refund receivables                | 40                 | 22,515               | 100,590              |
| Current non-financial assets                 | 15                 | 1,335,730            | 753,992              |
| Assets held-for-sale                         | 41                 | 22,134               | 27,971               |
| <b>Total current assets</b>                  |                    | <b>20,428,785</b>    | <b>19,141,707</b>    |
| Non-current assets                           |                    |                      |                      |
| Non-current financial assets, net            | 5,6,9,10,11,12,44  | 2,166,793            | 2,038,913            |
| Non-current trade and other receivables, net | 5,8,14,44,45,46    | 1,786,905            | 1,754,797            |
| Property, plant and equipment, net           | 18,27,48           | 152,450,286          | 150,882,414          |
| Investment properties, net                   | 19,27              | 287,166              | 284,714              |
| Goodwill                                     | 16                 | 2,582                | 2,582                |
| Intangible assets other than goodwill, net   | 21,27,45           | 1,204,914            | 1,187,121            |
| Investments in associates                    | 4,17               | 4,091,171            | 3,837,421            |
| Investments in joint ventures                | 4,17               | 1,706,710            | 1,493,275            |
| Deferred tax assets                          | 40                 | 1,226,803            | 919,153              |
| Non-current non-financial assets             | 15                 | 434,010              | 246,818              |
| <b>Total non-current assets</b>              |                    | <b>165,357,340</b>   | <b>162,647,208</b>   |
| <b>Total Assets</b>                          | <b>4</b>           | <b>₩ 185,786,125</b> | <b>181,788,915</b>   |

(Continued)

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position, Continued

As of June 30, 2018 and December 31, 2017

(Unaudited)

| <i>In millions of won</i>                 | <i>Note</i>   | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---|---------------|----------------------|--------------------------|
| <b>Liabilities</b>                        |               |                      |                          |
| Current liabilities                       |               |                      |                          |
| Trade and other payables, net             | 5,22,24,44,46 | ₩ 5,834,365          | 5,999,521                |
| Current financial liabilities, net        | 5,11,23,44,46 | 11,806,086           | 9,194,552                |
| Income tax payables                       | 40            | 317,599              | 508,402                  |
| Current non-financial liabilities         | 20,28,29      | 5,884,401            | 5,584,308                |
| Current provisions                        | 26,44         | 2,395,305            | 2,137,498                |
| <b>Total current liabilities</b>          |               | <b>26,237,756</b>    | <b>23,424,281</b>        |
| Non-current liabilities                   |               |                      |                          |
| Non-current trade and other payables, net | 5,22,24,44,46 | 3,194,873            | 3,223,480                |
| Non-current financial liabilities, net    | 5,11,23,44,46 | 49,101,032           | 45,980,899               |
| Non-current non-financial liabilities     | 28,29         | 8,127,728            | 8,072,434                |
| Employee benefits liabilities, net        | 25,44         | 1,730,170            | 1,483,069                |
| Deferred tax liabilities                  | 40            | 9,667,397            | 10,415,397               |
| Non-current provisions                    | 26,44         | 16,448,778           | 16,224,714               |
| <b>Total non-current liabilities</b>      |               | <b>88,269,978</b>    | <b>85,399,993</b>        |
| <b>Total Liabilities</b>                  | <b>4</b>      | <b>₩ 114,507,734</b> | <b>108,824,274</b>       |
| <b>Equity</b>                             |               |                      |                          |
| Contributed capital                       | 1,30,44       |                      |                          |
| Share capital                             |               | ₩ 3,209,820          | 3,209,820                |
| Share premium                             |               | 843,758              | 843,758                  |
|   |               | 4,053,578            | 4,053,578                |
| Retained earnings                         | 31            |                      |                          |
| Legal reserves                            |               | 1,604,910            | 1,604,910                |
| Voluntary reserves                        |               | 35,906,267           | 34,833,844               |
| Unappropriated retained earnings          |               | 14,155,305           | 16,931,804               |
|   |               | 51,666,482           | 53,370,558               |
| Other components of equity                | 33            |                      |                          |
| Other capital surplus                     |               | 1,233,815            | 1,233,793                |
| Accumulated other comprehensive loss      |               | (276,307)            | (271,457)                |



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|  |       |                      |                    |
|--|-------|----------------------|--------------------|
| Other equity   |       | 13,294,973           | 13,294,973         |
|  |       | 14,252,481           | 14,257,309         |
| Equity attributable to owners of the controlling company |       | 69,972,541           | 71,681,445         |
| Non-controlling interests                                | 16,32 | 1,305,850            | 1,283,196          |
| <b>Total Equity</b>                                      |       | <b>₩ 71,278,391</b>  | <b>72,964,641</b>  |
| <b>Total Liabilities and Equity</b>                      |       | <b>₩ 185,786,125</b> | <b>181,788,915</b> |

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Comprehensive Income (Loss)

## For the three and six-month periods ended June 30, 2018 and 2017

(Unaudited)

*In millions of won, except per share information*

|   | Note        | June 30, 2018            |                        | June 30, 2017            |                        |
|---|-------------|--------------------------|------------------------|--------------------------|------------------------|
|   |             | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| <b>Sales</b>  | 4,34,44,46  |                          |                        |                          |                        |
| Sales of goods  |             | ₩ 12,654,829             | 27,712,806             | 11,932,055               | 26,231,521             |
| Sales of services   |             | 73,116                   | 147,282                | 87,929                   | 159,834                |
| Sales of construction services  | 20          | 424,433                  | 874,594                | 786,491                  | 1,445,583              |
| Revenue related to transfer of assets from customers                        |             | 184,780                  | 308,521                | 119,064                  | 235,210                |
|   |             | 13,337,158               | 29,043,203             | 12,925,539               | 28,072,148             |
| <b>Cost of sales</b>  | 13,25,42,46 |                          |                        |                          |                        |
| Cost of sales of goods  |             | (12,877,486)             | (27,565,223)           | (10,577,811)             | (22,949,336)           |
| Cost of sales of services   |             | (121,697)                | (234,089)              | (136,072)                | (232,350)              |
| Cost of sales of construction services                                      |             | (380,634)                | (804,471)              | (735,737)                | (1,398,375)            |
|   |             | (13,379,817)             | (28,603,783)           | (11,449,620)             | (24,580,061)           |
| <b>Gross profit (loss)</b>  |             | (42,659)                 | 439,420                | 1,475,919                | 3,492,087              |
| <b>Selling and administrative expenses</b>                                  | 25,35,42,46 | (644,459)                | (1,254,151)            | (629,427)                | (1,182,409)            |
| <b>Operating profit (loss)</b>  | 4           | (687,118)                | (814,731)              | 846,492                  | 2,309,678              |
| <b>Other non-operating income</b>   | 36          | 93,826                   | 178,652                | 107,246                  | 192,662                |
| <b>Other non-operating expense</b>  | 36          | (80,619)                 | (97,521)               | (29,064)                 | (65,498)               |
| <b>Other gains (loss), net</b>  | 37          | (685,328)                | (631,273)              | 23,989                   | 153,001                |
| <b>Finance income</b>   | 5,11,38     | 837,163                  | 568,182                | 457,963                  | 779,694                |
| <b>Finance expenses</b>   | 5,11,39     | (1,249,024)              | (1,437,685)            | (768,651)                | (1,502,552)            |
| <b>Profit (loss) related to associates, joint ventures and subsidiaries</b> | 4,16,17     |                          |                        |                          |                        |
| Share in profit (loss) of associates and joint ventures                     |             | 91,048                   | 352,629                | (24,037)                 | 152,958                |
| Gain on disposal of investments in associates and joint ventures            |             |                          |                        | 265                      | 333                    |
| Gain on disposal of investments in subsidiaries                             |             | 3                        | 3                      |                          |                        |

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|  |    |             |             |           |           |
|--|----|-------------|-------------|-----------|-----------|
| Share in loss of associates and joint ventures                   |    | (19,952)    | (78,502)    | (30,985)  | (47,498)  |
| Loss on disposal of investments in associates and joint ventures |    |             | (2,184)     |           |           |
|  |    | 71,099      | 271,946     | (54,757)  | 105,793   |
| <b>Profit (loss) before income tax</b>                           |    | (1,700,001) | (1,962,430) | 583,218   | 1,972,778 |
| <b>Income tax benefit (expense)</b>                              | 40 | 781,410     | 793,372     | (224,297) | (713,826) |
| <b>Profit (loss) for the period</b>                              |    | ₩ (918,591) | (1,169,058) | 358,921   | 1,258,952 |

*(Continued)*

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Comprehensive Income (Loss), Continued

## For the six-month periods ended June 30, 2018 and 2017

(Unaudited)

*In millions of won, except per share information*

|   | Note          | June 30, 2018            |                        | June 30, 2017            |                        |
|---|---------------|--------------------------|------------------------|--------------------------|------------------------|
|   |               | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| <b>Other comprehensive income (loss)</b>  | 5,11,25,31,33 |                          |                        |                          |                        |
| Items that will not be reclassified subsequently to profit or loss:                                 |               |                          |                        |                          |                        |
| Remeasurement of defined benefit liability, net of tax  | 25,31         | ₩ (48,458)               | (56,542)               | (34,209)                 | (30,292)               |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax             | 31            | 3,499                    | 8,909                  | (194)                    | (2,085)                |
| Net change in fair value of equity investments at fair value through other comprehensive income     | 33            | (25,626)                 | (6,544)                |                          |                        |
| Items that are or may be reclassified subsequently to profit or loss:                               |               |                          |                        |                          |                        |
| Net change in the unrealized fair value of available-for-sale financial assets, net of tax          | 33            |                          |                        | 2,277                    | 1,103                  |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | 5,11,33       | (14,040)                 | (34,788)               | 5,886                    | (51)                   |
| Foreign currency translation of foreign operations, net of tax                                      | 33            | 53,764                   | 36,325                 | 58,825                   | (56,316)               |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax             | 33            | 43,680                   | 93,959                 | 53,193                   | (50,090)               |
| <b>Other comprehensive income (loss), net of tax</b>  |               | 12,819                   | 41,319                 | 85,778                   | (137,731)              |
| <b>Total comprehensive income (loss) for the period</b>   |               | ₩ (905,772)              | (1,127,739)            | 444,699                  | 1,121,221              |
| <b>Profit (loss) attributable to:</b>   |               |                          |                        |                          |                        |
| Owners of the controlling company   | 43            | ₩ (949,219)              | (1,226,489)            | 327,166                  | 1,194,079              |
| Non-controlling interests   |               | 30,628                   | 57,431                 | 31,755                   | 64,873                 |
|   |               | ₩ (918,591)              | (1,169,058)            | 358,921                  | 1,258,952              |

|   |             |             |         |           |
|---|-------------|-------------|---------|-----------|
| <b>Total comprehensive income (loss) attributable to:</b>                       |             |             |         |           |
| Owners of the controlling company   | ₩ (950,697) | (1,196,851) | 411,283 | 1,077,036 |
| Non-controlling interests   | 44,925      | 69,112      | 33,416  | 44,185    |
|   | ₩ (905,772) | (1,127,739) | 444,699 | 1,121,221 |
| <b>Earnings (loss) per share (in won)</b>                                       |             |             |         |           |
|   | 43          |             |         |           |
| Basic and diluted earnings (loss) per share                                     | ₩ (1,479)   | (1,911)     | 510     | 1,860     |
| <i>See accompanying notes to the consolidated interim financial statements.</i> |             |             |         |           |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity

## For the six-month periods ended June 30, 2018 and 2017

(Unaudited)

| <i>In millions of won</i>   | Equity attributable to owners of the controlling company |                   |                            |            |           | Non-controlling interests | Total equity |
|---|--|-------------------|----------------------------|------------|-----------|---------------------------|--------------|
|   | Contributed capital                                      | Retained earnings | Other components of equity | Subtotal   |           |                           |              |
| <b>Balance at January 1, 2017</b>   | ₩ 4,053,578  | 53,173,871        | 14,496,244                 | 71,723,693 | 1,326,852 | 73,050,545                |              |
| <b>Total comprehensive income (loss) for the period</b>   |  |                   |                            |            |           |                           |              |
| Profit for the period   |  | 1,194,079         |                            | 1,194,079  | 64,873    | 1,258,952                 |              |
| Items that will not be reclassified subsequently to profit or loss:                                 |  |                   |                            |            |           |                           |              |
| Remeasurement of defined benefit liability, net of tax  |  | (26,909)          |                            | (26,909)   | (3,383)   | (30,292)                  |              |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax             |  | (2,088)           |                            | (2,088)    | 3         | (2,085)                   |              |
| Items that are or may be reclassified subsequently to profit or loss:                               |  |                   |                            |            |           |                           |              |
| Net change in the unrealized fair value of available-for-sale financial assets, net of tax          |  |                   | 1,104                      | 1,104      | (1)       | 1,103                     |              |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |  |                   | (51)                       | (51)       |           | (51)                      |              |
| Foreign currency translation of foreign operations, net of tax                                      |  |                   | (38,711)                   | (38,711)   | (17,605)  | (56,316)                  |              |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax             |  |                   | (50,388)                   | (50,388)   | 298       | (50,090)                  |              |
| <b>Transactions with owners of the Company, recognized directly in</b>                              |  |                   |                            |            |           |                           |              |

**equity**

|   |                   |                   |                   |                   |                  |                   |
|---|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| Dividends paid  | (1,271,089)       |                   |                   | (1,271,089)       | (44,400)         | (1,315,489)       |
| Issuance of shares of capital<br>by subsidiaries and others |                   | 158               |                   | 158               | 21,798           | 21,956            |
| Dividends paid (hybrid<br>bond)                             |                   |                   |                   |                   | (8,210)          | (8,210)           |
| <b>Balance at June 30, 2017</b>                             | <b>₩4,053,578</b> | <b>53,067,864</b> | <b>14,408,356</b> | <b>71,529,798</b> | <b>1,340,225</b> | <b>72,870,023</b> |

*(Continued)*

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity, Continued

## For the six-month periods ended June 30, 2018 and 2017

(Unaudited)

| <i>In millions of won</i>   | Equity attributable to owners of the controlling company |                   |                            |             |                           |              |
|---|--|-------------------|----------------------------|-------------|---------------------------|--------------|
|   | Contributed capital                                      | Retained earnings | Other components of equity | Subtotal    | Non-controlling interests | Total equity |
| <b>Balance at January 1, 2018</b>   | ₩ 4,053,578  | 53,370,558        | 14,257,309                 | 71,681,445  | 1,283,196                 | 72,964,641   |
| <b>Effect of change in accounting policy</b>  |  | 71,928            | (76,851)                   | (4,923)     |                           | (4,923)      |
| <b>Adjusted balance at January 1, 2018</b>  | 4,053,578  | 53,442,486        | 14,180,458                 | 71,676,522  | 1,283,196                 | 72,959,718   |
| <b>Total comprehensive income (loss) for the period</b>   |  |                   |                            |             |                           |              |
| Profit (loss) for the period  |  | (1,226,489)       |                            | (1,226,489) | 57,431                    | (1,169,058)  |
| Items that will not be reclassified subsequently to profit or loss:                                 |  |                   |                            |             |                           |              |
| Remeasurement of defined benefit liability, net of tax  |  | (51,263)          |                            | (51,263)    | (5,279)                   | (56,542)     |
| Share in other comprehensive income of associates and joint ventures, net of tax                    |  | 8,900             |                            | 8,900       | 9                         | 8,909        |
| Net change in fair value of equity investments at fair value through other comprehensive income     |  |                   | (6,544)                    | (6,544)     |                           | (6,544)      |
| Items that are or may be reclassified subsequently to profit or loss:                               |  |                   |                            |             |                           |              |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |  |                   | (35,032)                   | (35,032)    | 244                       | (34,788)     |
| Foreign currency translation of foreign operations, net of tax                                      |  |                   | 19,616                     | 19,616      | 16,709                    | 36,325       |
|   |  |                   | 93,961                     | 93,961      | (2)                       | 93,959       |



|   |                    |                   |                   |                   |                  |                   |
|---|--------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax |                    |                   |                   |                   |                  |                   |
| <b>Transactions with owners of the Company, recognized directly in equity</b>           |                    |                   |                   |                   |                  |                   |
| Dividends paid  | (507,152)          |                   | (507,152)         | (49,637)          |                  | (556,789)         |
| Issuance of shares of capital by subsidiaries and others                                |                    | 22                | 22                | 9,825             |                  | 9,847             |
| Changes in consolidation scope  |                    |                   |                   | 46                |                  | 46                |
| Dividends paid (hybrid bond)  |                    |                   |                   | (6,692)           |                  | (6,692)           |
| <b>Balance at June 30, 2018</b>   | <b>₩ 4,053,578</b> | <b>51,666,482</b> | <b>14,252,481</b> | <b>69,972,541</b> | <b>1,305,850</b> | <b>71,278,391</b> |

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

## For the six-month periods ended June 30, 2018 and 2017

(Unaudited)

| <i>In millions of won</i>  | <b>June 30, 2018</b> | <b>June 30, 2017</b> |
|--|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                                |                      |                      |
| Profit (loss) for the period   | ₩ (1,169,058)        | 1,258,952            |
| Adjustments for:   |                      |                      |
| Income tax expense (benefit)   | (793,372)            | 713,826              |
| Depreciation   | 4,988,819            | 4,765,106            |
| Amortization   | 59,688               | 61,329               |
| Employee benefit expense   | 173,048              | 186,400              |
| Bad debt expense   | 29,521               | 14,926               |
| Interest expense   | 927,308              | 877,376              |
| Loss on sale of financial assets   |                      | 1,092                |
| Loss on disposal of property, plant and equipment                          | 13,400               | 20,196               |
| Loss on abandonment of property, plant, and equipment                      | 233,856              | 152,766              |
| Loss on impairment of property, plant, and equipment                       | 701,317              |                      |
| Loss on disposal of intangible assets                                      | 6                    | 78                   |
| Increase to provisions   | 542,417              | 791,309              |
| Loss (gain) on foreign currency translation, net                           | 369,673              | (438,980)            |
| Loss on valuation of financial assets at fair value through profit or loss | 3,410                | 451                  |
| Valuation and transaction loss (gain) on derivative instruments, net       | (300,723)            | 474,522              |
| Share in income of associates and joint ventures, net                      | (274,127)            | (105,460)            |
| Gain on sale of financial assets   | (672)                | (508)                |
| Gain on disposal of property, plant and equipment                          | (26,363)             | (20,018)             |
| Gain on disposal of intangible assets                                      | (3)                  | (484)                |
| Gain on disposal of associates and joint ventures                          |                      | (333)                |
| Loss on disposal of associates and joint ventures                          | 2,184                |                      |
| Gain on disposal of subsidiaries   | (3)                  |                      |
| Interest income  | (108,116)            | (108,353)            |
| Dividend income  | (11,811)             | (10,971)             |
| Impairment loss on available-for-sale securities                           |                      | 118                  |
| Others, net  | 9,959                | (32,363)             |
|  | <b>6,539,416</b>     | <b>7,342,025</b>     |
| Changes in:  |                      |                      |
| Trade receivables  | 933,188              | 952,158              |
| Non-trade receivables  | 321,307              | 2,991                |
| Accrued income   | 150,648              | 212,887              |
| Other receivables  | (4,090)              | 7,033                |
| Other current assets   | (623,356)            | (383,620)            |

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|   |           |           |
|---|-----------|-----------|
| Inventories   | (789,441) | (734,900) |
| Other non-current assets  | (95,683)  | (13,017)  |
| Trade payables  | (468,209) | (597,942) |
| Non-trade payables  | 16,023    | 68,598    |
| Accrued expenses  | (144,505) | (67,970)  |
| Other current liabilities   | 302,413   | (225,293) |
| Other non-current liabilities                                     | 147,116   | 485,124   |
| Investments in associates and joint ventures (dividends received) | 99,744    | 43,690    |
| Provisions  | (616,197) | (707,990) |
| Payments of employee benefit obligations                          | (41,533)  | (35,810)  |
| Plan assets   | (234)     | (305)     |
|   | (812,809) | (994,366) |

*(Continued)*

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows, Continued

## For the six-month periods ended June 30, 2018 and 2017

(Unaudited)

| <i>In millions of won</i>                                     | <b>June 30,<br/>2018</b> | <b>June 30, 2017</b> |
|---|--------------------------|----------------------|
| Cash generated from operating activities                      | ₩ 4,557,549              | 7,606,611            |
| Dividends received (available-for-sale financial assets)      | 10,753                   | 11,497               |
| Interest paid   | (916,445)                | (984,863)            |
| Interest received   | 86,117                   | 100,393              |
| Income taxes paid   | (313,566)                | (1,713,737)          |
| <b>Net cash from operating activities</b>                     | <b>3,424,408</b>         | <b>5,019,901</b>     |
| <b>Cash flows from investing activities</b>                   |                          |                      |
| Proceeds from disposals of associates and joint ventures      |                          | 1,393                |
| Acquisition of associates and joint ventures                  | (173,329)                | (149,934)            |
| Proceeds from disposals of property, plant and equipment      | 45,100                   | 41,594               |
| Acquisition of property, plant and equipment                  | (6,627,788)              | (7,245,235)          |
| Proceeds from disposals of intangible assets                  | 3                        | 2,577                |
| Acquisition of intangible assets                              | (46,838)                 | (51,592)             |
| Proceeds from disposals of financial assets                   | 1,039,063                | 2,946,156            |
| Acquisition of financial assets                               | (2,234,051)              | (2,188,103)          |
| Increase in loans   | (119,495)                | (140,370)            |
| Collection of loans   | 58,879                   | 41,651               |
| Increase in deposits  | (312,832)                | (159,260)            |
| Decrease in deposits  | 173,221                  | 52,316               |
| Proceeds from disposals of assets held-for-sale               | 17,316                   |                      |
| Receipt of government grants                                  | 15,007                   | 32,983               |
| Net cash inflow (outflow) from changes in consolidation scope | 31                       | (31,036)             |
| Other cash outflow from investing activities, net             | (22,497)                 | (4,112)              |
| <b>Net cash used in investing activities</b>                  | <b>(8,188,210)</b>       | <b>(6,850,972)</b>   |
| <b>Cash flows from financing activities</b>                   |                          |                      |
| Proceeds from short-term borrowings, net                      | 2,959,867                | 2,901,847            |
| Proceeds from long-term borrowings and debt securities        | 6,581,460                | 6,434,241            |
| Repayment of long-term borrowings and debt securities         | (4,151,914)              | (5,717,962)          |
| Payment of finance lease liabilities                          | (67,687)                 | (61,666)             |
| Settlement of derivative instruments, net                     | 199                      | 34,238               |
| Change in non-controlling interest                            | 9,886                    | 20,921               |
| Dividends paid (hybrid bond)                                  | (8,829)                  | (8,210)              |
| Dividends paid  | (556,789)                | (1,314,048)          |
| Other cash outflow from financing activities, net             | (87)                     |                      |

|  |             |           |
|--|-------------|-----------|
| <b>Net cash from financing activities</b>  | 4,766,106   | 2,289,361 |
| <b>Net increase in cash and cash equivalents before effect of exchange rate fluctuations</b> | 2,304       | 458,290   |
| <b>Effect of exchange rate fluctuations on cash held</b>                                     | 17,621      | (26,707)  |
| <b>Net increase in cash and cash equivalents</b>   | 19,925      | 431,583   |
| <b>Cash and cash equivalents at January 1</b>  | 2,369,739   | 3,051,353 |
| <b>Cash and cash equivalents at June 30</b>  | ₩ 2,389,664 | 3,482,936 |

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Interim Financial Statements

**June 30, 2018**

(Unaudited)

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

Korea Electric Power Corporation ( KEPCO ), the 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 KEPCO listed its Depository Receipts (DR) on the New York Stock Exchange on October 27, 1994. KEPCO 's head office is located in Naju, Jeollanam-do.

As of June 30, 2018, KEPCO 's share capital amounts to ₩3,209,820 million and KEPCO 's shareholders are as follows:

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

(\*) The number of shares held by foreign shareholders are 185,901,974 shares (28.96%) as of the most recent closing date of Register of Shareholders (June 4, 2018).

In accordance with the Restructuring Plan enacted on January 21, 1999 by the Ministry of Trade, Industry and Energy, 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**

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

**(2) Basis of measurement**

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

derivative financial instruments are measured at fair value

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

liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

**(3) Functional and presentation currency**

These consolidated financial statements are presented in Korean won ( Won ), which is 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

**June 30, 2018**

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

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

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

(ii) Deferred tax

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

(iii) Valuations of financial instruments at fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the



measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

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

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

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

(iv) Defined employee benefit liabilities

The Company offers its employees defined benefit plans. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. For actuarial valuations, certain inputs such as discount rates and future salary increases are estimated. Defined benefit plans contain significant uncertainties in estimations due to its long-term nature (refer to note 25).

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**2. Basis of Preparation, Continued**

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

(v) Unbilled revenue

Energy delivered but not metered nor billed is calculated at the reporting date and is estimated 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 consumptions and prices based on statistics. Unbilled revenue recognized for the six-month periods ended June 30, 2018 and 2017 are ₩1,213,807 million and ₩1,221,809 million, respectively.

(vi) Construction contracts

For each performance obligation satisfied over time, the Company recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The Company applies a single method of measuring progress for each performance obligation satisfied over time and applies that method consistently to similar performance obligations and in similar circumstances. Revenue and costs are recognized based on the progress towards complete satisfaction of a performance obligation utilizing the cost-based input method at the end of the reporting period. In applying the cost-based input method, it is necessary to use estimates and assumptions related to the Company's efforts or inputs expected to be incurred in the future, costs incurred which are not related to the performance obligation, changes in the Company's efforts or inputs due to change of the performance obligation, etc. Total revenue is measured based on an agreed contract price; however, it may fluctuate due to the variation of performance obligations. The measurement of revenue is affected by various uncertainties resulting from unexpected future events.

(vii) Early closure of Wolsong unit 1 nuclear power plant and changes in new nuclear power plant construction  
The 30-year of designed life of Wolsong unit 1 nuclear power plant of the Company had expired on November 20, 2012. On February 27, 2015, however, it was approved by the Nuclear Safety and Security Commission (NSSC) to continue its operation until November 20, 2022.

According to the Eighth Basic Plan for Electricity Supply and Demand by the Ministry of Trade, Industry and Energy, Wolsong unit 1 nuclear power plant is expected to go through a comprehensive evaluation for the feasibility of continuous operation including economic efficiency and acceptability of household and community in 2018 in order to decide whether to shut down early. On June 15, 2018, the board of directors of Korea Hydro & Nuclear Power Co., Ltd. ( KHNP ), a subsidiary of KEPCO, has decided to shut down the Wolsong unit 1 on the grounds that its deficit was increasing and its economic efficiency was low due to the unoptimistic utilization rate. In addition, KHNP has also

decided to suspend construction of Cheonji unit 1 and 2 and Daejin unit 1 and 2 pursuant to the government policy. For this reason, the Company recognized impairment loss and other expenses as described in note 18, note 36 and note 49.

Among the newly constructed nuclear power plants, Shin-Hanwool unit 3 and 4, which were approved for power generation business, are not included in the decision to suspend construction of the board of directors of KHNP. However, considering the decision to shut down Wolsong unit 1 and suspended construction of Cheonji unit 1 and 2 and Daejin unit 1 and 2, it is highly likely that the construction of Shin-Hanwool unit 3 and 4 will be suspended according to the government's policy. For this reason, the Company recognized impairment loss as described in note 18 and note 49, as the Company believes that there was a significant change in its operating environment as of the date of the board of directors of KHNP's decision.

The Korean government plans to refund to the Company for reasonable expenditures incurred in relation to the phase-out of nuclear power plants in accordance with the energy transformation policy established by Korean government. In doing so, after discussions with relevant government agencies and upon approval by the Congress, the Korean government is considering to use available resource including utilizing relevant fund to make the refund. Also, Korean government has stated that it plans to establish relevant legal basis of providing refund including utilizing available resource, if necessary.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**2. Basis of Preparation, Continued****(5) Changes in accounting policies**

The Company has newly applied the following new standards for annual periods beginning on January 1, 2018.

**(i) K-IFRS 1109 Financial Instruments**

The Company has adopted K-IFRS 1109 Financial Instruments, since January 1, 2018. K-IFRS 1109 sets out the requirements for recognizing and measuring financial assets, financial liabilities and certain contracts to buy or sell non-financial items. It replaces existing guidance in K-IFRS 1039 Financial Instruments: Recognition and Measurement.

The Company has taken an exemption not to restate comparative information for prior periods upon adoption of K-IFRS 1109. Accordingly, the information presented for 2017 has not been restated and differences in the carrying amounts of financial instruments resulting from the adoption of K-IFRS 1109 are recognized in retained earnings at January 1, 2018.

Based on the result of the detailed assessment, the impacts on the Company's financial assets (excluding derivative instruments) on the date of initial application (January 1, 2018) are as follows:

*In millions of won*

| Original classification<br>under                                 | New<br>classification<br>under | Original carrying<br>amount under | New<br>carrying<br>amount<br>under |
|--|--------------------------------|-----------------------------------|------------------------------------|
| K-IFRS 1039  | K-IFRS 1109                    | K-IFRS 1039                       | K-IFRS<br>1109                     |
| Financial assets at FVTPL  | FVTPL                          | ₩ 111,512                         | 111,512                            |
| Loans and receivables  | Amortized cost                 | 15,203,663                        | 14,405,570                         |
| Loans and receivables  | FVTPL                          |                                   | 791,324                            |
| Available-for-sale financial assets                              | FVOCI                          | 699,833                           | 476,941                            |
| Available-for-sale financial assets                              | FVTPL                          |                                   | 222,892                            |
| Held-to-maturity investments                                     | Amortized cost                 | 3,144                             | 3,144                              |
| <b>Total financial assets (excluding derivative instruments)</b> |                                | <b>₩ 16,018,152</b>               | <b>16,011,383</b>                  |

The impacts on the Company's equity including retained earnings on the date of initial application (January 1, 2018) are as follows:

*In millions of won*

| Type  | Equity attributable to owners of<br>the controlling company |                                  |                                  | Total<br>equity |
|---|---|----------------------------------|----------------------------------|-----------------|
|   | Retained<br>earnings  | Other<br>components<br>of equity | Non-<br>controlling<br>interests |                 |
| Reclassification of cumulative<br>gain or loss of available-for-sale financial assets | ₩ 76,851  | (76,851)                         |                                  |                 |
| Remeasurement of expected credit loss   |   |                                  |                                  |                 |
| - Trade and other receivables   | (6,769)   |                                  |                                  | (6,769)         |
| - Income tax effect   | 1,846   |                                  |                                  | 1,846           |
| Total   | ₩ 71,928  | (76,851)                         |                                  | (4,923)         |

The detailed accounting policies under K-IFRS 1109 are described in note 3.(21).

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**2. Basis of Preparation, Continued**

**(5) Changes in accounting policies, continued**

(ii) K-IFRS 1115 Revenue from Contracts with Customers

K-IFRS 1115 sets out a comprehensive framework for determining whether revenue is recognized, the extent of revenue recognized, and when revenue is recognized. It replaces existing revenue recognition guidance, including K-IFRS 1018 Revenue, K-IFRS 1011 Construction Contracts, K-IFRS 2031 Revenue-Barter Transactions Involving Advertising Services, K-IFRS 2113 Customer Loyalty Programs, K-IFRS 2115 Agreements for the Construction of Real Estate, K-IFRS 2118 Transfers of Assets from Customers.

The Company has retrospectively applied the standard and recognized the cumulative effect of the adoption of K-IFRS 1115 at the date of initial application (January 1, 2018) and has retrospectively applied K-IFRS 1115 to only those contracts that were not completed as of the date of initial application (January 1, 2018). Accordingly, the Company has not restated the comparative periods.

The Company believes that there is no significant impact on the Company's consolidated interim financial statements. The detailed accounting policies under K-IFRS 1115 are described in note 3.(7).

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

(i) K-IFRS 1116 Lease

K-IFRS 1116 replaces K-IFRS 1017 Lease and K-IFRS 2104 Determining whether an Arrangement contains a Lease. This standard is effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted if K-IFRS 1115 Revenue from Contracts with Customers has also been applied.

Under K-IFRS 1116, a lessee shall apply this standard to its leases either:

(a) retrospectively to each prior reporting period presented applying K-IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors; or

(b) retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Company has not yet determined the transition approach for K-IFRS 1116.

K-IFRS 1116 provides a single lessee accounting model in which the lessee recognizes lease related assets and liabilities in the statement of financial position. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Lease recognition may be exempted for short-term leases and leases for which the underlying asset is of low value. Accounting for a lessor is similar to the existing standard that classifies each of its leases as either an operating lease or a finance lease.

Upon adoption of K-IFRS 1116, the nature of the costs associated with the lease will change as the operating lease payments recognized based on a straight-line basis will change to depreciation expense of a right-of-use asset and interest expense of the lease liability and no significant impact is expected on the Company's finance lease.

The Company plans to conduct a detailed assessment of the potential impact from the application of K-IFRS 1116 during the year ending December 31, 2018.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies**

The significant accounting policies applied by the Company in preparation of its consolidated financial statements are included below. Except as described in note 2.(5), the accounting policies applied by the Company in these consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2017.

**(1) Basis of consolidation**

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

Income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income 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 within the Company 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 1109 Financial Instruments



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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(2) Business combinations, continued**

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.

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with K-IFRS 1109 *Financial Instruments*, or with K-IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in income or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in income or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to income or loss where such treatment would be appropriate if that interest were disposed of.

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(3) Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies. If the Company holds 20% ~ 50% of the voting power of the investee, it is presumed that the Company has significant influence.

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. After the disposal takes place, the Company shall account for any retained interest in associates in accordance with K-IFRS 1109 Financial Instruments 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.

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 1109. 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.

The requirements of K-IFRS 1028 Investments in Associates and Joint Ventures 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.

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

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(4) Joint arrangements**

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

If the Company is a joint operator, the Company is to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant K-IFRSs applicable to the particular assets, liabilities, revenues and expenses. If the joint arrangement is a joint venture, the Company is to account for that investment using the equity method accounting in accordance with K-IFRS 1028

Investment in Associates and Joint Ventures (refer to 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 business acquired.

The Company assesses at the end of each reporting period and whenever there is an indication that the 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

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(7) Revenue from Contracts with Customers**

The Company recognizes revenue by applying the five-step approach (Step 1: Identify the contract(s) with a customer, Step 2: Identify the performance obligations in the contract, Step 3: Determine the transaction price, Step 4: Allocate the transaction price to the performance obligations in the contract, Step 5: Recognize revenue when the entity satisfied a performance obligation).

(i) Identify the performance obligations in the contract

The Company is engaged in the generation, transmission and distribution of electricity and development of electric power resources, and electricity sales revenue accounts for 95.4% of consolidated revenue for the six-month period ended June 30, 2018.

Under K-IFRS 1115, supplying electricity is a series of distinct goods or services identified as a single performance obligation. The Company is also engaged in contracts with customers for transmission and distribution, provision of power generation byproducts, EPC business, O&M, etc. that are identified as different performance obligations for each contract.

(ii) Variable consideration

The Company may be subject to a variation of consideration paid by the customer due to the progressive electricity billing system, discounts on electricity bills for policy purposes, penalties and delinquent payment, etc. The Company estimates an amount of variable consideration by using the expected value method that the Company expects to better predict the amount of consideration to which it will be entitled, and includes in the transaction price some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(iii) Performance obligations satisfied over time

The Company satisfies its performance obligations for contracts such as EPC business, O&M, etc. over time. The Company recognizes revenue based on the percentage-of-completion on a reasonable basis.

The Company recognizes revenue over time if one of the following criteria is met:



- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the entity performs;
- (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(8) 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.

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

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

(iii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(9) 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 (refer to note 3.(23) Derivative financial instruments, including hedge accounting); and

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

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

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

**(10) 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

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(11) 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.

**(12) Employee benefits**

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

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

Net defined benefit liability's measurement is composed of actuarial gains and losses, return on plan assets excluding net interest on net defined benefit liability, and any change in the effect of the asset ceiling, excluding net interest, which are immediately recognized in other comprehensive income. The actuarial gains or losses recognized in other

comprehensive income which will not be reclassified into net profit or loss for later periods are immediately recognized in retained earnings. Past service cost will be recognized as expenses upon the earlier of the date of change or reduction to the plan, or the date of recognizing termination benefits.

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(13) Income taxes**

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

(i) Current tax

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

(ii) Deferred tax

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

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

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



utilized.

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

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

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

(iii) Current and deferred tax for the year

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued****(14) Property, plant and equipment**

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

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

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

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

|                        | <b>Useful lives (years)</b> |
|------------------------|-----------------------------|
| Buildings              | 8 ~ 40                      |
| Structures             | 8 ~ 50                      |
| Machinery              | 2 ~ 32                      |
| Vehicles               | 3 ~ 8                       |
| Loaded heavy water     | 30                          |
| Asset retirement costs | 18, 30, 40, 60              |
| Finance lease assets   | 6 ~ 32                      |
| Ships                  | 9                           |
| Others                 | 4 ~ 15                      |

A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life.

Depreciation methods, residual values and useful lives of property, plant and equipment are reviewed at the end of each reporting period and if change is deemed appropriate, it is treated as a change in accounting estimate. As a result

of such review, useful lives of certain structures and machinery were changed during the six-month period ended June 30, 2018. Depreciation expenses are expected to decrease by ₩25,985 million, ₩157,333 million and ₩170,471 million for the year ending December 31, 2018, 2019 and 2020, respectively, and to increase by ₩353,789 million for the years after December 31, 2020.

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(15) Investment property**

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

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the 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.

**(16) Intangible assets**

(i) Intangible assets acquired separately

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

(ii) Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

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

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

The ability to use or sell the intangible asset;

How the intangible asset will generate probable future economic benefits;

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

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

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

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

|                                 | Useful lives (years) | Amortization methods |
|---------------------------------|----------------------|----------------------|
| Usage rights for donated assets | 10 ~ 20              | Straight line        |
| Software                        | 4, 5                 | Straight line        |
| Industrial rights               | 5 ~ 10               | Straight line        |
| Development expenses            | 5                    | Straight line        |
| Leasehold rights                | 10                   | Straight line        |
| Others                          | 3 ~ 50 or indefinite | Straight line        |
| Mining right                    |                      | Unit of production   |

**(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.

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 are 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.

**(17) Greenhouse gas emissions rights (allowances) and obligations**

In connection with Enforcement of Allocation and Trading of Greenhouse Gas Emissions Allowances, the Company applies the following accounting policies for greenhouse gas emissions rights and obligations.

(i) Greenhouse gas emissions rights

Greenhouse gas emissions rights consist of the allowances received free of charge from the government and the ones purchased. The cost of the greenhouse gas emissions rights includes expenditures arising directly from the acquisition and any other costs incurred during normal course of the acquisition.

Greenhouse gas emissions rights are held by the Company to fulfill the legal obligation and recorded as intangible assets. To the extent that the portion to be submitted to the government within one year from the end of reporting period, the greenhouse gas emissions rights are classified as current assets. Greenhouse gas emissions rights recorded as intangible assets are initially measured at cost and substantially remeasured at cost less accumulated impairment losses.

Greenhouse gas emissions rights are derecognized on submission to the government or when no future economic benefits are expected from its use or disposal.

(ii) Greenhouse gas emissions obligations

Greenhouse gas emissions obligations are the Company's present legal obligation to submit the greenhouse gas emissions allowances to the government and recognized when an outflow of resources is probable and a reliable estimate can be made of the amount of the obligation. Greenhouse gas emissions obligations are measured as the sum of the carrying amount of the allocated rights that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of the reporting period for any excess emission.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

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

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

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

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

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

**(19) Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost of inventories for inventories in transit are measured by using specific identification method. 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.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(20) Provisions, continued**

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

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

(i) Provision for employment benefits

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

(ii) Provision for decommissioning costs of nuclear power plants

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

(iii) Provision for disposal of spent nuclear fuel

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

(iv) Provision for low and intermediate radioactive wastes

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

(v) Provision for Polychlorinated Biphenyls ( PCBs )

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

(vi) Provisions for power plant regional support program

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

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

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

(viii) Renewable Portfolio Standard ( RPS ) provisions

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued****(21) Financial instruments**

The Company recognizes financial assets and financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets and financial liabilities are measured at their fair value plus, in the case of a financial asset or financial liabilities 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. The Company derecognizes financial liabilities (or part of financial liabilities) when, and only when, the Company's obligations are discharged, cancelled or they expire.

**(i) Classification and measurement of financial assets**

The Company classifies financial assets into three principal categories; measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) based on the business model in which assets are managed and their cash flow characteristics. The company assesses the hybrid financial instrument in which derivatives embedded as whole for classification.

| Business model  | Cash flow characteristics                        |                 |
|---|--|-----------------|
|   | Solely payments of principal and interest (SPPI) | Other than SPPI |
| To collect contractual cash flows                                   | Amortized cost                                   | FVTPL(*2)       |
| Both collecting contractual cash flows and selling financial assets | FVOCI (*1)                                       |                 |
| To sell financial assets  | FVTPL  |                 |

(\*1) To eliminate or reduce an accounting mismatch, the Company may elect to recognize the amount of change in fair value in profit or loss.

(\*2)

For equity investment that is not held for trading, the Company may elect to present subsequent changes in fair value in OCI.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and 2) the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI, and will not reclassify(recycle) the those items in OCI to profit or loss subsequently.

A financial asset is measured at FVTPL if the contractual terms of the financial asset give rise to specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding, the debt instrument is held within a business model whose objective is to sell the asset, or the equity instruments that are not elected to be designated as measured at FVOCI.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(21) Financial instruments, continued**

Effective interest method

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

(ii) Classification and measurement of financial liabilities

The amount of change in the fair value attributable to the changes in the credit risk of the financial liabilities is presented in OCI, not recognized in profit or loss, and the OCI amount will not be reclassified (recycled) to profit or loss. However, if doing so creates or increase an accounting mismatch, the amount of change in the fair value is recognized in profit or loss.

(iii) Impairment: Financial assets and contract assets

The Company applies a forward-looking expected credit loss (ECL) model for debt instruments, lease receivables, contractual assets, loan commitments and financial guarantee contracts.

The Company recognizes loss allowances measured on either of the 12-month or lifetime ECL based on the extent of increase in credit risk since inception as shown in the below table.

|         | <b>Classification</b>   | <b>Loss allowances</b>  |
|---------|---|---|
| Stage 1 | Credit risk has not increased significantly since the initial recognition | 12-month ECL: ECLs that resulted from possible default events within the 12 months after the reporting date |
| Stage 2 |   |   |

Credit risk has increased significantly since the initial recognition

Lifetime ECL: ECL that resulted from all possible default events over the expected life of a financial instrument

Stage 3 Credit-impaired

Under K-IFRS 1109, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of K-IFRS 1115 and that do not contain a significant financing component in accordance with K-IFRS 1115 and if the trade receivables or contract assets include a significant financing component, the Company may choose as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses.

The Company has chosen to measure the loss allowance at an amount equal to lifetime expected credit losses for the trade receivables, contract assets and lease receivables that contain a significant financing component.

**(22) Service Concession Arrangements**

The Company recognizes revenues from construction services and operating services related to service concession arrangements in accordance with K-IFRS 1115 Revenue from Contracts with Customers .

The Company recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset for the construction services and an intangible asset to the extent that it receives a right (license) to charge users of the public service. Borrowing costs attributable to the arrangement are recognized as an expense in the period in which they are incurred unless the Company has a contractual right to receive an intangible asset (a right to charge users of the public service). In this case, borrowing costs attributable to the arrangement are capitalized during the construction phase of the arrangement.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

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

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

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

**(i) Separable embedded derivatives**

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

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

**(ii) Hedge accounting**

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

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge



transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(iii) Fair value hedges

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

(iv) Cash flow hedges

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

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

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

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

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

The Company's operating segments are its business components that generate discrete financial information that is reported to and regularly reviewed 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 are Transmission and distribution , Electric power generation (Nuclear) , Electric power generation (Non-nuclear) , Plant maintenance & engineering service and Others ; others mainly represent the business unit that manages the Company's foreign operations.

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

associates and joint ventures from the cost basis amount reflected in segment assets to that determined using equity method in the consolidated financial statements.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued****(2) Financial information of the segments for the three and six-month periods ended June 30, 2018 and 2017, respectively, are as follows:**

|                             |                        | <b>June 30, 2018</b>                   |                        |                                |                        |                                      |                        |                          |                        |
|-----------------------------|------------------------|--|------------------------|--------------------------------|------------------------|--------------------------------------|------------------------|--------------------------|------------------------|
| <b>Intersegment revenue</b> |                        | <b>Revenue from external customers</b> |                        | <b>Operating profit (loss)</b> |                        | <b>Depreciation and amortization</b> |                        | <b>Interest income</b>   |                        |
| Three-month period ended    | Six-month period ended | Three-month period ended               | Six-month period ended | Three-month period ended       | Six-month period ended | Three-month period ended             | Six-month period ended | Three-month period ended | Six-month period ended |
| 356,601                     | 727,644                | 12,901,124                             | 28,093,823             | (698,162)                      | (2,140,285)            | 931,060                              | 1,811,473              | 14,437                   | 29,650                 |
| 1,921,192                   | 3,874,080              | 40,531                                 | 49,949                 | 41,695                         | 223,572                | 792,220                              | 1,555,841              | 7,479                    | 9,973                  |
| 5,097,157                   | 12,528,227             | 184,985                                | 479,607                | (158,274)                      | 1,071,356              | 810,040                              | 1,624,628              | 8,708                    | 14,519                 |
| 521,085                     | 974,725                | 92,422                                 | 163,312                | 72,449                         | 105,228                | 28,703                               | 57,136                 | 2,974                    | 5,825                  |
| 97,054                      | 218,722                | 118,096                                | 256,512                | 18,634                         | 55,360                 | 14,246                               | 27,448                 | 23,261                   | 62,320                 |
| (7,993,089)                 | (18,323,398)           |  |                        | 36,540                         | (129,962)              | (13,909)                             | (28,019)               | 579                      | (14,171)               |
|                             |                        | 13,337,158                             | 29,043,203             | (687,118)                      | (814,731)              | 2,562,360                            | 5,048,507              | 57,438                   | 108,116                |
|                             |                        | <b>June 30, 2017</b>                   |                        |                                |                        |                                      |                        |                          |                        |
| <b>Intersegment revenue</b> |                        | <b>Operating profit (loss)</b>         |                        |                                |                        |                                      |                        |                          |                        |

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| Three-month period ended | Six-month period ended | Revenue from external customers |                        | Three-month period ended | Six-month period ended | Depreciation and amortization |                        | Interest income          |                        |
|--------------------------|------------------------|---------------------------------|------------------------|--------------------------|------------------------|-------------------------------|------------------------|--------------------------|------------------------|
|                          |                        | Three-month period ended        | Six-month period ended |                          |                        | Three-month period ended      | Six-month period ended | Three-month period ended | Six-month period ended |
| 701,051                  | 1,198,775              | 12,550,230                      | 27,245,834             | 341,289                  | (442,691)              | 849,193                       | 1,691,816              | 12,328                   | 23,889                 |
| 2,264,083                | 4,922,470              | 11,686                          | 21,768                 | 199,961                  | 938,363                | 856,287                       | 1,708,434              | 5,046                    | 8,954                  |
| 4,448,853                | 11,008,320             | 146,524                         | 376,160                | 196,025                  | 1,717,523              | 699,764                       | 1,388,421              | 5,945                    | 9,526                  |
| 550,561                  | 988,547                | 96,814                          | 192,234                | 77,201                   | 122,527                | 27,163                        | 54,344                 | 2,405                    | 5,166                  |
| 17,812                   | 37,184                 | 120,285                         | 236,152                | 20,556                   | 40,475                 | 8,722                         | 15,240                 | 34,092                   | 72,799                 |
| (7,982,360)              | (18,155,296)           |                                 |                        | 11,460                   | (66,519)               | (18,556)                      | (31,820)               | (5,919)                  | (11,981)               |
|                          |                        | 12,925,539                      | 28,072,148             | 846,492                  | 2,309,678              | 2,422,573                     | 4,826,435              | 53,897                   | 108,353                |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**4. Segment, Geographic and Other Information, Continued****(3) Information related to segment assets and segment liabilities as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows:**

In millions of won

| Segment                                 | June 30, 2018  |  |                                   |                     |
|---|----------------|--|-----------------------------------|---------------------|
|   | Segment assets | Investments in associates and joint ventures | Acquisition of non-current assets | Segment liabilities |
| Transmission and distribution           | ₩ 107,657,028  | 3,715,515                                    | 3,925,501                         | 53,471,452          |
| Electric power generation (Nuclear)     | 55,215,089     | 34,144                                       | 856,044                           | 30,304,977          |
| Electric power generation (Non-nuclear) | 49,545,423     | 1,998,896                                    | 1,701,914                         | 27,413,414          |
| Plant maintenance & engineering service | 3,309,969      | 49,326                                       | 33,402                            | 1,223,588           |
| Others                                  | 8,221,875      |  | 204,129                           | 3,127,932           |
| Consolidation adjustments               | (38,163,259)   |  | (46,364)                          | (1,033,629)         |
| Consolidated totals                     | ₩ 185,786,125  | 5,797,881                                    | 6,674,626                         | 114,507,734         |

In millions of won

| Segment                                 | December 31, 2017 |  |                                   |                     |
|---|-------------------|--|-----------------------------------|---------------------|
|   | Segment assets    | Investments in associates and joint ventures | Acquisition of non-current assets | Segment liabilities |
| Transmission and distribution           | ₩ 106,540,154     | 3,366,309                                    | 6,606,512                         | 50,757,798          |
| Electric power generation (Nuclear)     | 55,011,096        | 11,843                                       | 2,083,967                         | 29,252,816          |
| Electric power generation (Non-nuclear) | 47,938,084        | 1,904,224                                    | 3,250,524                         | 26,337,295          |
| Plant maintenance & engineering service | 3,273,959         | 48,320                                       | 145,779                           | 1,176,627           |
| Others                                  | 7,798,400         |  | 569,447                           | 3,013,743           |
| Consolidation adjustments               | (38,772,778)      |  | 23,616                            | (1,714,005)         |

|                     |               |           |            |             |
|---------------------|---------------|-----------|------------|-------------|
| Consolidated totals | ₩ 181,788,915 | 5,330,696 | 12,679,845 | 108,824,274 |
|---------------------|---------------|-----------|------------|-------------|

**(4) Geographic information**

Electricity sales, the main operations of the Company, are conducted in the Republic of Korea where the controlling company is located. The following information on revenue from external customers and non-current assets is determined by the location of the customers and the assets:

| <i>In millions of won</i> | Revenue from external customers |                              |                                |                              | Non-current assets (*2) |                      |
|---------------------------|---------------------------------|------------------------------|--------------------------------|------------------------------|-------------------------|----------------------|
|                           | June 30, 2018                   |                              | June 30, 2017                  |                              | June 30,<br>2018        | December 31,<br>2017 |
|                           | Three-month<br>period ended     | Six-month<br>period<br>ended | Three-month<br>period<br>ended | Six-month<br>period<br>ended |                         |                      |
| <b>Geographical unit</b>  |                                 |                              |                                |                              |                         |                      |
| Domestic                  | ₩ 12,827,478                    | 27,958,871                   | 12,040,532                     | 26,415,885                   | 155,412,265             | 153,436,810          |
| Overseas (*1)             | 509,680                         | 1,084,332                    | 885,007                        | 1,656,263                    | 4,764,574               | 4,497,535            |
|                           | ₩ 13,337,158                    | 29,043,203                   | 12,925,539                     | 28,072,148                   | 160,176,839             | 157,934,345          |

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

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

**(5) Information on significant customers**

There is no individual customer comprising more than 10% of the Company's revenue for the six-month periods ended June 30, 2018 and 2017.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**5. Classification of Financial Instruments****(1) Classification of financial assets as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

|                                     | <b>June 30, 2018</b>                              |  |   |  |              |
|-------------------------------------|---|--|---|--|--------------|
|                                     | <b>Financial assets<br/>measured at<br/>FVTPL</b> | <b>Financial<br/>assets<br/>measured at<br/>amortized cost</b> | <b>Financial<br/>assets<br/>measured at<br/>FVOCI</b> | <b>Derivative<br/>assets<br/>(applying hedge<br/>accounting)</b> | <b>Total</b> |
| <b>Current assets</b>               |   |  |   |  |              |
| Cash and cash equivalents           | ₩   | 2,389,664  |   |  | 2,389,664    |
| <b>Current financial assets</b>     |   |  |   |  |              |
| Held-to-maturity investments        |   | 957  |   |  | 957          |
| Derivative assets                   | 26,168  |  |   | 32,322   | 58,490       |
| Other financial assets              | 1,091,905   | 1,975,446  |   |  | 3,067,351    |
| Trade and other receivables         |   | 7,078,666  |   |  | 7,078,666    |
|                                     | 1,118,073   | 11,444,733   |   | 32,322   | 12,595,128   |
| <b>Non-current assets</b>           |   |  |   |  |              |
| <b>Non-current financial assets</b> |   |  |   |  |              |
| Available-for-sale financial assets | 278,558   |  | 459,426   |  | 737,984      |
| Held-to-maturity investments        |   | 2,484  |   |  | 2,484        |
| Derivative assets                   | 27,723  |  |   | 53,581   | 81,304       |
| Other financial assets              | 531,356   | 813,665  |   |  | 1,345,021    |
| Trade and other receivables         |   | 1,786,905  |   |  | 1,786,905    |
|                                     | 837,637   | 2,603,054  | 459,426   | 53,581   | 3,953,698    |
|                                     | ₩ 1,955,710                                       | 14,047,787   | 459,426   | 85,903   | 16,548,826   |

*In millions of won*

|  | <b>December 31, 2017</b>   |                                  |   |  |  |              |
|--|--|----------------------------------|---|--|--|--------------|
|  | <b>Financial<br/>assets at fair<br/>value through<br/>profit or loss</b> | <b>Loans and<br/>receivables</b> | <b>Available-<br/>for-sale<br/>financial<br/>assets</b> | <b>Held-to-<br/>maturity<br/>investments</b> | <b>Derivative<br/>assets<br/>(applying<br/>hedge</b> | <b>Total</b> |



|                                     | accounting) |            |         |        |        |            |
|-------------------------------------|-------------|------------|---------|--------|--------|------------|
| <b>Current assets</b>               |             |            |         |        |        |            |
| Cash and cash equivalents           | ₩           | 2,369,739  |         |        |        | 2,369,739  |
| <b>Current financial assets</b>     |             |            |         |        |        |            |
| Held-to-maturity investments        |             |            |         | 5      |        | 5          |
| Derivative assets                   | 12,923      |            |         | 12     |        | 12,935     |
| Other financial assets              |             | 1,945,417  |         |        |        | 1,945,417  |
| Trade and other receivables         |             | 7,928,972  |         |        |        | 7,928,972  |
|                                     | 12,923      | 12,244,128 |         | 5      | 12     | 12,257,068 |
| <b>Non-current assets</b>           |             |            |         |        |        |            |
| <b>Non-current financial assets</b> |             |            |         |        |        |            |
| Available-for-sale financial assets |             |            | 699,833 |        |        | 699,833    |
| Held-to-maturity investments        |             |            |         | 3,139  |        | 3,139      |
| Derivative assets                   | 9,097       |            |         | 10,594 |        | 19,691     |
| Other financial assets              | 111,512     | 1,204,738  |         |        |        | 1,316,250  |
| Trade and other receivables         |             | 1,754,797  |         |        |        | 1,754,797  |
|                                     | 120,609     | 2,959,535  | 699,833 | 3,139  | 10,594 | 3,793,710  |
|                                     | ₩ 133,532   | 15,203,663 | 699,833 | 3,144  | 10,606 | 16,050,778 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(2) Classification of financial liabilities as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won***June 30, 2018**

|                                | <b>Financial liabilities at<br/>fair value<br/>through<br/>profit or<br/>loss</b> | <b>Financial liabilities<br/>recognized at<br/>amortized cost</b> | <b>Derivative liabilities<br/>(using hedge<br/>accounting)</b> | <b>Total</b> |
|--------------------------------|---|---|--|--------------|
| <b>Current liabilities</b>     |   |   |  |              |
| Borrowings                     | ₩   | 4,154,934   |  | 4,154,934    |
| Debt securities                |   | 7,623,891   |  | 7,623,891    |
| Derivative liabilities         | 22,331  |   | 4,930  | 27,261       |
| Trade and other payables       |   | 5,834,365   |  | 5,834,365    |
|                                | 22,331  | 17,613,190  | 4,930  | 17,640,451   |
| <b>Non-current liabilities</b> |   |   |  |              |
| Borrowings                     |   | 2,514,438   |  | 2,514,438    |
| Debt securities                |   | 46,294,096  |  | 46,294,096   |
| Derivative liabilities         | 87,980  |   | 204,518  | 292,498      |
| Trade and other payables       |   | 3,194,873   |  | 3,194,873    |
|                                | 87,980  | 52,003,407  | 204,518  | 52,295,905   |
|                                | ₩ 110,311   | 69,616,597  | 209,448  | 69,936,356   |

*In millions of won***December 31, 2017**

|                            | <b>Financial liabilities at<br/>fair value<br/>through<br/>profit or<br/>loss</b> | <b>Financial liabilities<br/>recognized at<br/>amortized cost</b> | <b>Derivative liabilities<br/>(using hedge<br/>accounting)</b> | <b>Total</b> |
|----------------------------|---|---|--|--------------|
| <b>Current liabilities</b> |   |   |  |              |
| Borrowings                 | ₩   | 1,165,985   |  | 1,165,985    |

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|                                |           |            |         |            |
|--------------------------------|-----------|------------|---------|------------|
| Debt securities                |           | 7,957,300  |         | 7,957,300  |
| Derivative liabilities         | 51,090    |            | 20,177  | 71,267     |
| Trade and other payables       |           | 5,999,521  |         | 5,999,521  |
|                                | 51,090    | 15,122,806 | 20,177  | 15,194,073 |
| <b>Non-current liabilities</b> |           |            |         |            |
| Borrowings                     |           | 2,434,624  |         | 2,434,624  |
| Debt securities                |           | 43,189,483 |         | 43,189,483 |
| Derivative liabilities         | 99,839    |            | 256,953 | 356,792    |
| Trade and other payables       |           | 3,223,480  |         | 3,223,480  |
|                                | 99,839    | 48,847,587 | 256,953 | 49,204,379 |
|                                | ₩ 150,929 | 63,970,393 | 277,130 | 64,398,452 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**5. Classification of Financial Instruments, Continued****(3) Classification of comprehensive income from financial instruments for the three and six-month periods ended June 30, 2018 and 2017 are as follows:***In millions of won*

|   |  | June 30, 2018            |                        | June 30, 2017            |                        |
|---|--|--------------------------|------------------------|--------------------------|------------------------|
|   |  | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Cash and cash equivalents                             | Interest income  | ₩ 10,150                 | 21,010                 | 10,242                   | 18,614                 |
| Available-for-sale financial assets                   | Dividends income   | 3,704                    | 11,811                 | 1,294                    | 10,971                 |
|   | Gain on valuation of available-for-sale financial assets       | 1,556                    | 2,947                  |                          |                        |
|   | Impairment loss on available-for-sale financial assets         |                          |                        | 118                      | 118                    |
|   | Gain (loss) on disposal of available-for-sale financial assets | 672                      | 672                    | (40)                     | (584)                  |
| Held-to-maturity investments                          | Interest income  | 21                       | 41                     | 13                       | 43                     |
| Loans and receivables                                 | Interest income  | 11,112                   | 16,796                 | 8,950                    | 14,495                 |
| Trade and other receivables                           | Interest income  | 18,799                   | 43,070                 | 27,732                   | 61,221                 |
| Short-term financial instruments                      | Interest income  | 13,319                   | 22,905                 | 4,747                    | 10,980                 |
| Long-term financial instruments                       | Interest income  | 3,892                    | 4,004                  | 2,212                    | 3,000                  |
| Financial assets at fair value through profit or loss | Interest income  | 145                      | 290                    |                          |                        |
|   | Gain (loss) on valuation of derivatives                        | 53,701                   | 54,603                 | 46,196                   | (140,643)              |
|   | Gain (loss) on transaction of derivatives                      | 6,867                    | 8,691                  | (29,696)                 | (39,428)               |
|   | Loss on valuation of financial assets                          | (4,694)                  | (1,347)                | (451)                    | (451)                  |
| Derivative assets (applying hedge)                    | Gain (loss) on valuation of derivatives (profit or loss)       | 111,192                  | 110,910                | 73,180                   | (161,494)              |

|  |  |           |           |           |           |
|--|--|-----------|-----------|-----------|-----------|
| accounting)  |  |           |           |           |           |
|  | Gain (loss) on valuation of derivatives (equity, before tax) (*) | (3,285)   | (4,966)   | 11,872    | 733       |
|  | Gain (loss) on transaction of derivatives                        | 1,607     | 1,607     | (46,046)  | (65,276)  |
| Financial liabilities carried at amortized cost            |  |           |           |           |           |
|  | Interest expense of borrowings and debt securities               | (327,418) | (649,794) | (297,388) | (601,277) |
|  | Interest expense of trade and other payables                     | (10,888)  | (22,980)  | (14,661)  | (28,110)  |
|  | Interest expense of others                                       | (126,619) | (254,534) | (124,373) | (247,989) |
|  | Gain (loss) on foreign currency transactions and translations    | (385,302) | (382,084) | (203,813) | 540,522   |
|  | Loss on repayments of financial liabilities                      |           |           | (5)       | (5)       |
| Financial liabilities at fair value through profit or loss |  |           |           |           |           |
|  | Gain (loss) on valuation of derivatives                          | 76,183    | 18,555    | 136,423   | (1,608)   |
|  | Gain on transaction of derivatives                               | 6,692     | 13,947    | 11,887    | 1,254     |
| Derivative liabilities (applying hedge accounting)         |  |           |           |           |           |
|  | Gain (loss) on valuation of derivatives (profit or loss)         | 109,156   | 93,173    | 76,623    | (67,308)  |
|  | Loss on valuation of derivatives (equity, before tax) (*)        | (24,126)  | (60,990)  | (1,628)   | (822)     |
|  | Loss on transaction of derivatives                               | (2,618)   | (763)     |           | (19)      |

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**6. Restricted Deposits****Restricted deposits as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                             |  | <b>June 30,<br/>2018</b> | <b>December 31,<br/>2017</b> |
|---|--|--------------------------|------------------------------|
| Cash and cash equivalents                             | Escrow accounts  | ₩                        | 53                           |
|   | Deposits for government project  | 11,386                   | 15,365                       |
|   | Collateral provided for borrowings   | 67,654                   | 79,569                       |
|   | Collateral provided for lawsuit  | 2                        | 2                            |
|   | Deposits for transmission regional support program   | 7,956                    | 2,320                        |
| Short-term financial instruments                      | Bidding guarantees   | 119                      | 119                          |
|   | Restriction on withdrawal related to win-win growth program for small and medium enterprises | 34,000                   | 34,000                       |
| Financial assets at fair value through profit or loss | Decommissioning costs of nuclear power plants  | 157,124                  | 108,512                      |
| Non-current available-for-sale financial asset        | Decommissioning costs of nuclear power plants  | 270,193                  | 214,156                      |
| Long-term financial instruments                       | Escrow accounts  | 86                       |                              |
|   | Guarantee deposits for checking account  |                          | 2                            |
|   | Guarantee deposits for banking accounts at overseas branches                                 | 316                      | 302                          |
|   | Decommissioning costs of nuclear power plants  | 330,665                  | 337,234                      |
|   | Funds for developing small and medium enterprises (*)  | 200,000                  | 200,000                      |
|   |  | <b>₩ 1,079,501</b>       | <b>991,634</b>               |

(\*) Deposits for small and medium enterprise at IBK and others for construction of Bitgaram Energy Valley and support for high potential businesses as of June 30, 2018 and December 31, 2017.

**7. Cash and Cash Equivalents****Cash and cash equivalents as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                             | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|---|--------------------------|--------------------------|
| Cash  | ₩ 102                    | 132                      |
| Other demand deposits                                 | 980,057                  | 968,966                  |
| Short-term deposits classified as cash equivalents    | 561,080                  | 559,239                  |
| Short-term investments classified as cash equivalents | 848,425                  | 841,402                  |
|   | <b>₩ 2,389,664</b>       | <b>2,369,739</b>         |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**8. Trade and Other Receivables****(1) Trade and other receivables as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

|                           | <b>June 30, 2018</b> |  |                               |                   |
|---------------------------|----------------------|--|-------------------------------|-------------------|
|                           | <b>Gross amount</b>  | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Current assets</b>     |                      |  |                               |                   |
| Trade receivables         | ₩6,589,180           | (202,589)                              |                               | 6,386,591         |
| Other receivables         | 712,956              | (19,301)                               | (1,580)                       | 692,075           |
|                           | 7,302,136            | (221,890)                              | (1,580)                       | 7,078,666         |
| <b>Non-current assets</b> |                      |  |                               |                   |
| Trade receivables         | 435,539              | (114)                                  | (582)                         | 434,843           |
| Other receivables         | 1,425,097            | (65,939)                               | (7,096)                       | 1,352,062         |
|                           | 1,860,636            | (66,053)                               | (7,678)                       | 1,786,905         |
|                           | ₩9,162,772           | (287,943)                              | (9,258)                       | 8,865,571         |

*In millions of won*

|                           | <b>December 31, 2017</b> |  |                               |                   |
|---------------------------|--------------------------|--|-------------------------------|-------------------|
|                           | <b>Gross amount</b>      | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Current assets</b>     |                          |  |                               |                   |
| Trade receivables         | ₩7,499,285               | (173,583)                              |                               | 7,325,702         |
| Other receivables         | 614,212                  | (9,199)                                | (1,743)                       | 603,270           |
|                           | 8,113,497                | (182,782)                              | (1,743)                       | 7,928,972         |
| <b>Non-current assets</b> |                          |  |                               |                   |
| Trade receivables         | 449,191                  |  | (414)                         | 448,777           |
| Other receivables         | 1,380,983                | (68,809)                               | (6,154)                       | 1,306,020         |
|                           | 1,830,174                | (68,809)                               | (6,568)                       | 1,754,797         |



|                        |           |         |           |
|------------------------|-----------|---------|-----------|
| <del>₩</del> 9,943,671 | (251,591) | (8,311) | 9,683,769 |
|------------------------|-----------|---------|-----------|

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Other receivables as of June 30, 2018 and December 31, 2017 are as follows:

*In millions of won*

|                           | <b>June 30, 2018</b>    |  |                                   |                       |
|---------------------------|-------------------------|--|-----------------------------------|-----------------------|
|                           | <b>Gross<br/>amount</b> | <b>Allowance for<br/>doubtful accounts</b> | <b>Present value<br/>discount</b> | <b>Book<br/>value</b> |
| <b>Current assets</b>     |                         |  |                                   |                       |
| Non-trade receivables     | ₩ 346,662               | (19,213)                                   |                                   | 327,449               |
| Accrued income            | 73,242                  |  |                                   | 73,242                |
| Deposits                  | 212,178                 |  | (1,580)                           | 210,598               |
| Finance lease receivables | 74,114                  | (88)                                       |                                   | 74,026                |
| Others                    | 6,760                   |  |                                   | 6,760                 |
|                           | 712,956                 | (19,301)                                   | (1,580)                           | 692,075               |
| <b>Non-current assets</b> |                         |  |                                   |                       |
| Non-trade receivables     | 112,887                 | (59,474)                                   |                                   | 53,413                |
| Deposits                  | 350,381                 |  | (7,096)                           | 343,285               |
| Finance lease receivables | 875,157                 | (265)                                      |                                   | 874,892               |
| Others                    | 86,672                  | (6,200)                                    |                                   | 80,472                |
|                           | 1,425,097               | (65,939)                                   | (7,096)                           | 1,352,062             |
|                           | ₩ 2,138,053             | (85,240)                                   | (8,676)                           | 2,044,137             |

*In millions of won*

|                       | <b>December 31, 2017</b> |  |                                       |                       |
|-----------------------|--------------------------|--|---------------------------------------|-----------------------|
|                       | <b>Gross<br/>amount</b>  | <b>Allowance<br/>for<br/>doubtful<br/>accounts</b> | <b>Present<br/>value<br/>discount</b> | <b>Book<br/>value</b> |
| <b>Current assets</b> |                          |  |                                       |                       |
| Non-trade receivables | ₩ 314,256                | (9,199)  |                                       | 305,057               |
| Accrued income        | 54,002                   |  |                                       | 54,002                |
| Deposits              | 228,317                  |  | (1,743)                               | 226,574               |

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|                           |             |          |         |           |
|---------------------------|-------------|----------|---------|-----------|
| Finance lease receivables | 13,067      |          |         | 13,067    |
| Others                    | 4,570       |          |         | 4,570     |
|                           | 614,212     | (9,199)  | (1,743) | 603,270   |
| <b>Non-current assets</b> |             |          |         |           |
| Non-trade receivables     | 112,983     | (59,117) |         | 53,866    |
| Accrued income            | 182         |          |         | 182       |
| Deposits                  | 331,071     |          | (6,154) | 324,917   |
| Finance lease receivables | 849,554     |          |         | 849,554   |
| Others                    | 87,193      | (9,692)  |         | 77,501    |
|                           | 1,380,983   | (68,809) | (6,154) | 1,306,020 |
|                           | ₩ 1,995,195 | (78,008) | (7,897) | 1,909,290 |

- (3) Trade and other receivables are classified as financial assets at amortized cost 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 1.5% 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.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**8. Trade and Other Receivables, Continued****(4) Aging analysis of trade receivables as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                  | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|--|----------------------|--------------------------|
| Trade receivables: (not overdue)           | ₩ 6,735,452          | 7,698,604                |
| Trade receivables: (overdue, not impaired) |                      | 7,117                    |
| Less than 60 days                          |                      | 7,117                    |
| Trade receivables: (impairment reviewed)   | 289,267              | 242,755                  |
| Less than 60 days                          | 17,362               |                          |
| 60 ~ 90 days                               | 40,434               | 39,070                   |
| 90 ~ 120 days                              | 19,338               | 17,502                   |
| 120 days ~ 1 year                          | 64,162               | 55,242                   |
| Over 1 year                                | 147,971              | 130,941                  |
|  | 7,024,719            | 7,948,476                |
| Less: allowance for doubtful accounts      | (202,703)            | (173,583)                |
| Less: present value discount               | (582)                | (414)                    |
|  | ₩ 6,821,434          | 7,774,479                |

At the end of each reporting period, the Company assesses whether the credit to trade receivables is impaired. The Company recognizes loss allowances for trade receivables individually when there is any objective evidence that trade receivables are impaired and significant, and classifies the trade receivables that are not individually assessed as the trade receivables subject to be assessed on a collective basis. Also, the Company recognizes loss allowances based on an expected credit loss (ECL) model.

**(5) Aging analysis of other receivables as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>        | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|----------------------------------|----------------------|--------------------------|
| Other receivables: (not overdue) | ₩ 1,951,089          | 1,810,075                |

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|  |                        |           |
|--|------------------------|-----------|
| Other receivables: (overdue, not impaired) |                        | 47,532    |
| Less than 60 days                          |                        | 47,532    |
| Other receivables: (impairment reviewed)   | 186,964                | 137,588   |
| Less than 60 days                          | 41,956                 |           |
| 60 ~ 90 days                               | 1,035                  | 44        |
| 90 ~ 120 days                              | 2,294                  | 1,017     |
| 120 days ~ 1year                           | 24,590                 | 11,042    |
| Over 1 year                                | 117,089                | 125,485   |
|  | 2,138,053              | 1,995,195 |
| Less: allowance for doubtful accounts      | (85,240)               | (78,008)  |
| Less: present value discount               | (8,676)                | (7,897)   |
|  | <del>₩</del> 2,044,137 | 1,909,290 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**8. Trade and Other Receivables, Continued****(6) Changes in the allowance for doubtful accounts for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i>             | <b>June 30, 2018</b>     |                          | <b>December 31, 2017</b> |                          |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                       | <b>Trade receivables</b> | <b>Other receivables</b> | <b>Trade receivables</b> | <b>Other receivables</b> |
| <b>Beginning balance</b>              | ₩ 173,583                | 78,008                   | 71,985                   | 87,661                   |
| Effect of change in accounting policy | 6,641                    | 128                      |                          |                          |
| Bad debt expense                      | 19,785                   | 10,049                   | 126,714                  | 1,778                    |
| Write-off                             | (2,109)                  | (138)                    | (32,995)                 | (3,129)                  |
| Reversal                              | (1,726)                  |                          |                          | (2,166)                  |
| Others                                | 6,529                    | (2,807)                  | 7,879                    | (6,136)                  |
| <b>Ending balance</b>                 | ₩ 202,703                | 85,240                   | 173,583                  | 78,008                   |

**9. Available-for-sale Financial Assets****(1) Changes in available-for-sale financial assets for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i>     | <b>June 30, 2018</b>     |  |                    |                      |                             |               | <b>Ending balance</b> |
|-------------------------------|--------------------------|--|--------------------|----------------------|-----------------------------|---------------|-----------------------|
|                               | <b>Beginning balance</b> | <b>Effect of change in accounting policy</b> | <b>Acquisition</b> | <b>Disposal (*1)</b> | <b>Valuation impairment</b> | <b>Others</b> |                       |
| <b>Listed</b>                 | ₩ 274,453                |  |                    |                      | (19,630)                    | (301)         | 254,522               |
| <b>Unlisted</b>               | 425,380                  | (222,892)                                    |                    |                      | 1                           | 2,415         | 204,904               |
| <b>Beneficiary securities</b> |                          | 222,892                                      | 102,800            | (51,455)             | 2,947                       | 1,374         | 278,558               |
|                               | 699,833                  |  | 102,800            | (51,455)             | (16,682)                    | 3,488         | 737,984               |

|  |         |         |          |          |       |         |  |
|--|---------|---------|----------|----------|-------|---------|--|
| Short-term available-for-sale financial assets | ₩       |         |          |          |       |         |  |
| Long-term available-for-sale financial assets  | 699,833 | 102,800 | (51,455) | (16,682) | 3,488 | 737,984 |  |

(\*1) The Company recognized gain on disposal of available-for-sale financial assets amounted to ₩672 million from the partial sale of Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 and others for the six-month period ended June 30, 2018.

*In millions of won*

|                 | December 31, 2017 |             |               |                      |         |          | Ending balance |
|-----------------|-------------------|-------------|---------------|----------------------|---------|----------|----------------|
|                 | Beginning balance | Acquisition | Disposal (*1) | Valuation Impairment | Others  |          |                |
| <b>Listed</b>   | ₩ 268,171         | 106         |               | 8,156                | (97)    | (1,883)  | 274,453        |
| <b>Unlisted</b> | 746,561           | 233,179     | (461,423)     | (2,908)              | (2,616) | (87,413) | 425,380        |
|                 | 1,014,732         | 233,285     | (461,423)     | 5,248                | (2,713) | (89,296) | 699,833        |

|  |           |         |           |       |         |          |         |
|--|-----------|---------|-----------|-------|---------|----------|---------|
| Short-term available-for-sale financial assets | ₩         |         |           |       |         |          |         |
| Long-term available-for-sale financial assets  | 1,014,732 | 233,285 | (461,423) | 5,248 | (2,713) | (89,296) | 699,833 |

(\*1) The Company recognized gain and loss on disposal of available-for-sale financial assets amounted to ₩1,130 million and ₩2,343 million, respectively, from the partial sale of Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 and others for the year ended December 31, 2017.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i>                                     | Shares      | Ownership | June 30, 2018    |            |            |
|---|-------------|-----------|------------------|------------|------------|
|   |             |           | Acquisition cost | Book value | Fair value |
| <b>Listed</b>   |             |           |                  |            |            |
| Korea District Heating Corp.                                  | 2,264,068   | 19.55%    | ₩ 173,201        | 150,787    | 150,787    |
| Ssangyong Motor Co., Ltd.                                     | 38,568      | 0.03%     | 428              | 176        | 176        |
| Sungjee Construction. Co., Ltd.(*6)                           | 1,053       | 0.01%     | 49               | 9          | 9          |
| Korea Line Corp.  | 18          | 0.00%     | 1                |            |            |
| Namkwang Engineering & Construction Co., Ltd.                 | 46          | 0.00%     | 15               | 1          | 1          |
| Bumyang Construction Co., Ltd.                                | 35          | 0.00%     | 2                |            |            |
| ELCOMTEC Co., Ltd.  | 32,875      | 0.04%     | 217              | 70         | 70         |
| PAN ocean Co., Ltd.   | 1,492       | 0.00%     | 14               | 7          | 7          |
| Dongbu Corporation  | 955         | 0.02%     | 12               | 9          | 9          |
| KSP Co., Ltd.   | 6,324       | 0.08%     | 24               | 24         | 24         |
| STX Heavy Industries Co., Ltd.                                | 35,755      | 0.14%     | 191              | 166        | 166        |
| Codes Combine Co., Ltd.                                       | 291         | 0.00%     | 1                | 1          | 1          |
| PT Adaro Energy Tbk   | 480,000,000 | 1.50%     | 71,554           | 66,932     | 66,932     |
| Energy Fuels Inc.   | 1,711,814   | 2.19%     | 16,819           | 4,316      | 4,316      |
| Baralaba Coal Company Limited                                 | 99,763      | 0.07%     | 18,445           |            |            |
| Denison Mines Corp.   | 58,284,000  | 10.42%    | 84,134           | 31,562     | 31,562     |
| Fission 3.0 (*9)  | 75,000      | 0.14%     |                  | 8          | 8          |
| Fission Uranium Corp.   | 800,000     | 0.16%     | 785              | 454        | 454        |
|   |             |           | 365,892          | 254,522    | 254,522    |
| <b>Unlisted (*1)</b>  |             |           |                  |            |            |
| Intellectual Discovery Co., Ltd.                              | 1,000,000   | 8.81%     | 5,000            | 954        | 954        |
| Construction Guarantee (*2)                                   | 571         | 0.02%     | 601              | 833        | 833        |
| Plant & Mechanical Contractors Financial Cooperative of Korea | 97          | 0.02%     | 81               | 81         | 81         |
| Fire Guarantee  | 40          | 0.01%     | 20               | 20         | 20         |
| Korea Software Financial Cooperative                          | 5,186       | 1.05%     | 3,301            | 3,301      | 3,301      |
| Engineering Financial Cooperative                             | 486         | 0.05%     | 60               | 60         | 60         |
| Electric Contractors Financial Cooperative                    | 1,000       | 0.04%     | 215              | 215        | 215        |



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|   |        |       |       |     |     |
|---|--------|-------|-------|-----|-----|
| Korea Specialty Contractor Financial Cooperative  | 476    | 0.01% | 417   | 417 | 417 |
| Information & Communication Financial Cooperative | 121    | 0.02% | 26    | 26  | 26  |
| Korea Electric Engineers Association              | 400    | 0.24% | 40    | 40  | 40  |
| Hwan Young Steel Co., Ltd.                        | 10,916 | 0.14% | 1,092 | 97  | 97  |
| SAMBO AUTO. Co., Ltd.                             | 15,066 | 0.02% | 38    | 38  | 38  |
| Mobo Co., Ltd.                                    | 504    | 0.00% | 14    | 14  | 14  |
| Dae Kwang Semiconductor Co., Ltd.                 | 589    | 0.07% | 6     | 6   | 6   |
| Sanbon Department Store                           | 828    | 0.01% | 124   | 3   | 3   |
| Miju Steel Mfg. Co., Ltd.                         | 99,804 | 0.23% | 50    | 50  | 50  |
| Sungwon Co., Ltd.                                 | 589    | 0.07% | 15    | 15  | 15  |
| Hana Civil Engineering Co., Ltd.                  | 23     | 0.00% | 1     | 1   | 1   |
| KC Development Co., Ltd.                          | 839    | 0.02% | 6     | 6   | 6   |
| IMHWA Corp.                                       | 329    | 0.11% | 5     | 5   | 5   |
| DALIM Special Vehicle Co., Ltd.                   | 58     | 0.08% | 10    | 10  | 10  |
| ASA JEONJU Co., Ltd.                              | 34,846 | 1.34% | 697   | 69  | 69  |
| Moonkyung Silica Co., Ltd.                        | 42     | 0.56% |       |     |     |
| Sungkwang Timber Co., Ltd.                        | 9      | 0.34% | 4     | 4   | 4   |
| Yongbo Co., Ltd.                                  | 61     | 0.20% | 3     | 3   | 3   |
| HJ Steel Co., Ltd.                                | 218    | 0.07% | 2     | 2   | 2   |
| KS Remicon Co., Ltd.                              | 12     | 0.04% | 3     | 3   | 3   |
| Joongang Platec Co., Ltd.                         | 3,591  | 0.75% | 72    | 35  | 35  |
| Pyungsan SI Ltd.                                  | 434    | 0.01% | 9     | 9   | 9   |
| Samgong Development Co., Ltd.                     | 12     | 0.01% | 7     | 7   | 7   |
| Joongang Development Co., Ltd.                    | 540    | 0.12% | 8     | 8   | 8   |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:

| <i>In millions of won</i>             | <b>June 30, 2018</b> |                  |                         |                   |                   |  |
|---------------------------------------|----------------------|------------------|-------------------------|-------------------|-------------------|--|
|                                       | <b>Shares</b>        | <b>Ownership</b> | <b>Acquisition cost</b> | <b>Book value</b> | <b>Fair value</b> |  |
| AJS Co., Ltd.                         | 12,906               | 0.23%            | ₩ 32                    | 32                | 32                |  |
| SHIN-E B&P Co., Ltd.                  | 119                  | 0.13%            | 10                      | 10                | 10                |  |
| MSE Co., Ltd.                         | 429                  | 0.13%            | 9                       | 9                 | 9                 |  |
| Ilim Nano Tec Co., Ltd.               | 1,520                | 0.07%            | 15                      | 15                | 15                |  |
| Youngjin Hi-Tech Co., Ltd.            | 2,512                | 0.25%            | 126                     | 21                | 21                |  |
| Buyoung Co., Ltd.                     | 270                  | 0.00%            | 3                       | 3                 | 3                 |  |
| Ilsuk Co., Ltd.                       | 152                  | 0.17%            | 10                      | 10                | 10                |  |
| Dongyang Telecom Co., Ltd.            | 1,760                | 0.01%            | 11                      | 11                | 11                |  |
| Jongwon Remicon Co., Ltd.             | 31                   | 0.18%            | 13                      | 13                | 13                |  |
| Ace Heat Treating Co., Ltd.           | 477                  | 1.43%            | 72                      | 72                | 72                |  |
| Zyle Daewoo Motor Sales Co., Ltd.     | 22                   | 0.00%            |                         |                   |                   |  |
| Daewoo Development Co., Ltd.          | 8                    | 0.00%            |                         |                   |                   |  |
| Seyang Inc.                           | 537                  | 0.05%            | 27                      | 27                | 27                |  |
| Seungri Enterprise Co., Ltd.          | 93                   | 0.05%            | 3                       | 3                 | 3                 |  |
| Onggane Food Co., Ltd.                | 5                    | 0.07%            | 1                       | 1                 | 1                 |  |
| Shin-E P&C Co., Ltd.                  | 1,569                | 0.64%            | 111                     | 111               | 111               |  |
| Ejung Ad Co., Ltd.                    | 132                  | 0.09%            | 3                       | 3                 | 3                 |  |
| Solvus Co., Ltd.                      | 1,056                | 0.04%            | 3                       | 3                 | 3                 |  |
| Myung Co., Ltd.                       | 89                   | 0.05%            | 2                       | 2                 | 2                 |  |
| Shinil Engineering Co., Ltd.          | 887                  | 0.06%            | 3                       | 3                 | 3                 |  |
| Biwang Industry Co., Ltd.             | 406                  | 0.04%            | 2                       | 2                 | 2                 |  |
| Huimun Co., Ltd.                      | 263                  | 0.26%            | 4                       | 4                 | 4                 |  |
| Young Sung Co., Ltd.                  | 89                   | 0.40%            | 26                      | 26                | 26                |  |
| Yuil Industrial Electronics Co., Ltd. | 804                  | 0.32%            | 15                      | 15                | 15                |  |
| DN TEK Inc.                           | 12,401               | 0.29%            | 61                      | 5                 | 5                 |  |
| Kwang Jin Structure Co., Ltd.         | 3,072                | 0.60%            | 31                      | 31                | 31                |  |
| Woojin Industry Corporation           | 3                    | 0.00%            | 16                      | 16                | 16                |  |
| Kwang Sung Industry Co., Ltd.         | 325                  | 0.35%            | 7                       | 7                 | 7                 |  |
| Futech Mold Co., Ltd.                 | 274                  | 0.27%            | 14                      | 14                | 14                |  |
| Woojoo Environment Ind. Co., Ltd.     | 101                  | 0.11%            | 13                      | 13                | 13                |  |

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|  |        |       |     |    |    |
|--|--------|-------|-----|----|----|
| CHONGATTI Agricultural Co., Inc.   | 57     | 0.10% | 4   | 4  | 4  |
| Hyungji Esquire Co., Ltd.  | 55     | 0.02% | 22  | 22 | 22 |
| Kolmar Pharma Co., Ltd.  | 1,426  | 0.01% | 52  | 3  | 3  |
| Morado Co., Ltd.   | 209    | 0.04% | 2   | 2  | 2  |
| Myung Sung Tex Co., Ltd.   | 20     | 0.00% | 2   | 2  | 2  |
| Kwang Sung Co., Ltd.   | 610    | 0.53% | 31  | 31 | 31 |
| Seen Business and Technology co., Ltd.<br>(formerly, EverTechno. Co.,Ltd.) | 29,424 | 0.73% | 148 | 7  | 7  |
| Autowel Co.,Ltd.   | 260    | 0.38% | 14  | 14 | 14 |
| Woobang Construction Co., Ltd.   | 8      | 0.00% | 8   | 8  | 8  |
| Shin Pyung Co., Ltd.   | 6      | 0.03% | 3   | 3  | 3  |
| JMC Heavy Industries Co., Ltd.   | 2,724  | 0.10% | 27  | 2  | 2  |
| Najin Steel Co., Ltd.  | 37     | 0.06% | 5   | 5  | 5  |
| Sinkwang Industry Co., Ltd.  | 1,091  | 1.68% | 5   | 5  | 5  |
| Crystal Co., Ltd.  | 22     | 0.07% | 2   | 2  | 2  |
| Elephant & Friends Co., Ltd.   | 563    | 0.61% | 3   | 3  | 3  |
| Mireco Co., Ltd.   | 109    | 0.25% | 11  | 11 | 11 |
| L&K Industry Co., Ltd.   | 1,615  | 0.60% | 24  | 24 | 24 |
| JO Tech Co., Ltd.  | 1,263  | 0.62% | 25  | 25 | 25 |
| Kendae Printing Co., Ltd.  | 422    | 0.60% | 21  | 21 | 21 |
| Dauning Co., Ltd.  | 231    | 0.41% | 6   | 6  | 6  |
| Korea Trecision Co., Ltd.  | 22     | 0.45% | 5   | 5  | 5  |
| Ace Track Co., Ltd.  | 3,130  | 1.08% | 219 | 59 | 59 |
| Yoo-A Construction Co., Ltd.   | 105    | 0.20% | 11  | 11 | 11 |
| Dung Hwan Co., Ltd.  | 531    | 0.02% | 5   | 5  | 5  |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:

*In millions of won*

|                                | Shares  | Ownership | June 30, 2018    |            |            |
|--------------------------------|---------|-----------|------------------|------------|------------|
|                                |         |           | Acquisition cost | Book value | Fair value |
| Hurim Biocell Co., Ltd.        | 113     | 0.00%     | ₩ 5              | 5          | 5          |
| Smart Power Co.,Ltd.           | 133,333 | 4.35%     | 200              | 200        | 200        |
| Sunjin Power Tech Co., Ltd.    | 4,941   | 0.92%     | 247              | 32         | 32         |
| Haseung Industries Co.,Ltd.    | 55      | 0.62%     | 28               | 28         | 28         |
| Beer Yeast Korea Inc.          | 1,388   | 0.43%     | 7                | 7          | 7          |
| Daeryung Corporation           | 207     | 0.19%     | 10               | 10         | 10         |
| Korea Bio Red Ginseng Co.,Ltd. | 194     | 0.09%     | 10               | 10         | 10         |
| ENH Co.,Ltd.                   | 1,086   | 0.19%     | 54               | 54         | 54         |
| B CON Co.,Ltd.                 | 96      | 1.16%     | 6                | 6          | 6          |
| Chunil Metal Co.,Ltd.          | 11      | 0.15%     | 4                | 4          | 4          |
| SsangMa Machine Co., Ltd.      | 4       | 0.05%     | 1                | 1          | 1          |
| SinJin Co., Ltd.               | 233     | 0.30%     | 9                | 9          | 9          |
| Ace Integration Co., Ltd       | 105     | 0.09%     | 24               | 24         | 24         |
| AceInti Agricultural Co., Ltd. | 16      | 0.02%     | 5                | 5          | 5          |
| KyungDong Co., Ltd.            | 130     | 0.01%     | 1                | 1          | 1          |
| ChunWon Development Co., Ltd.  | 193     | 0.19%     | 39               | 39         | 39         |
| WonIl Co., Ltd.                | 999     | 0.15%     | 50               | 50         | 50         |
| SungLim Industrial Co., Ltd.   | 29      | 0.03%     | 1                | 1          | 1          |
| Korea Minerals Co., Ltd.       | 191     | 0.05%     | 134              | 1          | 1          |
| HyoDong Development Co., Ltd.  | 119     | 0.15%     | 24               | 24         | 24         |
| Haspe Tech Co., Ltd.           | 652     | 0.55%     | 20               | 20         | 20         |
| JoHyun Co., Ltd.               | 350     | 1.56%     | 18               | 18         | 18         |
| KC Co., Ltd.                   | 5,107   | 0.17%     | 26               | 26         | 26         |
| SeongJi Industrial Co.,Ltd.    | 41      | 0.05%     | 1                | 1          | 1          |
| DongKwang SD, Inc.             | 524     | 0.23%     | 13               | 13         | 13         |
| Dong Yang Metal Co., Ltd.      | 2,951   | 1.97%     | 161              | 147        | 147        |
| Seyang Precision Ind.Co., Ltd. | 829     | 0.23%     | 41               | 41         | 41         |
| Dooriwon Food System Co., Ltd. | 13      | 0.27%     | 1                | 1          | 1          |
| ShinShin Co., Ltd              | 339     | 1.12%     | 17               | 17         | 17         |
| Kitorang Co., Ltd.             | 165     | 0.24%     | 49               | 49         | 49         |
| Sung Kwang Co., Ltd.           | 23      | 0.37%     | 6                | 6          | 6          |
| Hyundai Metal Co., Ltd.        | 3,757   | 5.60%     | 1,416            | 1,416      | 1,416      |

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|  |        |       |       |       |       |
|--|--------|-------|-------|-------|-------|
| Shinheung petrol. Co. Ltd.                       | 699    | 0.14% | 35    | 35    | 35    |
| Force TEC Co., Ltd.                              | 3,501  | 0.02% | 18    | 18    | 18    |
| Haisung TPC Co., Ltd.                            | 10,751 | 0.24% | 71    | 71    | 71    |
| Samsung Tech Co., Ltd.                           | 486    | 1.28% | 97    | 97    | 97    |
| Tae Hyung Co., Ltd.                              | 28     | 0.43% | 20    | 20    | 20    |
| Samyangplant Co., Ltd.                           | 323    | 0.60% | 16    | 16    | 16    |
| Younil Metal Co., Ltd.                           | 41     | 0.21% | 21    | 21    | 21    |
| Myungjin Tech Co., Ltd.                          | 20     | 0.54% | 4     | 4     | 4     |
| Hankook Machine Tools Co., Ltd.                  | 719    | 0.14% | 72    | 72    | 72    |
| Hankook Precision Ind Co., Ltd.                  | 110    | 0.06% | 11    | 11    | 11    |
| Borneo International Furniture Co., Ltd.<br>(*7) | 2      | 0.16% | 97    | 13    | 13    |
| CJ Paradise Co.,Ltd                              | 24     | 0.02% | 12    | 12    | 12    |
| Han Young Technology Company Co.,Ltd.            | 35     | 0.00% |       |       |       |
| Jungdo Aluminium Co., Ltd.                       | 8,527  | 0.35% | 128   | 128   | 128   |
| STX Offshore & Shipbuilding Co., Ltd             | 8,622  | 0.25% | 1,078 | 1,078 | 1,078 |
| Ptotronics Co., Ltd.                             | 843    | 0.42% | 84    | 84    | 84    |
| NFT Co., Ltd.                                    | 136    | 0.40% | 8     | 8     | 8     |
| Echoroba Co.,Ltd.                                | 157    | 0.02% | 3     | 3     | 3     |
| Hyundaitech Co.,Ltd.                             | 1,363  | 0.87% | 27    | 27    | 27    |
| Alord Corporation Co., Ltd.                      | 239    | 0.22% | 48    | 48    | 48    |
| Daekyung Industry Co.,Ltd.                       | 9,112  | 0.94% | 13    | 13    | 13    |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:

| <i>In millions of won</i>                          | <b>June 30, 2018</b> |                  |                         |                   |                   |
|--|----------------------|------------------|-------------------------|-------------------|-------------------|
|  | <b>Shares</b>        | <b>Ownership</b> | <b>Acquisition cost</b> | <b>Book value</b> | <b>Fair value</b> |
| Dasan Material Co.Ltd.                             | 29                   | 0.04%            | ₩ 22                    | 22                | 22                |
| Fish World Co.,Ltd.                                | 47                   | 0.21%            | 2                       | 2                 | 2                 |
| SG Shinsung Engineering and Construction Co., Ltd. | 10                   | 0.00%            | 6                       | 6                 | 6                 |
| Samdo Industry Electric Co.,Ltd.                   | 48                   | 0.02%            | 1                       | 1                 | 1                 |
| Taejung Industries Co.,Ltd.                        | 9,268                | 0.30%            | 5                       | 5                 | 5                 |
| Shinsei Trading Co., Ltd.                          | 64                   | 0.72%            | 1                       | 1                 | 1                 |
| Dynamic Co., Ltd.                                  | 111                  | 0.19%            | 3                       | 3                 | 3                 |
| Green Alchemy Co.,Ltd.                             | 38,202               | 1.48%            | 191                     | 191               | 191               |
| IQ Power Asia Inc.                                 | 16,179               | 0.31%            | 81                      | 81                | 81                |
| Youone TBM Engineering & Construction Co., Ltd.    | 615                  | 0.27%            | 31                      | 31                | 31                |
| KM Leatech   | 1,648                | 0.98%            | 8                       | 8                 | 8                 |
| Wonil T&I Co., Ltd.                                | 229                  | 0.17%            | 23                      | 23                | 23                |
| Semist Co.,Ltd.                                    | 555                  | 0.80%            | 3                       | 3                 | 3                 |
| DS POWER Co., Ltd.                                 | 580,000              | 2.34%            | 2,900                   | 1,223             | 1,223             |
| Sewon Bus Co.,Ltd                                  | 12                   | 0.00%            |                         |                   |                   |
| Enertec Co., Ltd.                                  | 7,937                | 0.19%            | 44                      | 44                | 44                |
| Sangji Co., Ltd.                                   | 20                   | 0.26%            | 4                       | 4                 | 4                 |
| Bellie Doughnuts Co., Ltd.                         | 64                   | 0.07%            | 4                       | 4                 | 4                 |
| Possbell Engineering Co., Ltd.                     | 36                   | 0.64%            | 1                       | 1                 | 1                 |
| Duke Co., Ltd.                                     | 370                  | 0.64%            | 6                       | 6                 | 6                 |
| AIRTECH Information communication Co., Ltd         | 2,379                | 0.60%            | 12                      | 12                | 12                |
| CST co.,Ltd.                                       | 4,998                | 0.28%            | 100                     | 100               | 100               |
| Shin Young Metal Co.,Ltd.                          | 1,043                | 0.25%            | 21                      | 21                | 21                |
| TN Inc.  | 1,416                | 2.00%            | 71                      | 71                | 71                |
| Shin kwang Industrial Co., Ltd.                    | 884                  | 0.35%            | 55                      | 55                | 55                |
| Kiscom Co., Ltd.                                   | 1,493                | 0.04%            | 1                       | 1                 | 1                 |
| Seil Electronics Co.,Ltd.                          | 2,285                | 0.41%            | 286                     | 286               | 286               |
| Wonil laser Co., Ltd                               | 157                  | 0.37%            | 16                      | 16                | 16                |
| Pyung Hwa Industrial Co.,Ltd.                      | 3,388                | 3.00%            | 85                      | 85                | 85                |

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|                                    |           |        |         |         |         |
|------------------------------------|-----------|--------|---------|---------|---------|
| Navanakorn Electric Co., Ltd. (*3) | 4,442,800 | 26.93% | 17,216  | 17,180  | 17,180  |
| PT. Kedap Saayq                    | 671       | 10.00% | 18,540  |         |         |
| Set Holding (*4)                   | 1,100,220 | 2.50%  | 229,255 | 171,242 | 171,242 |
| PT. Cirebon Energi Prasarana       | 22,420    | 10.00% | 2,612   | 2,515   | 2,515   |
| KODE NOVUS 1 LLC (*8)              |           | 10.00% |         |         |         |
| Choheung packing Co.,Ltd.          | 61        | 0.13%  | 12      | 12      | 12      |
| Jaewoo Co., Ltd.                   | 359       | 0.24%  | 11      | 11      | 11      |
| Wooyang HC Co., Ltd                | 13,750    | 0.01%  | 160     | 160     | 160     |
| Sungsan Parts Co., Ltd.            | 629       | 0.80%  | 63      | 63      | 63      |
| KMT Co., Ltd.                      | 1,411     | 0.93%  | 21      | 21      | 21      |
| TheYeonriji Co., Ltd.              | 116       | 0.10%  | 6       | 6       | 6       |
| Flusys Co., Ltd.                   | 9         | 0.08%  | 2       | 2       | 2       |
| JM Motors Co., Ltd.                | 202       | 0.12%  | 10      | 10      | 10      |
| DaeSung Frontier Co., Ltd.         | 2,203     | 1.11%  | 221     | 221     | 221     |
| DongSeo Electronics Co., Ltd.      | 323       | 0.07%  | 16      | 16      | 16      |
|                                    |           |        | 289,844 | 204,904 | 204,904 |

**Beneficiary Securities**

|   |                |        |        |        |        |
|---|----------------|--------|--------|--------|--------|
| Korea investment Korea EXIM Bank<br>CERs Private Special Asset<br>Investment Trust I (*1) | 1,758,731,002  | 14.18% | 1,752  | 571    | 571    |
| Troika Overseas Resource<br>Development Private Equity Firm (*1)                          | 13,340,012,100 | 3.66%  | 13,340 | 1,553  | 1,553  |
| IBK-AUCTUS Green Growth Private<br>Equity Firm (*1)                                       | 152            | 6.29%  | 41     | 41     | 41     |
| Global Dynasty Overseas Resource<br>Development Private Equity Firm (*1)                  | 2,242,437,289  | 7.46%  | 2,242  | 2,242  | 2,242  |
| Hanwha-KOSEP New Renewable<br>Energy Private Special Assets<br>Investment Trust 1 (*1)    | 3,813,805,375  | 5.00%  | 3,957  | 3,957  | 3,957  |
| Hanwha KT Master Lease Private<br>Special Investment Trust (*5)                           |                |        | 26,586 | 27,001 | 27,001 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:**

| <i>In millions of won</i>                        |                                  |                  | <b>June 30, 2018</b>    |                   |                   |
|--|----------------------------------|------------------|-------------------------|-------------------|-------------------|
|  | <b>Shares</b>                    | <b>Ownership</b> | <b>Acquisition cost</b> | <b>Book value</b> | <b>Fair value</b> |
| Samsung investment                               | Investment Pool for Public funds |                  |                         |                   |                   |
| 1 (*5)   |                                  |                  | ₩ 53,220                | 55,045            | 55,045            |
| Kiwoom Dream Private placement fund 8            |                                  |                  |                         |                   |                   |
| (Bond-Derivative) (*5)                           |                                  |                  | 30,000                  | 30,560            | 30,560            |
| Kyobo Royal-Class Repo Plus Fixed Income 1Y 2nd  |                                  |                  |                         |                   |                   |
| (*5)   |                                  |                  | 33,000                  | 33,469            | 33,469            |
| Kyobo Royal-Class Repo Plus Fixed Income 2Y 1st  |                                  |                  |                         |                   |                   |
| (*5)   |                                  |                  | 50,000                  | 51,049            | 51,049            |
| Kyobo Royal-Class Repo Plus Fixed Income 2Y U-1C |                                  |                  |                         |                   |                   |
| (*5)   |                                  |                  | 50,000                  | 50,104            | 50,104            |
| Kyobo Royal-Class Repo Plus Fixed Income 1Y U-1  |                                  |                  |                         |                   |                   |
| (*5)   |                                  |                  | 22,800                  | 22,966            | 22,966            |
|  |                                  |                  | 286,938                 | 278,558           | 278,558           |
|  |                                  |                  | ₩ 942,674               | 737,984           | 737,984           |

(\*1) The Company used initial cost as their fair value because there was not enough information to determine fair value, and the range of the estimated fair value is wide.

(\*2) The Company has estimated the fair value of the investment in Construction Guarantee based upon the price which would be applied when the investment is returned. The Company has recognized the difference between its fair value and book value as a gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the six-month period ended June 30, 2018.

(\*3) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.

(\*4) The Company has estimated the fair value of Set Holding by using the discounted cash flow method and has recognized the difference between its fair value and book value as gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the six-month period ended June 30, 2018.

(\*5)



As of June 30, 2018, the Company invested in ₩270,194 million as beneficiary securities exclusively for payment of decommissioning cost of nuclear power plants. The Company has measured the fair value of the beneficiary securities based on its net asset value.

- (\*6) The number of shares owned has changed due to the stock merge (10:1) during the six-month period ended June 30, 2018.
- (\*7) The number of shares owned has changed due to capital reduction without refund (3:1) and consolidation of stocks (10,000:1) during the six-month period ended June 30, 2018
- (\*8) As described in note 17, this is reclassified to available-for-sale financial assets due to loss of significant influence of the Company.
- (\*9) The number of shares owned has changed due to the stock merge (4:1) during the six-month period ended June 30, 2018.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:

| <i>In millions of won</i>  | Shares         | Ownership | December 31, 2017 |            |            |
|--|----------------|-----------|-------------------|------------|------------|
|  |                |           | Acquisition cost  | Book value | Fair value |
| <b>Listed</b>  |                |           |                   |            |            |
| Korea District Heating Corp.   | 2,264,068      | 19.55%    | ₩ 173,201         | 165,277    | 165,277    |
| Ssangyong Motor Co., Ltd.  | 38,568         | 0.03%     | 428               | 197        | 197        |
| Sungjee Construction. Co., Ltd.  | 10,530         | 0.01%     | 49                | 8          | 8          |
| Korea Line Corp.   | 18             | 0.00%     | 1                 |            |            |
| Namkwang Engineering & Construction Co., Ltd.                                  | 46             | 0.00%     | 15                |            |            |
| Bumyang Construction Co., Ltd. (*7)  | 35             | 0.00%     | 2                 |            |            |
| ELCOMTEC Co., Ltd.   | 32,875         | 0.04%     | 217               | 72         | 72         |
| PAN ocean Co., Ltd.  | 1,492          | 0.00%     | 14                | 8          | 8          |
| Dongbu Corporation (*6)  | 955            | 0.02%     | 12                | 10         | 10         |
| KSP Co., Ltd.  | 6,324          | 0.08%     | 24                | 24         | 24         |
| STX Heavy Industries Co., Ltd.   | 35,749         | 0.14%     | 191               | 165        | 165        |
| PT Adaro Energy Tbk  | 480,000,000    | 1.50%     | 71,554            | 70,531     | 70,531     |
| Energy Fuels Inc.  | 1,711,814      | 2.38%     | 16,819            | 3,300      | 3,300      |
| Baralaba Coal Company Limited  | 99,763         | 0.07%     | 18,445            | 22         | 22         |
| Denison Mines Corp.  | 58,284,000     | 10.42%    | 84,134            | 34,292     | 34,292     |
| Fission 3.0  | 300,000        | 0.14%     |                   | 15         | 15         |
| Fission Uranium Corp.  | 800,000        | 0.16%     | 785               | 532        | 532        |
|  |                |           | 365,891           | 274,453    | 274,453    |
| <b>Unlisted (*1)</b>   |                |           |                   |            |            |
| Korea investment Korea EXIM Bank CERs Private Special Asset Investment Trust I | 1,758,731,002  | 14.18%    | 1,752             | 571        |            |
| Troika Overseas Resource Development Private Equity Firm                       | 13,340,012,100 | 3.66%     | 13,340            | 1,553      |            |
| IBK-AUCTUS Green Growth Private Equity Firm                                    | 152            | 6.29%     | 41                | 41         |            |
| Global Dynasty Overseas Resource Development Private Equity Firm               | 2,242,437,289  | 7.46%     | 2,242             | 2,242      |            |

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|   |               |       |        |        |        |
|---|---------------|-------|--------|--------|--------|
| Intellectual Discovery, Ltd.  | 1,000,000     | 8.81% | 5,000  | 954    |        |
| Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1   | 4,176,751,013 | 5.00% | 4,328  | 4,328  |        |
| Construction Guarantee (*2)   | 571           | 0.02% | 601    | 833    | 833    |
| Plant & Mechanical Contractors Financial Cooperative of Korea                 | 144           | 0.03% | 126    | 126    |        |
| Fire Guarantee  | 40            | 0.01% | 20     | 20     |        |
| Korea Software Financial Cooperative  | 5,186         | 1.09% | 3,301  | 3,301  |        |
| Engineering Financial Cooperative   | 486           | 0.05% | 60     | 60     |        |
| Electric Contractors Financial Cooperative                                    | 1,000         | 0.04% | 216    | 216    |        |
| Korea Specialty Contractor Financial Cooperative                              | 476           | 0.01% | 417    | 417    |        |
| Information & Communication Financial Cooperative                             | 121           | 0.02% | 26     | 26     |        |
| Korea Electric Engineers Association  | 400           | 0.24% | 40     | 40     |        |
| Samsung investment Investment Pool for Public funds 1 (*5)                    |               |       | 53,220 | 53,739 | 53,739 |
| Korea investment Hanwha KT Master Lease Private Special Investment Trust (*5) |               |       | 26,586 | 26,591 | 26,591 |
| Kyobo Royal-Class Repo Plus Fixed Income 1Y 2nd (*5)                          |               |       | 33,000 | 33,008 | 33,008 |
| Kyobo Royal-Class Repo Plus Fixed Income 2Y 1st (*5)                          |               |       | 50,000 | 50,399 | 50,399 |
| Kyobo Royal-Class Repo Plus A1 ABCP 1Y (*5)                                   |               |       | 50,000 | 50,419 | 50,419 |
| Hwan Young Steel Co., Ltd.  | 10,916        | 0.14% | 1,092  | 97     |        |
| SAMBO AUTO. Co., Ltd.   | 15,066        | 0.02% | 38     | 38     |        |
| Mobo Co., Ltd.  | 504           | 0.00% | 14     | 14     |        |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:

| <i>In millions of won</i>         | Shares | Ownership | December 31, 2017 |            |            |
|-----------------------------------|--------|-----------|-------------------|------------|------------|
|                                   |        |           | Acquisition cost  | Book value | Fair value |
| Dae Kwang Semiconductor Co., Ltd. | 589    | 0.07%     | ₩ 6               | 6          | 6          |
| Sanbon Department Store           | 828    | 0.01%     | 124               | 3          | 3          |
| Miju Steel Mfg. Co., Ltd.         | 99,804 | 0.23%     | 50                | 50         | 50         |
| Sungwon Co., Ltd.                 | 589    | 0.07%     | 15                | 15         | 15         |
| Hana Civil Engineering Co., Ltd.  | 23     | 0.00%     | 1                 | 1          | 1          |
| KC Development Co., Ltd.          | 839    | 0.02%     | 6                 | 6          | 6          |
| IMHWA Corp.                       | 329    | 0.11%     | 5                 | 5          | 5          |
| DALIM Special Vehicle Co., Ltd.   | 58     | 0.08%     | 10                | 10         | 10         |
| ASA JEONJU Co., Ltd.              | 34,846 | 1.34%     | 697               | 69         | 69         |
| Moonkyung Silica Co., Ltd.        | 42     | 0.56%     |                   |            |            |
| Sungkwang Timber Co., Ltd.        | 9      | 0.34%     | 4                 | 4          | 4          |
| Yongbo Co., Ltd.                  | 61     | 0.20%     | 3                 | 3          | 3          |
| HJ Steel Co., Ltd.                | 218    | 0.07%     | 2                 | 2          | 2          |
| KS Remicon Co., Ltd.              | 12     | 0.04%     | 3                 | 3          | 3          |
| Joongang Platec Co., Ltd.         | 3,591  | 0.75%     | 72                | 35         | 35         |
| Pyungsan SI Ltd.                  | 434    | 0.01%     | 9                 | 9          | 9          |
| Samgong Development Co., Ltd.     | 12     | 0.01%     | 7                 | 7          | 7          |
| Joongang Development Co., Ltd.    | 540    | 0.12%     | 8                 | 8          | 8          |
| AJS Co., Ltd.                     | 12,906 | 0.23%     | 32                | 32         | 32         |
| SHIN-E B&P Co., Ltd.              | 119    | 0.13%     | 10                | 10         | 10         |
| MSE Co., Ltd.                     | 429    | 0.13%     | 9                 | 9          | 9          |
| Ilim Nano Tec Co., Ltd.           | 1,520  | 0.07%     | 15                | 15         | 15         |
| Youngjin Hi-Tech Co., Ltd.        | 2,512  | 0.25%     | 126               | 21         | 21         |
| Buyoung Co., Ltd.                 | 270    | 0.00%     | 3                 | 3          | 3          |
| Ilsuk Co., Ltd.                   | 152    | 0.17%     | 10                | 10         | 10         |
| Dongyang Telecom Co., Ltd.        | 1,760  | 0.01%     | 11                | 11         | 11         |
| Jongwon Remicon Co., Ltd.         | 31     | 0.18%     | 13                | 13         | 13         |
| Ace Heat Treating Co., Ltd.       | 477    | 1.43%     | 72                | 72         | 72         |
| Zyle Daewoo Motor Sales Co., Ltd. | 22     | 0.00%     |                   |            |            |
| Daewoo Development Co., Ltd.      | 8      | 0.00%     |                   |            |            |
| Seyang Inc.                       | 537    | 0.05%     | 27                | 27         | 27         |
| Seungri Enterprise Co., Ltd.      | 93     | 0.05%     | 3                 | 3          | 3          |

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|                                       |        |       |    |    |
|---------------------------------------|--------|-------|----|----|
| Onggane Food Co., Ltd                 | 5      | 0.07% | 1  | 1  |
| Shin-E P&C Co., Ltd.                  | 12     | 0.00% | 1  | 1  |
| Ejung Ad Co., Ltd.                    | 132    | 0.09% | 3  | 3  |
| Solvus Co., Ltd.                      | 1,056  | 0.04% | 3  | 3  |
| Myung Co., Ltd.                       | 89     | 0.05% | 2  | 2  |
| Shinil Engineering Co., Ltd.          | 887    | 0.06% | 3  | 3  |
| Biwang Industry Co., Ltd              | 406    | 0.04% | 2  | 2  |
| Huimun Co., Ltd.                      | 263    | 0.26% | 4  | 4  |
| Young Sung Co., Ltd.                  | 89     | 0.40% | 26 | 26 |
| Yuil Industrial Electronics Co., Ltd. | 804    | 0.32% | 15 | 15 |
| DN TEK Inc.                           | 12,401 | 0.29% | 61 | 5  |
| Kwang Jin Structure Co., Ltd.         | 3,072  | 0.60% | 31 | 31 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:

*In millions of won*

|                                   | Shares  | Ownership | December 31, 2017 |            |            |
|-----------------------------------|---------|-----------|-------------------|------------|------------|
|                                   |         |           | Acquisition cost  | Book value | Fair value |
| Woojin Industry Corporation       | 3       | 0.00%     | ₩ 16              | 16         | 16         |
| Kwang Sung Industry Co., Ltd.     | 325     | 0.35%     | 7                 | 7          | 7          |
| Futech Mold Co., Ltd.             | 274     | 0.27%     | 14                | 14         | 14         |
| Woojoo Environment Ind. Co., Ltd. | 101     | 0.11%     | 13                | 13         | 13         |
| CHONGATTI Agricultural Co., Inc.  | 57      | 0.10%     | 4                 | 4          | 4          |
| Hyungji Esquire Co., Ltd.         | 55      | 0.02%     | 22                | 22         | 22         |
| Kolmar Pharma Co., Ltd.           | 1,426   | 0.01%     | 52                | 3          | 3          |
| Morado Co., Ltd.                  | 209     | 0.04%     | 2                 | 2          | 2          |
| Myung Sung Tex Co., Ltd.          | 20      | 0.00%     | 2                 | 2          | 2          |
| Kwang Sung Co., Ltd.              | 610     | 0.53%     | 31                | 31         | 31         |
| EverTechno. Co.,Ltd.              | 29,424  | 0.73%     | 148               | 7          | 7          |
| Autowel Co.,Ltd.                  | 260     | 0.38%     | 14                | 14         | 14         |
| Woobang Construction Co., Ltd.    | 8       | 0.00%     | 8                 | 8          | 8          |
| Shin Pyung Co., Ltd.              | 6       | 0.03%     | 3                 | 3          | 3          |
| JMC Heavy Industries Co., Ltd.    | 2,724   | 0.10%     | 27                | 27         | 27         |
| Najin Steel Co., Ltd.             | 37      | 0.06%     | 5                 | 5          | 5          |
| Sinkwang Industry Co., Ltd.       | 1,091   | 1.68%     | 5                 | 5          | 5          |
| Crystal Co., Ltd.                 | 22      | 0.07%     | 2                 | 2          | 2          |
| Elephant & Friends Co., Ltd.      | 563     | 0.61%     | 3                 | 3          | 3          |
| Mireco Co., Ltd.                  | 109     | 0.25%     | 11                | 11         | 11         |
| L&K Industry Co., Ltd.            | 1,615   | 0.60%     | 24                | 24         | 24         |
| JO Tech Co., Ltd.                 | 1,263   | 0.62%     | 25                | 25         | 25         |
| Kendae Printing Co., Ltd.         | 422     | 0.60%     | 21                | 21         | 21         |
| Dauning Co., Ltd.                 | 231     | 0.41%     | 6                 | 6          | 6          |
| Korea Trecision Co., Ltd.         | 22      | 0.45%     | 5                 | 5          | 5          |
| Ace Track Co., Ltd.               | 3,130   | 1.08%     | 219               | 59         | 59         |
| Taebok Machinery Co., Ltd.        | 109     | 1.08%     | 11                | 11         | 11         |
| Yoo-A Construction Co., Ltd.      | 105     | 0.20%     | 11                | 11         | 11         |
| Dung Hwan Co., Ltd.               | 531     | 0.02%     | 5                 | 5          | 5          |
| Hurim Biocell Co., Ltd.           | 113     | 0.00%     | 5                 | 5          | 5          |
| Sunjin Power Tech Co., Ltd.       | 4,941   | 0.92%     | 247               | 32         | 32         |
| Smart Power Co.,Ltd.              | 133,333 | 4.83%     | 200               | 200        | 200        |

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|                                |       |       |    |    |
|--------------------------------|-------|-------|----|----|
| Haseung Industries Co.,Ltd.    | 55    | 0.62% | 28 | 28 |
| Beer Yeast Korea Inc.          | 1,388 | 0.43% | 7  | 7  |
| Daeryung Corporation           | 207   | 0.19% | 10 | 10 |
| Korea Bio Red Ginseng Co.,Ltd. | 194   | 0.09% | 10 | 10 |
| ENH Co.,Ltd.                   | 1,086 | 0.19% | 54 | 54 |
| B CON Co.,Ltd.                 | 96    | 1.16% | 6  | 6  |
| Chunil Metal Co.,Ltd.          | 11    | 0.15% | 4  | 4  |
| SsangMa Machine Co., Ltd.      | 4     | 0.05% | 1  | 1  |
| SinJin Co., Ltd.               | 233   | 0.30% | 9  | 9  |
| Ace Integration Co., Ltd       | 105   | 0.09% | 24 | 24 |
| AceInti Agricultural Co., Ltd. | 16    | 0.02% | 5  | 5  |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:

| <i>In millions of won</i>                | <b>December 31, 2017</b> |                  |                         |                   |                   |
|--|--------------------------|------------------|-------------------------|-------------------|-------------------|
|  | <b>Shares</b>            | <b>Ownership</b> | <b>Acquisition cost</b> | <b>Book value</b> | <b>Fair value</b> |
| KyungDong Co., Ltd.                      | 130                      | 0.01%            | ₩ 1                     | 1                 | 1                 |
| ChunWon Development Co., Ltd.            | 193                      | 0.19%            | 39                      | 39                | 39                |
| WonIl Co., Ltd.                          | 999                      | 0.15%            | 50                      | 50                | 50                |
| SungLim Industrial Co., Ltd.             | 29                       | 0.03%            | 1                       | 1                 | 1                 |
| Korea Minerals Co., Ltd.                 | 191                      | 0.05%            | 134                     | 1                 | 1                 |
| HyoDong Development Co., Ltd.            | 119                      | 0.15%            | 24                      | 24                | 24                |
| Haspe Tech Co., Ltd.                     | 652                      | 0.55%            | 20                      | 20                | 20                |
| JoHyun Co., Ltd.                         | 350                      | 1.56%            | 18                      | 18                | 18                |
| KC Co., Ltd.                             | 5,107                    | 0.17%            | 3                       | 3                 | 3                 |
| SeongJi Industrial Co.,Ltd.              | 41                       | 0.05%            | 1                       | 1                 | 1                 |
| DongKwang SD, Inc.                       | 524                      | 0.23%            | 13                      | 13                | 13                |
| Dong Yang Metal Co., Ltd.                | 2,951                    | 1.97%            | 15                      | 15                | 15                |
| Seyang Precision Ind.Co., Ltd.           | 829                      | 0.23%            | 41                      | 41                | 41                |
| Dooriwon Food System Co., Ltd.           | 13                       | 0.27%            | 1                       | 1                 | 1                 |
| ShinShin Co., Ltd                        | 339                      | 1.12%            | 17                      | 17                | 17                |
| Kitorang Co., Ltd.                       | 165                      | 0.24%            | 49                      | 49                | 49                |
| Sung Kwang Co., Ltd.                     | 23                       | 0.37%            | 6                       | 6                 | 6                 |
| Hyundai Metal Co., Ltd.                  | 3,757                    | 5.60%            | 1,416                   | 1,416             | 1,416             |
| Shinheung petrol. Co. Ltd.               | 699                      | 0.14%            | 7                       | 7                 | 7                 |
| Force TEC Co., Ltd.                      | 3,501                    | 0.02%            | 18                      | 18                | 18                |
| Haisung TPC Co., Ltd.                    | 10,751                   | 0.24%            | 54                      | 54                | 54                |
| Samsung Tech Co., Ltd.                   | 486                      | 1.28%            | 97                      | 97                | 97                |
| Tae Hyung Co., Ltd.                      | 28                       | 0.43%            | 20                      | 20                | 20                |
| Samyangplant Co., Ltd.                   | 323                      | 0.60%            | 16                      | 16                | 16                |
| Younil Metal Co., Ltd.                   | 41                       | 0.21%            | 21                      | 21                | 21                |
| Myungjin Tech Co., Ltd.                  | 20                       | 0.54%            | 4                       | 4                 | 4                 |
| Hankook Machine Tools Co., Ltd.          | 719                      | 0.14%            | 72                      | 72                | 72                |
| Hankook Precision Ind Co., Ltd.          | 110                      | 0.06%            | 11                      | 11                | 11                |
| Borneo International Furniture Co., Ltd. | 64,037                   | 0.28%            | 97                      | 14                | 14                |
| CJ Paradise Co.,Ltd                      | 24                       | 0.02%            | 12                      | 12                | 12                |
| Han Young Technology Company Co.,Ltd.    | 35                       | 0.00%            |                         |                   |                   |
| Jungdo Aluminium Co., Ltd.               | 8,527                    | 0.35%            | 128                     | 128               | 128               |



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|  |         |       |       |       |
|--|---------|-------|-------|-------|
| Ilheung Metal Co, Ltd.                             | 280     | 0.83% | 28    | 28    |
| STX Offshore & Shipbuilding Co., Ltd               | 8,622   | 0.25% | 1,078 | 1,078 |
| Ptotronics Co., Ltd.                               | 151     | 0.07% | 2     | 2     |
| NFT Co., Ltd.                                      | 136     | 0.40% | 8     | 8     |
| Echoroba Co.,Ltd.                                  | 157     | 0.02% | 3     | 3     |
| Hyundaitech Co.,Ltd.                               | 1,363   | 0.87% | 27    | 27    |
| Eco Alux Co.,Ltd.                                  | 239     | 0.22% | 48    | 48    |
| Daekyung Industry Co.,Ltd.                         | 9,112   | 0.94% | 13    | 13    |
| Dasan Material Co.Ltd.                             | 29      | 0.04% |       |       |
| Fish World Co.,Ltd.                                | 47      | 0.21% | 2     | 2     |
| SG Shinsung Engineering and Construction Co., Ltd. | 10      | 0.00% | 6     | 6     |
| Samdo Industry Electric Co.,Ltd.                   | 48      | 0.02% | 1     | 1     |
| Taejung Industries Co.,Ltd.                        | 9,268   | 0.30% | 5     | 5     |
| Shinsei Trading Co., Ltd.                          | 64      | 0.72% | 1     | 1     |
| Dynamic Co., Ltd.                                  | 111     | 0.19% | 3     | 3     |
| Green Alchemy Co.,Ltd.                             | 38,202  | 1.48% | 191   | 191   |
| IQ Power Asia Inc.                                 | 16,179  | 0.31% | 81    | 81    |
| Youone TBM Engineering & Construction Co., Ltd.    | 227,854 | 0.27% | 31    | 31    |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of June 30, 2018 and December 31, 2017 are as follows, continued:**

| <i>In millions of won</i>          | Shares    | Ownership | December 31, 2017 |            |            |
|------------------------------------|-----------|-----------|-------------------|------------|------------|
|                                    |           |           | Acquisition cost  | Book value | Fair value |
| KM Leatech                         | 1,648     | 0.98%     | ₩ 8               | 8          |            |
| Wonil T&I Co., Ltd.                | 229       | 0.17%     | 23                | 23         |            |
| Semist Co.,Ltd.                    | 555       | 0.80%     | 3                 | 3          |            |
| DS POWER Co., Ltd. (*8)            | 580,000   | 2.34%     | 2,900             | 1,223      | 1,223      |
| Navanakorn Electric Co., Ltd. (*3) | 4,442,800 | 26.93%    | 17,216            | 16,410     |            |
| PT. Kedap Saayq                    | 671       | 10.00%    | 18,540            |            |            |
| Set Holding (*4)                   | 1,100,220 | 2.50%     | 229,255           | 171,242    | 171,242    |
| PT. Cirebon Energi Prasarana       | 22,420    | 10.00%    | 2,612             | 2,401      |            |
|                                    |           |           | 522,782           | 425,380    | 387,454    |
|                                    |           |           | ₩ 888,673         | 699,833    | 661,907    |

(\*1) Investments in unlisted equity securities held by the Company for which a quoted market price does not exist in an active market and fair value cannot be measured reliably were measured at cost less impairment, if any.

(\*2) The Company has estimated the fair value of the investment in Construction Guarantee based upon the price which would be applied when the investment is returned. The Company has recognized the difference between its fair value and book value as a gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2017.

(\*3) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.

(\*4) The Company has estimated the fair value of Set Holding by using the discounted cash flow method and has recognized the difference between its fair value and book value as gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2017.

(\*5) As of December 31, 2017, the Company invested in ₩214,156 million as beneficiary securities exclusively for payment of decommissioning cost of nuclear power plants. The Company has measured the fair value of the beneficiary securities based on its net asset value.

(\*6) The number of shares owned has changed due to the stock merge (9:7) during the year ended December 31, 2017.

(\*7) The number of shares increased due to the stock split (5:1).

(\*8)

As described in note 17, this is reclassified to available-for-sale financial assets due to loss of significant influence of the Company.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**10. Held-to-maturity Investments****Held-to-maturity investments as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b>     |                    |                 |               | <b>Ending balance</b> |
|---------------------------|--------------------------|--------------------|-----------------|---------------|-----------------------|
|                           | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Others</b> |                       |
| Government bonds          | ₩ 3,144                  | 383                | (86)            |               | 3,441                 |
|                           | ₩ 3,144                  | 383                | (86)            |               | 3,441                 |
| Current                   | ₩ 5                      |                    | (4)             | 956           | 957                   |
| Non-current               | 3,139                    | 383                | (82)            | (956)         | 2,484                 |

| <i>In millions of won</i> | <b>December 31, 2017</b> |                    |                 |               | <b>Ending balance</b> |
|---------------------------|--------------------------|--------------------|-----------------|---------------|-----------------------|
|                           | <b>Beginning balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Others</b> |                       |
| Government bonds          | ₩ 3,244                  | 250                | (350)           |               | 3,144                 |
|                           | ₩ 3,244                  | 250                | (350)           |               | 3,144                 |
| Current                   | ₩ 114                    |                    | (113)           | 4             | 5                     |
| Non-current               | 3,130                    | 250                | (237)           | (4)           | 3,139                 |

**11. Derivatives****(1) Derivatives as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---------------------------|----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| <b>Derivative assets</b>  |                      |                    |                          |                    |
| Currency forward          | ₩ 7,284              | 8,064              | 45                       |                    |
| Currency swap             | 51,206               | 68,035             | 12                       | 15,711             |
| Interest rate swap        |                      | 3,922              |                          | 2,697              |

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|                               |          |         |        |         |
|-------------------------------|----------|---------|--------|---------|
| Others (*1)                   |          | 1,283   | 12,878 | 1,283   |
|                               | ₩ 58,490 | 81,304  | 12,935 | 19,691  |
| <b>Derivative liabilities</b> |          |         |        |         |
| Currency forward              | ₩ 95     |         | 7,862  | 1,278   |
| Currency swap                 | 26,561   | 233,044 | 61,997 | 296,098 |
| Interest rate swap            | 605      | 59,454  | 1,408  | 59,416  |
|                               | ₩ 27,261 | 292,498 | 71,267 | 356,792 |

(\*1) The Company has a put option to sell shares of DS POWER Co., Ltd. and the fair value of the option is recorded in Others .

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**11. Derivatives, Continued****(2) Currency forward contracts which are not designated as hedging instruments as of June 30, 2018 are as follows:***In millions of won and thousands of foreign currencies except contract exchange rate information*

| Counterparty           | Contract Date | Maturity date | Contract amounts |             | Contract exchange rate (in won) |
|------------------------|---------------|---------------|------------------|-------------|---------------------------------|
|                        |               |               | Pay              | Receive     |                                 |
| KEB Hana Bank          | 2014.04.10    | 2021.07.12    | ₩ 55,120         | USD 52,000  | ₩ 1,060.00                      |
| KEB Hana 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                        |
| KEB Hana Bank          | 2014.05.09    | 2021.07.12    | 104,600          | USD 100,000 | 1,046.00                        |
| KEB Hana Bank          | 2017.12.22    | 2021.07.12    | 105,079          | USD 100,000 | 1,050.79                        |
| Korea Development Bank | 2017.12.27    | 2021.07.12    | 104,849          | USD 100,000 | 1,048.49                        |
| Mizuho Bank            | 2018.05.31    | 2018.07.05    | 2,328            | USD 2,163   | 1,076.00                        |
| Standard Chartered     | 2018.06.01    | 2018.07.05    | 590              | USD 550     | 1,073.90                        |
| Morgan Stanley         | 2018.06.05    | 2018.07.09    | 5,339            | USD 5,000   | 1,067.85                        |
| Credit Suisse          | 2018.06.07    | 2018.07.11    | 10,666           | USD 10,000  | 1,066.58                        |
| Standard Chartered     | 2018.06.12    | 2018.07.16    | 10,719           | USD 10,000  | 1,071.90                        |
| Morgan Stanley         | 2018.06.14    | 2018.07.18    | 10,821           | USD 10,000  | 1,082.10                        |
| Nova Scotia            | 2018.06.15    | 2018.07.18    | 3,243            | USD 3,000   | 1,081.10                        |
| Nova Scotia            | 2018.06.19    | 2018.07.23    | 6,614            | USD 6,000   | 1,102.40                        |
| Nonghyup bank          | 2018.06.20    | 2018.07.23    | 5,527            | USD 5,000   | 1,105.38                        |
| CCB                    | 2018.06.20    | 2018.07.23    | 5,516            | USD 5,000   | 1,103.22                        |
| Mizuho Bank            | 2018.06.21    | 2018.07.25    | 11,078           | USD 10,000  | 1,107.82                        |
| Nova Scotia            | 2018.06.22    | 2018.07.26    | 5,544            | USD 5,000   | 1,108.75                        |
| KEB Hana Bank          | 2018.06.22    | 2018.07.27    | 11,080           | USD 10,000  | 1,108.00                        |
| Credit Suisse          | 2018.06.25    | 2018.07.30    | 11,165           | USD 10,000  | 1,116.45                        |
| Woori bank             | 2018.06.27    | 2018.07.31    | 11,170           | USD 10,000  | 1,116.95                        |
| Kookmin bank           | 2018.06.28    | 2018.08.02    | 11,194           | USD 10,000  | 1,119.42                        |
| Standard Chartered     | 2018.06.28    | 2018.08.02    | 11,251           | USD 10,000  | 1,125.10                        |
| CCB                    | 2018.06.29    | 2018.08.03    | 11,185           | USD 10,000  | 1,118.54                        |
| Societe Generale       | 2018.06.14    | 2018.07.05    | 5,411            | USD 5,000   | 1,082.10                        |
| ING Bank               | 2018.06.25    | 2018.07.05    | 5,580            | USD 5,000   | 1,116.00                        |
| Korea Development Bank | 2018.06.25    | 2018.07.10    | 7,811            | USD 7,000   | 1,115.80                        |
| Nonghyup bank          | 2018.06.26    | 2018.07.10    | 4,460            | USD 4,000   | 1,115.10                        |

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|                    |            |            |            |     |        |          |
|--------------------|------------|------------|------------|-----|--------|----------|
| ING Bank           | 2018.06.28 | 2018.07.16 | 10,094     | USD | 9,000  | 1,121.50 |
| Societe Generale   | 2018.06.29 | 2018.07.16 | 13,405     | USD | 12,000 | 1,117.09 |
| Nova Scotia        | 2018.06.29 | 2018.08.03 | 5,574      | USD | 5,000  | 1,114.75 |
| Societe Generale   | 2018.06.29 | 2018.08.03 | 5,572      | USD | 5,000  | 1,114.30 |
| Mizuho Bank        | 2018.06.29 | 2018.08.03 | 5,571      | USD | 5,000  | 1,114.10 |
| Nonghyup bank      | 2018.06.29 | 2018.08.03 | 5,569      | USD | 5,000  | 1,113.85 |
| BTMU               | 2018.06.04 | 2018.07.05 | 4,279      | USD | 4,000  | 1,069.80 |
| Nova Scotia        | 2018.06.05 | 2018.07.05 | 2,139      | USD | 2,000  | 1,069.70 |
| Nova Scotia        | 2018.06.29 | 2018.07.05 | 1,116      | USD | 1,000  | 1,116.00 |
| Standard Chartered |            |            |            |     | USD    |          |
|                    | 2018.06.07 | 2018.07.10 | 18,143     |     | 17,000 | 1,067.23 |
| BNP Paribas        | 2018.06.11 | 2018.07.10 | 13,944     | USD | 13,000 | 1,072.62 |
| Nova Scotia        | 2018.06.12 | 2018.07.10 | 5,584      | USD | 5,200  | 1,073.90 |
| Nonghyup bank      | 2018.06.14 | 2018.07.16 | 12,974     | USD | 12,000 | 1,081.20 |
| Busan bank         | 2018.06.15 | 2018.07.16 | 4,384      | USD | 4,000  | 1,096.10 |
| Nova Scotia        | 2018.06.20 | 2018.07.23 | 4,426      | USD | 4,000  | 1,106.40 |
| Mizuho Bank        | 2018.06.22 | 2018.07.23 | 17,721     | USD | 16,000 | 1,107.57 |
| Standard Chartered | 2018.06.27 | 2018.07.30 | 11,169     | USD | 10,000 | 1,116.91 |
| Nova Scotia        | 2018.06.28 | 2018.07.30 | 11,204     | USD | 10,000 | 1,120.38 |
| KEB Hana Bank      | 2018.06.29 | 2018.07.05 | 1,012      | EUR | 780    | 1,297.40 |
| KEB Hana Bank      | 2018.05.23 | 2018.08.23 | 2,547      | EUR | 2,000  | 1,273.48 |
| KEB Hana Bank      | 2018.05.31 | 2018.08.23 | 630        | EUR | 500    | 1,260.77 |
| Nova Scotia        | 2018.06.29 | 2018.08.03 | 5,569      | USD | 5,000  | 1,113.80 |
| KEB Hana Bank      | 2017.11.27 | 2018.11.26 | JPY 40,000 | ₩   | 398    | 9.94     |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**11. Derivatives, Continued****(3) Currency forward contracts which are designated as hedging instruments as of June 30, 2018 are as follows:***In won and thousands of foreign currencies*

| Counterparty                | Contract date | Maturity date | Contract amounts |             | Contract exchange rate (in won) |
|-----------------------------|---------------|---------------|------------------|-------------|---------------------------------|
|                             |               |               | Pay              | Receive     |                                 |
| Export-import bank of Korea | 2016.12.21    | 2018.10.31    | EUR 112,766      | USD 120,761 | ₩ 1.07                          |

**(4) Currency swap contracts which are not designated as hedging instruments as of June 30, 2018 are as follows:***In millions of won and thousands of foreign currencies except contract exchange rate information*

| Counterparty       | Contract year | Contract amount |                | Contract interest rate |         | Contract exchange rate (in won) |
|--------------------|---------------|-----------------|----------------|------------------------|---------|---------------------------------|
|                    |               | Pay             | Receive        | Pay                    | Receive |                                 |
| Deutsche Bank      | 2013~2018     | ₩ 110,412       | JPY 10,000,000 | 6.21%                  | 4.19%   | ₩ 11.04                         |
| IBK                | 2013~2018     | 111,800         | USD 100,000    | 3.16%                  | 2.79%   | 1,118.00                        |
| Bank of America    | 2013~2018     | 103,580         | JPY 10,000,000 | 7.05%                  | 4.19%   | 10.36                           |
| Credit Suisse      | 2014~2019     | 118,632         | CHF 100,000    | 2.98%                  | 1.50%   | 1,186.32                        |
| Standard Chartered | 2014~2019     | 114,903         | CHF 100,000    | 4.00%                  | 1.50%   | 1,149.03                        |
| Standard Chartered | 2014~2029     | 102,470         | USD 100,000    | 3.14%                  | 3.57%   | 1,024.70                        |
| Societe Generale   | 2014~2024     | 105,017         | USD 100,000    | 4.92%                  | 5.13%   | 1,050.17                        |
| KEB Hana Bank      | 2015~2024     | 107,970         | USD 100,000    | 4.75%                  | 5.13%   | 1,079.70                        |
| Credit Agricole    | 2015~2024     | 94,219          | USD 86,920     | 4.85%                  | 5.13%   | 1,083.97                        |
| Citibank           | 2012~2022     | 112,930         | USD 100,000    | 2.79%                  | 3.00%   | 1,129.30                        |
| JP Morgan          | 2012~2022     | 112,930         | USD 100,000    | 2.79%                  | 3.00%   | 1,129.30                        |
| Bank of America    | 2012~2022     | 112,930         | USD 100,000    | 2.79%                  | 3.00%   | 1,129.30                        |
| Shinhan Bank       | 2016~2022     | 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                        |
| KEB 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                        |



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|                        |           |         |     |         |       |       |          |
|------------------------|-----------|---------|-----|---------|-------|-------|----------|
| 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 |
| HSBC                   | 2014~2019 | 105,260 | USD | 100,000 | 2.48% | 2.38% | 1,052.60 |
| Standard Chartered     | 2014~2019 | 105,260 | USD | 100,000 | 2.48% | 2.38% | 1,052.60 |
| Korea Development Bank | 2016~2019 | 105,260 | USD | 100,000 | 2.48% | 2.38% | 1,052.60 |
| Nomura                 | 2015~2025 | 111,190 | USD | 100,000 | 2.60% | 3.25% | 1,111.90 |
| Korea Development Bank | 2015~2025 | 111,190 | USD | 100,000 | 2.62% | 3.25% | 1,111.90 |
| Woori Bank             | 2015~2025 | 55,595  | USD | 50,000  | 2.62% | 3.25% | 1,111.90 |
| KEB Hana Bank          | 2015~2025 | 55,595  | USD | 50,000  | 2.62% | 3.25% | 1,111.90 |
| Woori Bank             | 2017~2027 | 111,610 | USD | 100,000 | 2.25% | 3.13% | 1,116.10 |
| KEB Hana Bank          | 2017~2027 | 111,610 | USD | 100,000 | 2.31% | 3.13% | 1,116.10 |
| Korea Development Bank | 2017~2027 | 111,610 | USD | 100,000 | 2.31% | 3.13% | 1,116.10 |
| Korea Development Bank | 2018~2028 | 108,600 | HKD | 800,000 | 2.69% | 3.35% | 135.75   |
| Shinhan Bank           | 2018~2028 | 115,388 | HKD | 850,000 | 2.66% | 3.35% | 135.75   |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**11. Derivatives, Continued**

**(5) Currency swap contracts which are designated as hedging instruments as of June 30, 2018 are as follows:**  
*In millions of won and thousands of foreign currencies except contract exchange rate information*

| Counterparty                | Contract year | Contract amount |             | Contract interest rate |                | Contract exchange rate (in won) |
|-----------------------------|---------------|-----------------|-------------|------------------------|----------------|---------------------------------|
|                             |               | Pay             | Receive     | Pay                    | Receive        |                                 |
| 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                        |
| Korea Development Bank      | 2017~2020     | 114,580         | USD 100,000 | 1.75%                  | 2.38%          | 1,145.80                        |
| KEB Hana Bank               | 2017~2020     | 114,580         | USD 100,000 | 1.75%                  | 2.38%          | 1,145.80                        |
| Export-import bank of Korea | 2017~2020     | 114,580         | USD 100,000 | 1.75%                  | 2.38%          | 1,145.80                        |
| JP Morgan                   | 2014~2019     | 107,190         | USD 100,000 | 3M Libor+3.25%         | 2.75%          | 1,071.90                        |
| Morgan Stanley              | 2014~2019     | 107,190         | USD 100,000 | 3M Libor+3.25%         | 2.75%          | 1,071.90                        |
| Deutsche Bank               | 2014~2019     | 107,190         | USD 100,000 | 3M Libor+3.25%         | 2.75%          | 1,071.90                        |
| Korea Development Bank      | 2016~2021     | 121,000         | USD 100,000 | 2.15%                  | 2.50%          | 1,210.00                        |
| Morgan Stanley              | 2016~2021     | 121,000         | USD 100,000 | 3M Libor+2.10%         | 2.50%          | 1,210.00                        |
| BNP Paribas                 | 2016~2021     | 121,000         | USD 100,000 | 3M Libor+2.10%         | 2.50%          | 1,210.00                        |
| Nomura                      | 2017~2037     | 52,457          | EUR 40,000  | 2.60%                  | 1.70%          | 1,311.42                        |
| Nomura                      | 2017~2037     | 59,423          | SEK 450,000 | 2.62%                  | 2.36%          | 132.05                          |
| Credit Agricole             | 2013~2019     | 118,343         | CHF 100,000 | 3.47%                  | 1.63%          | 1,183.43                        |
| Morgan Stanley              | 2013~2019     | 59,172          | CHF 50,000  | 3.40%                  | 1.63%          | 1,183.43                        |
| Nomura                      | 2013~2019     | 59,172          | CHF 50,000  | 3.47%                  | 1.63%          | 1,183.43                        |
| Morgan Stanley              | 2013~2018     | 107,360         | USD 100,000 | 3.27%                  | 2.88%          | 1,073.60                        |
| Credit Agricole             | 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                        |
|                             | 2013~2018     | 161,040         | USD 150,000 | 3.34%                  | 2.88%          | 1,073.60                        |

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|                    |           |         |     |         |       |       |          |
|--------------------|-----------|---------|-----|---------|-------|-------|----------|
| Standard Chartered |           |         |     |         |       |       |          |
| Standard Chartered |           |         |     |         |       |       |          |
| Chartered          | 2014~2019 | 104,490 | USD | 100,000 | 2.77% | 2.63% | 1,044.90 |
| Credit Agricole    | 2014~2019 | 104,490 | USD | 100,000 | 2.77% | 2.63% | 1,044.90 |
| Morgan Stanley     | 2014~2019 | 104,490 | USD | 100,000 | 2.70% | 2.63% | 1,044.90 |
| Korea              |           |         |     |         |       |       |          |
| Development        |           |         |     |         |       |       |          |
| Bank               | 2018~2023 | 320,880 | USD | 300,000 | 2.03% | 3.75% | 1,069.60 |
| KEB Hana Bank      | 2018~2021 | 212,960 | USD | 200,000 | 2.10% | 3.00% | 1,064.80 |
| Korea              |           |         |     |         |       |       |          |
| Development        |           |         |     |         |       |       |          |
| Bank               | 2018~2021 | 212,960 | USD | 200,000 | 2.10% | 3.00% | 1,064.80 |
| Societe            |           |         |     |         |       |       |          |
| Generale           | 2013~2018 | 106,190 | USD | 100,000 | 3.48% | 2.63% | 1,061.90 |
| BNP Paribas        | 2013~2018 | 53,095  | USD | 50,000  | 3.48% | 2.63% | 1,061.90 |
| KEB Hana Bank      | 2013~2018 | 53,095  | USD | 50,000  | 3.48% | 2.63% | 1,061.90 |
| Standard           |           |         |     |         |       |       |          |
| Chartered          | 2013~2018 | 106,030 | USD | 100,000 | 3.48% | 2.63% | 1,060.30 |
| BNP Paribas        | 2013~2018 | 53,015  | USD | 50,000  | 3.48% | 2.63% | 1,060.30 |
| KEB Hana Bank      | 2013~2018 | 31,809  | USD | 30,000  | 3.48% | 2.63% | 1,060.30 |
| Societe            |           |         |     |         |       |       |          |
| Generale           | 2013~2018 | 21,206  | USD | 20,000  | 3.48% | 2.63% | 1,060.30 |
| HSBC               | 2013~2018 | 53,015  | USD | 50,000  | 3.47% | 2.63% | 1,060.30 |
| Nomura             | 2013~2018 | 53,015  | USD | 50,000  | 3.47% | 2.63% | 1,060.30 |
| Credit Agricole    | 2014~2020 | 110,680 | USD | 100,000 | 2.29% | 2.50% | 1,106.80 |
| Societe            |           |         |     |         |       |       |          |
| Generale           | 2014~2020 | 55,340  | USD | 50,000  | 2.16% | 2.50% | 1,106.80 |
| KEB Hana Bank      | 2014~2020 | 55,340  | USD | 50,000  | 2.16% | 2.50% | 1,106.80 |
| KEB Hana Bank      | 2014~2020 | 55,340  | USD | 50,000  | 2.21% | 2.50% | 1,106.80 |
| Standard           |           |         |     |         |       |       |          |
| Chartered          | 2014~2020 | 55,340  | USD | 50,000  | 2.21% | 2.50% | 1,106.80 |
| HSBC               | 2014~2020 | 55,340  | USD | 50,000  | 2.21% | 2.50% | 1,106.80 |
| Nomura             | 2014~2020 | 55,340  | USD | 50,000  | 2.21% | 2.50% | 1,106.80 |
| BNP Paribas        | 2014~2020 | 55,340  | USD | 50,000  | 2.21% | 2.50% | 1,106.80 |
| HSBC               | 2014~2020 | 55,340  | USD | 50,000  | 2.21% | 2.50% | 1,106.80 |
| KEB Hana Bank      | 2017~2022 | 226,600 | USD | 200,000 | 1.94% | 2.63% | 1,133.00 |
| Korea              |           |         |     |         |       |       |          |
| Development        |           |         |     |         |       |       |          |
| Bank               | 2017~2022 | 113,300 | USD | 100,000 | 1.94% | 2.63% | 1,133.00 |
| Nomura             | 2017~2022 | 113,300 | USD | 100,000 | 1.95% | 2.63% | 1,133.00 |
| Woori Bank         | 2017~2022 | 56,650  | USD | 50,000  | 1.95% | 2.63% | 1,133.00 |
| Kookmin Bank       | 2017~2022 | 56,650  | USD | 50,000  | 1.95% | 2.63% | 1,133.00 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**11. Derivatives, Continued****(6) Interest rate swap contracts which are not designated as hedging instruments as of June 30, 2018 are as follows:***In millions of won and thousands of foreign currencies*

| Counterparty                | Contract year | Contract amount | Contract interest rate per annum |              |
|-----------------------------|---------------|-----------------|----------------------------------|--------------|
|                             |               |                 | Pay                              | Receive      |
| KEB Hana Bank               | 2017~2022     | ₩ 100,000       | 2.01%                            | 3M CD+0.24%  |
| KEB Hana Bank               | 2017~2022     | 100,000         | 2.06%                            | 3M CD+0.27%  |
| Nomura (*1)                 | 2017~2037     | 30,000          | 2.05%                            | 3.08%        |
| KEB Hana Bank               | 2017~2021     | 200,000         | 2.45%                            | 3M CD+0.32%  |
| Nomura (*2)                 | 2018~2038     | 30,000          | 2.56%                            | 3.75%        |
| Export-import bank of Korea | 2015~2031     | USD 19,254      | 2.67%                            | 6M USD Libor |
| ING Bank                    | 2015~2031     | USD 47,480      | 2.67%                            | 6M USD Libor |
| BNP Paribas                 | 2015~2031     | USD 7,861       | 2.67%                            | 6M USD Libor |

(\*1) 2.05% of the contract paying interest rate is applied for five years from the date of issuance, and 3M CD+0.10% is applied thereafter.

(\*2) 2.56% of the contract paying interest rate is applied for five years from the date of issuance, and 3M CD+0.10% is applied thereafter.

**(7) Interest rate swap contracts which are designated as hedging instruments as of June 30, 2018 are as follows:***In millions of won and thousands of foreign currencies*

| Counterparty                | Contract year | Contract amount | Contract interest rate per annum |              |
|-----------------------------|---------------|-----------------|----------------------------------|--------------|
|                             |               |                 | Pay                              | Receive      |
| BNP Paribas                 | 2009~2027     | USD 92,120      | 4.16%                            | 6M USD Libor |
| KFW                         | 2009~2027     | USD 92,120      | 4.16%                            | 6M USD Libor |
| Credit Agricole             | 2016~2033     | USD 94,446      | 3.98%~4.10%                      | 6M USD Libor |
| SMBC                        | 2016~2033     | USD 123,506     | 4.05%~4.18%                      | 6M USD Libor |
| Mizuho Bank                 | 2016~2019     | USD 36,890      | 1.56%                            | 1.65%        |
| SMBC                        | 2016~2019     | USD 36,890      | 1.56%                            | 1.65%        |
| Export-import bank of Korea | 2016~2036     | USD 2,564       | 3.00%                            | 4.99%        |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**11. Derivatives, Continued**

- (8) Gains and losses on valuation and transaction of derivatives for the three and six-month periods ended June 30, 2018 and 2017 are as follows and included in finance income and costs in the consolidated interim statements of comprehensive income (loss):

|                            | Net income effects of valuation gain (loss) |                        |                          |                        | Net income effects of transaction gain (loss) |                        |                          |                        | Accumulated other comprehensive income (loss) |                        |                          |
|----------------------------|---|------------------------|--------------------------|------------------------|---|------------------------|--------------------------|------------------------|---|------------------------|--------------------------|
|                            | June 30, 2018                               |                        | June 30, 2017            |                        | June 30, 2018                                 |                        | June 30, 2017            |                        | June 30, 2018                                 |                        | June 30, 2017            |
|                            | Three-month period ended                    | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended                      | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended                      | Six-month period ended | Three-month period ended |
| Interest rate forward      | ₩ 101,219                                   | 89,979                 | 17,931                   | (10,704)               | 11,549  | 17,079                 | 2,195                    | (17,170)               | (1,721)                                       | 1,606                  |                          |
| Interest rate swap         | 250,718                                     | 184,338                | 312,043                  | (364,818)              | 225   | 5,950                  | (61,272)                 | (81,521)               | (29,869)                                      | (68,374)               | 10,244                   |
| Foreign exchange rate swap | (1,706)                                     | 2,924                  | 2,448                    | 4,469                  | 774   | 453                    | (4,778)                  | (4,778)                | 4,179   | 812                    |                          |
|                            | ₩ 350,231                                   | 277,241                | 332,422                  | (371,053)              | 12,548  | 23,482                 | (63,855)                 | (103,469)              | (27,411)                                      | (65,956)               | 10,244                   |

- (\*) For the six-month period ended June 30, 2018, the net loss on valuation of derivatives applying cash flow hedge accounting of ₩34,788 million, net of tax, is included in other comprehensive income or loss.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**12. Other Financial Assets****(1) Other financial assets as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                             | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---|----------------------|--------------------|--------------------------|--------------------|
|   | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Loans and receivables                                 | ₩ 70,044             | 657,065            | 244,309                  | 711,069            |
| Allowance for doubtful accounts                       | (9)                  | (6,343)            |                          | (8,948)            |
| Present value discount                                | (1,158)              | (39,930)           | (976)                    | (39,813)           |
| Long-term/short-term financial instruments            | 2,998,474            | 567,287            | 1,702,084                | 542,430            |
| Financial assets at fair value through profit or loss |                      | 166,942            |                          | 111,512            |
|   | ₩ 3,067,351          | 1,345,021          | 1,945,417                | 1,316,250          |

**(2) Loans and receivables as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>               | <b>June 30, 2018</b> |  |                               |                   |
|---|----------------------|--|-------------------------------|-------------------|
|   | <b>Face value</b>    | <b>Allowance for doubtful accounts</b> | <b>Present value discount</b> | <b>Book value</b> |
| <b>Short-term loans and receivables</b> |                      |  |                               |                   |
| Loans for tuition                       | ₩ 35,020             |  | (1,158)                       | 33,862            |
| Loans for housing                       | 14,962               |  |                               | 14,962            |
| Fisheries loan                          | 352                  |  |                               | 352               |
| Other loans                             | 19,710               | (9)                                    |                               | 19,701            |
|   | 70,044               | (9)                                    | (1,158)                       | 68,877            |
| <b>Long-term loans and receivables</b>  |                      |  |                               |                   |
| Loans for tuition                       | 410,577              |  | (39,857)                      | 370,720           |
| Loans for housing                       | 155,915              |  |                               | 155,915           |
| Loans for related parties               | 79,660               | (6,252)                                |                               | 73,408            |
| Fisheries loan                          | 640                  |  | (73)                          | 567               |
| Other loans                             | 10,273               | (91)                                   |                               | 10,182            |

|  |           |         |          |         |
|--|-----------|---------|----------|---------|
|  | 657,065   | (6,343) | (39,930) | 610,792 |
|  | ₩ 727,109 | (6,352) | (41,088) | 679,669 |

*In millions of won*

|   | December 31, 2017 |                                    |                           |            |
|---|-------------------|------------------------------------|---------------------------|------------|
|   | Face value        | Allowance for<br>doubtful accounts | Present value<br>discount | Book value |
| <b>Short-term loans and receivables</b> |                   |                                    |                           |            |
| Loans for tuition                       | ₩ 33,763          |                                    | (976)                     | 32,787     |
| Loans for housing                       | 14,126            |                                    |                           | 14,126     |
| Fisheries loan                          | 352               |                                    |                           | 352        |
| Other loans                             | 196,068           |                                    |                           | 196,068    |
|   | 244,309           |                                    | (976)                     | 243,333    |
| <b>Long-term loans and receivables</b>  |                   |                                    |                           |            |
| Loans for tuition                       | 408,803           |                                    | (39,716)                  | 369,087    |
| Loans for housing                       | 140,452           |                                    |                           | 140,452    |
| Loans for related parties               | 94,581            | (8,948)                            |                           | 85,633     |
| Fisheries loan                          | 960               |                                    | (97)                      | 863        |
| Other loans                             | 66,273            |                                    |                           | 66,273     |
|   | 711,069           | (8,948)                            | (39,813)                  | 662,308    |
|   | ₩ 955,378         | (8,948)                            | (40,789)                  | 905,641    |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**12. Other Financial Assets, Continued****(3) Changes in the allowance for doubtful accounts of loans and receivables for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b> |         | <b>December 31, 2017</b> |       |
|---------------------------|----------------------|---------|--------------------------|-------|
| Beginning balance         | ₩                    | 8,948   |                          | 4,532 |
| Bad debt expense          |                      | 1,413   |                          | 2,465 |
| Other                     |                      | (4,009) |                          | 1,951 |
| Ending balance            | ₩                    | 6,352   |                          | 8,948 |

**(4) Long-term and short-term financial instruments as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---------------------------|----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Time deposits             | ₩ 1,698,569          | 63,366             | 1,479,034                | 2                  |
| ABCP                      | 587,953              |                    | 145,000                  | 65,600             |
| CP                        | 349,179              | 33,324             | 58,050                   |                    |
| CD                        | 10,000               |                    | 10,000                   |                    |
| RP                        | 26,501               | 25,786             | 10,000                   | 1,634              |
| Others                    | 326,272              | 444,811            |                          | 475,194            |
|                           | ₩ 2,998,474          | 567,287            | 1,702,084                | 542,430            |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**13. Inventories****Inventories as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b>    |                            |                   |
|---------------------------|-------------------------|----------------------------|-------------------|
|                           | <b>Acquisition cost</b> | <b>Valuation allowance</b> | <b>Book value</b> |
| Raw materials             | ₩ 3,584,808             | (2,829)                    | 3,581,979         |
| Merchandise               | 3,443                   |                            | 3,443             |
| Work-in-progress          | 189,888                 | (1,028)                    | 188,860           |
| Finished goods            | 40,542                  | (2,783)                    | 37,759            |
| Supplies                  | 1,682,918               | (3,853)                    | 1,679,065         |
| Inventories in transit    | 952,058                 |                            | 952,058           |
| Other inventories         | 10,114                  |                            | 10,114            |
|                           | ₩ 6,463,771             | (10,493)                   | 6,453,278         |

| <i>In millions of won</i> | <b>December 31, 2017</b> |                            |                   |
|---------------------------|--------------------------|----------------------------|-------------------|
|                           | <b>Acquisition cost</b>  | <b>Valuation allowance</b> | <b>Book value</b> |
| Raw materials             | ₩ 3,528,835              | (2,829)                    | 3,526,006         |
| Merchandise               | 107                      |                            | 107               |
| Work-in-progress          | 138,709                  | (1,028)                    | 137,681           |
| Finished goods            | 72,923                   | (1,517)                    | 71,406            |
| Supplies                  | 1,581,661                | (3,940)                    | 1,577,721         |
| Inventories in transit    | 679,358                  |                            | 679,358           |
| Other inventories         | 9,807                    |                            | 9,807             |
|                           | ₩ 6,011,400              | (9,314)                    | 6,002,086         |

The reversals of the allowance for loss on inventory valuation due to increase in the net realizable value of inventory deducted from cost of sales for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 were ₩58 million and ₩437 million, respectively.

The amounts of loss from inventory valuation included in other gains or losses for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 were ₩1,237 million and ₩3,875 million, respectively.



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

The Company entered into a power purchase agreement ( PPA ) with Jordan Electric Power Company to provide a 373MW level Qatrana gas combined power plant over a 25 year lease term, and accounts for the PPA as a finance lease. Also, the Company has fly-ash pipe conduit finance leases with an average lease term of 7 years. In addition, the Company provides 15 energy storage system installation projects and 13 energy efficiency contracts as finance leases with a lease term of 2 to 10 years. Also, the Company entered into a PPA with the Comision Federal de Electricidad in Mexico to provide for 25 years (December 2013 to November 2038) 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 June 30, 2018 and December 31, 2017 are as follows and included in current and non-current trade and other receivables, net, in the consolidated statements of financial position:**

| <i>In millions of won</i>       | <b>June 30, 2018</b>          |  | <b>December 31, 2017</b>      |  |
|---------------------------------|-------------------------------|--|-------------------------------|--|
|                                 | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> |
| Less than 1 year                | ₩ 102,288                     | 74,114   | 49,542                        | 13,067   |
| 1 ~ 5 years                     | 436,542                       | 248,529  | 381,181                       | 203,990  |
| More than 5 years               | 1,389,331                     | 626,628  | 1,398,449                     | 645,564  |
|                                 | ₩ 1,928,161                   | 949,271  | 1,829,172                     | 862,621  |
| Allowance for doubtful accounts |                               | (353)  |                               |  |
|                                 |                               | ₩ 948,918                                      |                               | 862,621  |

**(3) Changes in the allowance for doubtful accounts of finance lease receivables for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

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| <i>In millions of won</i> | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---------------------------|----------------------|--------------------------|
| Beginning balance         | ₩                    |                          |
| Bad debt expense          |                      | 353                      |
| Write-off                 |                      |                          |
| Other                     |                      |                          |
| Ending balance            | ₩                    | 353                      |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**15. Non-Financial Assets****Non-financial assets as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---------------------------|----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance payment           | ₩ 323,446            | 180,768            | 109,743                  | 43,872             |
| Prepaid expenses          | 279,032              | 89,592             | 251,715                  | 90,118             |
| Others (*1)               | 733,252              | 163,650            | 392,534                  | 112,828            |
|                           | ₩ 1,335,730          | 434,010            | 753,992                  | 246,818            |

(\*1) Details of others as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i>       | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---------------------------------|----------------------|--------------------|--------------------------|--------------------|
|                                 | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Tax refund receivables          | ₩ 208,854            |                    | 89,762                   | 1,940              |
| Greenhouse gas emissions rights | 348,098              |                    | 135,211                  |                    |
| Other quick assets (*2)         | 176,300              | 163,650            | 167,561                  | 110,888            |
|                                 | ₩ 733,252            | 163,650            | 392,534                  | 112,828            |

(\*2) The Company has recognized ₩92,128 million of its rights in connection with the securities of Orano Expansion (formerly, AREVA NC Expansion) as non-current non-financial assets.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries****(1) Consolidated subsidiaries as of June 30, 2018 and December 31, 2017 are as follows:**

| Subsidiaries  | Key operation activities                               | Location    | Percentage of ownership (%) |                   |
|---|--|-------------|-----------------------------|-------------------|
|   |  |             | June 30, 2018               | December 31, 2017 |
| Korea Hydro & Nuclear Power Co., Ltd.               | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea South-East Power Co., Ltd.                    | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Midland Power Co., Ltd.                       | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Western Power Co., Ltd.                       | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea Southern Power Co., Ltd.                      | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| Korea East-West Power Co., Ltd.                     | Power generation                                       | KOREA       | 100.00%                     | 100.00%           |
| KEPCO Engineering & Construction Company, Inc. (*1) | Architectural engineering for utility plant and others | KOREA       | 65.77%                      | 65.77%            |
| KEPCO Plant Service & Engineering Co., Ltd.         | Utility plant maintenance and others                   | KOREA       | 51.00%                      | 51.00%            |
| 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%           |
| Garolim Tidal Power Plant Co., Ltd. (*2)            | Power generation                                       | KOREA       | 49.00%                      | 49.00%            |
| KEPCO International HongKong Ltd.                   | Holding company  | HONG KONG   | 100.00%                     | 100.00%           |
| KEPCO International Philippines Inc.                | Holding company  | PHILIPPINES | 100.00%                     | 100.00%           |
| KEPCO Gansu International Ltd.                      | Holding company  | HONG KONG   | 100.00%                     | 100.00%           |
| KEPCO Philippines Holdings Inc.                     | Holding company  | PHILIPPINES | 100.00%                     | 100.00%           |

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|   |   |             |         |         |
|---|---|-------------|---------|---------|
| KEPCO Philippines Corporation               | Operation of utility plant                  | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Ilijan Corporation                    | Construction and operation of utility plant | PHILIPPINES | 51.00%  | 51.00%  |
| KEPCO Lebanon SARL                          | Operation of utility plant                  | LEBANON     | 100.00% | 100.00% |
| KEPCO Neimenggu International Ltd.          | Holding company                             | HONG KONG   | 100.00% | 100.00% |
| KEPCO Shanxi International Ltd.             | Holding company                             | HONG KONG   | 100.00% | 100.00% |
| KOMIPO Global Pte Ltd.                      | Holding company                             | SINGAPORE   | 100.00% | 100.00% |
| KEPCO Canada Energy Ltd.                    | Resources development                       | CANADA      |         | 100.00% |
| KEPCO Netherlands B.V.                      | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| KOREA Imouraren Uranium Investment Corp.    | Holding company                             | 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.                    | Holding company                             | 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%  |
| Korea Electric Power Nigeria Ltd.           | Operation of utility plant                  | NIGERIA     | 100.00% | 100.00% |
| KEPCO Holdings de Mexico                    | Holding company                             | MEXICO      | 100.00% | 100.00% |
| KST Electric Power Company                  | Construction and operation of utility plant | MEXICO      | 56.00%  | 56.00%  |
| KEPCO Energy Service Company                | Operation of utility plant                  | MEXICO      | 100.00% | 100.00% |
| KEPCO Netherlands S3 B.V.                   | Holding company                             | NETHERLANDS | 100.00% | 100.00% |
| PT. KOMIPO Pembangkitan Jawa Bali           | Operation of utility plant                  | INDONESIA   | 51.00%  | 51.00%  |
| PT. Cirebon Power Service (*2)              | Operation of utility plant                  | INDONESIA   | 27.50%  | 27.50%  |
| KOWEPO International Corporation            | Operation of utility plant                  | PHILIPPINES | 99.99%  | 99.99%  |



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|                             |                            |             |         |         |
|-----------------------------|----------------------------|-------------|---------|---------|
| KOSPO Jordan LLC            | Operation of utility plant | JORDAN      | 100.00% | 100.00% |
| EWP Philippines Corporation | Holding company            | PHILIPPINES | 100.00% | 100.00% |
| EWP America Inc.            | Holding company            | USA         | 100.00% | 100.00% |
| EWP Renewable Corporation   | Holding company            | USA         | 100.00% | 100.00% |
| DG Fairhaven Power, LLC     | Power generation           | USA         | 100.00% | 100.00% |
| DG Whitefield, LLC          | Power generation           | USA         | 100.00% | 100.00% |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries, Continued****(1) Consolidated subsidiaries as of June 30, 2018 and December 31, 2017 are as follows, continued:**

| Subsidiaries                                | Key operation activities | Location    | Percentage of ownership (%) |                   |
|---|--------------------------|-------------|-----------------------------|-------------------|
|   |                          |             | June 30, 2018               | December 31, 2017 |
| Springfield Power, LLC                      | Power generation         | USA         | 100.00%                     | 100.00%           |
| KNF Canada Energy Limited                   | Holding company          | CANADA      | 96.36%                      | 96.36%            |
| PT KEPCO Resource Indonesia                 | Holding company          | 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   | 52.50%                      | 52.50%            |
| Gyeongju Wind Power Co., Ltd.               | Power generation         | KOREA       | 70.00%                      | 70.00%            |
| KOMIPO America Inc.                         | Holding company          | USA         | 100.00%                     | 100.00%           |
| 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   | 99.96%                      | 99.96%            |
| 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%           |
| Mira Power Limited (*3)                     | Power generation         | PAKISTAN    | 76.00%                      | 76.00%            |
| KOSEP Material Co., Ltd. (*4)               | Recycling fly ashes      | KOREA       | 86.22%                      | 86.22%            |
| Commerce and Industry Energy Co., Ltd. (*5) | Power generation         | KOREA       | 59.03%                      | 59.03%            |
|   | Holding company          | SINGAPORE   | 100.00%                     | 100.00%           |

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|   |                                      |             |         |         |
|---|--------------------------------------|-------------|---------|---------|
| KEPCO Singapore Holdings Pte., Ltd.                                 |                                      |             |         |         |
| KOWEPO India Private Limited  | Holding company                      | INDIA       | 100.00% | 100.00% |
| KEPCO KPS Philippines Corp.   | Utility plant maintenance and others | PHILIPPINES | 51.00%  | 51.00%  |
| KOSPO Chile SpA   | Holding company                      | CHILE       | 100.00% | 100.00% |
| PT. KOWEPO Sumsel Operation And Maintenance Services                | Utility plant maintenance and others | INDONESIA   | 95.00%  | 95.00%  |
| HeeMang Sunlight Power Co., Ltd.                                    | Operation of utility plant           | KOREA       | 100.00% | 100.00% |
| Fujeij Wind Power Company   | Operation of utility plant           | JORDAN      | 100.00% | 100.00% |
| KOSPO Youngnam Power Co., Ltd.                                      | Operation of utility plant           | KOREA       | 50.00%  | 50.00%  |
| HI Carbon Professional Private Special Asset Investment Trust 1     | Holding company                      | KOREA       | 96.67%  | 96.67%  |
| Chitose Solar Power Plant LLC                                       | Power generation                     | JAPAN       | 80.10%  | 80.10%  |
| KEPCO Energy Solution Co. Ltd.                                      | Energy service                       | KOREA       | 100.00% | 100.00% |
| Solar School Plant Co., Ltd.  | Power generation                     | KOREA       | 100.00% | 100.00% |
| KOSPO Power Services Limitada                                       | Utility plant maintenance and others | CHILE       | 65.00%  | 65.00%  |
| Energy New Industry Specialized Investment Private Investment Trust | Holding company                      | KOREA       | 99.75%  | 99.75%  |
| KOEN Bylong Pty., Ltd.  | Resources development                | AUSTRALIA   | 100.00% | 100.00% |
| KOMIPO Bylong Pty., Ltd.  | Resources development                | AUSTRALIA   | 100.00% | 100.00% |
| KOWEPO Bylong Pty., Ltd.  | Resources development                | AUSTRALIA   | 100.00% | 100.00% |
| KOSPO Bylong Pty., Ltd.   | Resources development                | AUSTRALIA   | 100.00% | 100.00% |
| EWP Bylong Pty., Ltd.   | Resources development                | AUSTRALIA   | 100.00% | 100.00% |
| KOWEPO Lao International  | Utility plant maintenance and others | LAOS        | 100.00% | 100.00% |
| KEPCO US Inc.   | Holding company                      | USA         | 100.00% | 100.00% |
| KEPCO Alamosa LLC   | Holding company                      | USA         | 50.10%  | 50.10%  |
| Cogentrix Solar Services, LLC                                       | Holding company                      | USA         |         | 50.10%  |
| Solar Investments I, LLC  | Holding company                      | USA         |         | 50.10%  |
| KEPCO Solar of Alamosa, LLC (formerly, Cogentrix of Alamosa, LLC)   | Power generation                     | USA         | 50.10%  | 50.10%  |
| KEPCO-LG CNS Mangilao Holdings LLC                                  | Holding company                      | USA         | 70.00%  | 70.00%  |
| Mangilao Investment LLC   | Holding company                      | USA         | 70.00%  | 70.00%  |
| KEPCO-LG CNS Mangilao Solar, LLC                                    | Power generation                     | USA         | 70.00%  | 70.00%  |
| Jeju Hanlim Offshore Wind Co., Ltd.                                 | Power generation                     | KOREA       | 68.84%  | 70.22%  |

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|                             |   |           |        |        |
|-----------------------------|---|-----------|--------|--------|
| PT. Siborpa Eco Power       | Construction and operation of utility plant | INDONESIA | 55.00% | 64.71% |
| BSK E-New Industry Fund VII | Holding company                             | KOREA     | 81.47% | 81.47% |
| e-New Industry LB Fund 1    | Holding company                             | KOREA     | 75.92% | 75.92% |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

| Subsidiaries                 | Key operation activities             | Location  | Percentage of ownership (%) |                   |
|------------------------------|--------------------------------------|-----------|-----------------------------|-------------------|
|                              |                                      |           | June 30, 2018               | December 31, 2017 |
| Songhyun e-New Industry Fund | Holding company                      | KOREA     | 80.45%                      | 80.45%            |
| PT. Korea Energy Indonesia   | Utility plant maintenance and others | INDONESIA | 95.00%                      |                   |
| KOLAT SpA                    | Utility plant maintenance and others | CHILE     | 100.00%                     |                   |
| KEPCO California, LLC        | Holding company                      | USA       | 100.00%                     |                   |
| KEPCO Mojave Holdings, LLC   | Holding company                      | USA       | 100.00%                     |                   |

(\*1) Considering treasury stocks, the effective percentage of ownership is 66.08%.

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

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

(\*4) The effective percentage of ownership has increased to 86.22% since Long Lasting Value exercised the put option to sell its investment to KOSEP during the year ended December 31, 2017.

(\*5) The Company guarantees a certain return on investment related to Commerce and Industry Energy Co., Ltd. for the financial investors. The financial investors have a right to sell their shares to the Company which can be exercised 84 months after the date of investment. Accordingly, the purchase price including the return on investment is classified as a liability.

**(2) Subsidiaries included in and excluded from consolidation for the six-month period ended June 30, 2018 are as follows:**

<Subsidiaries included in consolidation during the six-month period ended June 30, 2018>

| Subsidiary                 | Reason            |
|----------------------------|-------------------|
| PT. Korea Energy Indonesia | Newly established |
| KOLAT SpA                  | Newly established |
| KEPCO California, LLC      | Newly established |

KEPCO Mojave Holdings, LLC

Newly established

<Subsidiaries excluded from consolidation during the six-month period ended June 30, 2018>

**Subsidiary**

KEPCO Canada Energy Ltd.  
Cogentrix Solar Services, LLC  
Solar Investments I, LLC

**Reason**

Liquidated  
Liquidated  
Liquidated

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries, Continued****(3) Summary of financial information of consolidated subsidiaries as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows:***In millions of won*

| Subsidiaries                                   | June 30, 2018 |                   |           |                              |
|--|---------------|-------------------|-----------|------------------------------|
|  | Total assets  | Total liabilities | Sales     | Profit (loss) for the period |
| Korea Hydro & Nuclear Power Co., Ltd.          | ₩55,215,089   | 30,304,977        | 3,924,029 | (549,783)                    |
| Korea South-East Power Co., Ltd.               | 10,131,473    | 4,907,895         | 2,677,608 | 209,699                      |
| Korea Midland Power Co., Ltd.                  | 10,547,090    | 6,621,810         | 2,391,773 | 189,518                      |
| Korea Western Power Co., Ltd.                  | 10,255,454    | 6,231,859         | 2,505,776 | 113,492                      |
| Korea Southern Power Co., Ltd.                 | 9,988,965     | 5,683,849         | 2,844,641 | 56,314                       |
| Korea East-West Power Co., Ltd.                | 8,622,440     | 3,968,002         | 2,588,037 | 57,154                       |
| KEPCO Engineering & Construction Company, Inc. | 763,382       | 314,617           | 171,920   | 2,779                        |
| KEPCO Plant Service & Engineering Co., Ltd.    | 1,203,300     | 305,424           | 588,590   | 72,133                       |
| KEPCO Nuclear Fuel Co., Ltd.                   | 804,690       | 433,477           | 96,541    | 1,338                        |
| KEPCO KDN Co., Ltd.                            | 538,596       | 170,069           | 280,986   | 17,353                       |
| Garolim Tidal Power Plant Co., Ltd.            | 608           | 346               |           | (11)                         |
| KEPCO International HongKong Ltd.              | 162,486       | 1                 |           | 1,677                        |
| KEPCO International Philippines Inc.           | 107,187       | 803               |           | 13,405                       |
| KEPCO Gansu International Ltd.                 | 12,108        | 517               |           | (2)                          |
| KEPCO Philippines Holdings Inc.                | 150,000       | 5                 |           | 26,977                       |
| KEPCO Philippines Corporation                  | 6,197         | 90                |           | 71                           |
| KEPCO Ilijan Corporation                       | 485,003       | 54,314            | 49,006    | 22,363                       |
| KEPCO Lebanon SARL                             | 1,528         | 9,550             |           | 540                          |
| KEPCO Neimenggu International Ltd.             | 173,576       |                   |           | (145)                        |
| KEPCO Shanxi International Ltd.                | 513,000       | 198,776           |           | (4,568)                      |
| KOMIPO Global Pte Ltd.                         | 247,447       | 750               |           | 7,944                        |
| KEPCO Netherlands B.V.                         | 128,496       | 48                |           | 7,239                        |
| KOREA Imouraren Uranium Investment Corp.       | 153,328       | 115               |           | (33)                         |
| KEPCO Australia Pty., Ltd.                     | 460,647       | 533               |           | 7                            |
| KOSEP Australia Pty., Ltd.                     | 33,454        | 2,470             | 9,943     | 2,517                        |
| KOMIPO Australia Pty., Ltd.                    | 35,900        | 4,488             | 10,152    | 2,633                        |

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|   |         |         |        |          |
|---|---------|---------|--------|----------|
| KOWEPO Australia Pty., Ltd.                 | 35,861  | 4,442   | 9,943  | 2,520    |
| KOSPO Australia Pty., Ltd.                  | 34,290  | 3,694   | 9,943  | 5,706    |
| KEPCO Middle East Holding Company           | 93,756  | 90,071  |        | (1,456)  |
| Qatrana Electric Power Company              | 479,739 | 329,961 | 9,384  | 10,402   |
| KHNP Canada Energy, Ltd.                    | 50,203  | 35      |        | (20)     |
| KEPCO Bylong Australia Pty., Ltd.           | 248,215 | 298,376 |        | (15,527) |
| Korea Waterbury Uranium Limited Partnership | 20,888  | 145     |        | (29)     |
| Korea Electric Power Nigeria Ltd.           | 280     | 39      | 488    | 70       |
| KEPCO Holdings de Mexico                    | 251     | 51      |        | (1)      |
| KST Electric Power Company                  | 563,932 | 490,885 | 61,716 | 5,109    |
| KEPCO Energy Service Company                | 2,233   | 978     | 2,539  | 538      |
| KEPCO Netherlands S3 B.V.                   | 48,489  | 52      |        | (9)      |
| PT. KOMIPO Pembangkitan Jawa Bali           | 13,080  | 4,201   | 9,969  | 3,761    |
| PT. Cirebon Power Service                   | 2,952   | 322     | 3,523  | 73       |
| KOWEPO International Corporation            |         | 8       |        |          |
| KOSPO Jordan LLC                            | 26,651  | 14,352  | 4,270  | 1,278    |
| EWP Philippines Corporation                 | 1,662   | 815     |        | (6)      |
| EWP America Inc. (*1)                       | 78,920  | 72,882  | 10,974 | (2,341)  |
| KNF Canada Energy Limited                   | 1,858   | 23      |        | (20)     |
| PT KEPCO Resource Indonesia                 | 333     | 14      |        | (168)    |
| EWP Barbados 1 SRL                          | 255,687 | 990     |        | (1,125)  |
| Gyeonggi Green Energy Co., Ltd.             | 271,553 | 188,628 | 41,534 | (736)    |
| PT. Tanggamus Electric Power                | 190,922 | 164,273 | 2,535  | 6,956    |
| Gyeongju Wind Power Co., Ltd.               | 111,960 | 78,057  | 10,241 | 3,748    |
| KOMIPO America Inc.                         | 10,607  | 574     |        | (402)    |
| KOSEP USA, INC.                             | 46      | 4,666   |        | 4,484    |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

(3) **Summary of financial information of consolidated subsidiaries as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows, continued:**

*In millions of won*

|  | <b>June 30, 2018</b> |                          |              |                                     |
|--|----------------------|--------------------------|--------------|-------------------------------------|
| <b>Subsidiaries</b>  | <b>Total assets</b>  | <b>Total liabilities</b> | <b>Sales</b> | <b>Profit (loss) for the period</b> |
| PT. EWP Indonesia  | ₩ 7,087              | (1)                      |              | 1,523                               |
| KEPCO Netherlands J3 B.V.  | 128,316              | 78                       |              | (48)                                |
| Korea Offshore Wind Power Co., Ltd.                                      | 184,487              | 589                      |              | (4,311)                             |
| Global One Pioneer B.V.  | 211                  | 85                       |              | (54)                                |
| Global Energy Pioneer B.V.   | 376                  | 77                       |              | (50)                                |
| Mira Power Limited   | 232,935              | 174,371                  |              | 1,001                               |
| KOSEP Material Co., Ltd.   | 2,524                | 1,023                    | 1,609        | 198                                 |
| Commerce and Industry Energy Co., Ltd.                                   | 98,219               | 87,643                   | 12,813       | (627)                               |
| KEPCO Singapore Holdings Pte., Ltd.                                      | 607                  | 2                        |              | (1)                                 |
| KOWEPO India Private Limited   | 761                  |                          |              |                                     |
| KEPCO KPS Philippines Corp.  | 8,122                | 1,197                    | 3,142        | 649                                 |
| KOSPO Chile SpA  | 137,189              | 54,557                   |              | 680                                 |
| PT. KOWEPO Sumsel Operation And Maintenance Services                     | 2,326                | 188                      | 3,630        | 550                                 |
| HeeMang Sunlight Power Co., Ltd.   | 6,853                | 3,398                    | 66           | (26)                                |
| Fujejj Wind Power Company  | 196,313              | 189,945                  |              | (1,310)                             |
| KOSPO Younghan Power Co.,Ltd.  | 403,118              | 319,545                  | 186,633      | 4,090                               |
| HI Carbon Professional Private Special Asset                             |                      |                          |              |                                     |
| Investment Trust 1   | 2,996                |                          |              | 6                                   |
| Chitose Solar Power Plant LLC  | 136,694              | 120,260                  | 8,014        | 932                                 |
| KEPCO Energy Solution Co. Ltd.   | 303,826              | 1,857                    | 2,958        | 943                                 |
| Solar School Plant Co., Ltd.   | 202,791              | 1,030                    | 413          | 878                                 |
| KOSPO Power Services Limitada  | 3,220                | 522                      | 4,523        | 540                                 |
| Energy New Industry Specialized Investment Private Investment Trust (*2) | 505,807              | 2,086                    |              | (367)                               |
| KOEN Bylong Pty., Ltd.   | 5,800                |                          |              |                                     |
| KOMIPO Bylong Pty., Ltd.   | 5,801                | 17                       |              | (16)                                |
| KOWEPO Bylong Pty., Ltd.   | 5,801                | 17                       |              |                                     |

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|  |         |        |       |         |
|--|---------|--------|-------|---------|
| KOSPO Bylong Pty., Ltd.  | 5,801   | 17     |       | (16)    |
| EWP Bylong Pty., Ltd.  | 5,801   | 17     |       | (16)    |
| KOWEPO Lao International   | 3,704   | 1,301  | 1,936 | 526     |
| KEPCO US Inc.  | 17,727  |        |       | 19      |
| KEPCO Alamosa LLC  | 33,979  | 44     | 236   | (247)   |
| KEPCO Solar of Alamosa, LLC (formerly,<br>Cogentrix of Alamosa, LLC) | 65,543  | 50,638 | 4,657 | (2)     |
| KEPCO-LG CNS Mangilao Holdings LLC                                   | 25,264  | 26,234 |       | (552)   |
| Mangilao Investment LLC  | 25,264  |        |       |         |
| KEPCO-LG CNS Mangilao Solar, LLC                                     | 25,129  | 143    |       | (3)     |
| Jeju Hanlim Offshore Wind Co., Ltd.                                  | 17,117  | 5      |       | (42)    |
| PT. Siborpa Eco Power  | 12,859  | 139    |       | (1,291) |
| PT. Korea Energy Indonesia   | 694     | 36     |       | (257)   |
| KOLAT SpA  | 35,325  | 598    |       | (579)   |
| KEPCO California, LLC  | 42,572  |        |       | (50)    |
| KEPCO Mojave Holdings, LLC   | 107,670 | 66,196 |       | (780)   |

(\*1) Financial information of EWP America Inc. includes that of six other subsidiaries, EWP Renewable Corporation, DG Fairhaven Power, LLC, DG Whitefield, LLC, Springfield Power, LLC, California Power Holdings, LLC, and EWPRC Biomass Holdings, LLC.

(\*2) Financial information of Energy New Industry Specialized Investment Private Investment Trust includes that of three other subsidiaries, BSK E-New Industry Fund VII, e-New Industry LB Fund 1 and Songhyun e-New Industry Fund.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

(3) Summary of financial information of consolidated subsidiaries as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows, continued:

*In millions of won*

| Subsidiaries                                   | December 31, 2017 |                   |           |                              |
|--|-------------------|-------------------|-----------|------------------------------|
|  | Total assets      | Total liabilities | Sales     | Profit (loss) for the period |
| Korea Hydro & Nuclear Power Co., Ltd.          | ₩ 55,011,096      | 29,252,816        | 9,415,751 | 854,346                      |
| Korea South-East Power Co., Ltd.               | 9,879,577         | 4,844,184         | 5,387,846 | 130,371                      |
| Korea Midland Power Co., Ltd.                  | 9,893,822         | 6,148,173         | 4,167,009 | 104,591                      |
| Korea Western Power Co., Ltd.                  | 9,660,426         | 5,739,534         | 4,199,079 | 110,939                      |
| Korea Southern Power Co., Ltd.                 | 9,648,741         | 5,401,216         | 4,397,552 | 98,817                       |
| Korea East-West Power Co., Ltd.                | 8,855,518         | 4,204,187         | 4,644,330 | 217,599                      |
| KEPCO Engineering & Construction Company, Inc. | 762,166           | 305,134           | 490,193   | 21,222                       |
| KEPCO Plant Service & Engineering Co., Ltd.    | 1,195,086         | 294,689           | 1,232,113 | 135,482                      |
| KEPCO Nuclear Fuel Co., Ltd.                   | 792,187           | 421,088           | 279,664   | 4,557                        |
| KEPCO KDN Co., Ltd.                            | 524,520           | 155,715           | 619,470   | 48,968                       |
| Garolim Tidal Power Plant Co., Ltd.            | 619               | 345               |           | (12)                         |
| KEPCO International HongKong Ltd.              | 153,529           | 1                 |           | 4,380                        |
| KEPCO International Philippines Inc.           | 102,323           | 886               |           | 47,201                       |
| KEPCO Gansu International Ltd.                 | 11,567            | 493               |           | (29)                         |
| KEPCO Philippines Holdings Inc.                | 127,922           | 2,621             |           | 43,218                       |
| KEPCO Philippines Corporation                  | 6,293             | 114               |           | 2,098                        |
| KEPCO Ilijan Corporation                       | 474,624           | 57,801            | 109,183   | 66,320                       |
| KEPCO Lebanon SARL                             | 1,069             | 9,281             |           | (219)                        |
| KEPCO Neimenggu International Ltd.             | 165,937           |                   |           | 500                          |
| KEPCO Shanxi International Ltd.                | 497,990           | 193,309           |           | 3,796                        |
| KOMIPO Global Pte Ltd.                         | 225,411           | 1,497             |           | 21,858                       |
| KEPCO Canada Energy Ltd.                       | 132               | 22                |           | (32)                         |
| KEPCO Netherlands B.V.                         | 114,911           | 49                |           | 17,309                       |
| KOREA Imouraren Uranium Investment Corp.       | 151,278           | 131               |           | 1,490                        |
| KEPCO Australia Pty., Ltd.                     | 466,654           | 569               |           | (568)                        |
| KOSEP Australia Pty., Ltd.                     | 27,076            | 333               | 12,096    | 1,601                        |

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|   |         |         |         |         |
|---|---------|---------|---------|---------|
| KOMIPO Australia Pty., Ltd.                 | 31,441  | 4,691   | 12,096  | 1,133   |
| KOWEPO Australia Pty., Ltd.                 | 31,586  | 4,691   | 12,096  | 1,232   |
| KOSPO Australia Pty., Ltd.                  | 29,472  | 4,221   | 12,096  | (2,759) |
| KEPCO Middle East Holding Company           | 95,812  | 90,842  |         | 2,913   |
| Qatrana Electric Power Company              | 460,206 | 327,401 | 18,892  | 23,310  |
| KHNP Canada Energy, Ltd.                    | 51,994  | 31      |         | (92)    |
| KEPCO Bylong Australia Pty., Ltd.           | 242,364 | 277,549 |         | 20,271  |
| Korea Waterbury Uranium Limited Partnership | 20,886  | 136     |         | (59)    |
| Korea Electric Power Nigeria Ltd.           | 238     | 76      | 2,164   | 29      |
| KEPCO Holdings de Mexico                    | 235     | 30      |         | (20)    |
| KST Electric Power Company                  | 546,242 | 478,230 | 120,126 | 16,154  |
| KEPCO Energy Service Company                | 1,793   | 451     | 6,773   | 976     |
| KEPCO Netherlands S3 B.V.                   | 46,642  | 53      |         | 2,382   |
| PT. KOMIPO Pembangkitan Jawa Bali           | 11,261  | 4,769   | 20,956  | 4,666   |
| PT. Cirebon Power Service                   | 2,808   | 155     | 7,439   | 592     |
| KOWEPO International Corporation            |         | 8       |         | (2)     |
| KOSPO Jordan LLC                            | 24,077  | 13,594  | 7,331   | 953     |
| EWP Philippines Corporation                 | 1,708   | 836     |         | (17)    |
| EWP America Inc. (*1)                       | 79,854  | 67,308  | 23,543  | (9,737) |
| KNF Canada Energy Limited                   | 1,884   | 31      |         | (43)    |
| PT KEPCO Resource Indonesia                 | 491     |         |         | (311)   |
| EWP Barbados 1 SRL                          | 235,096 | 450     |         | (2,585) |
| Gyeonggi Green Energy Co., Ltd.             | 282,408 | 199,160 | 95,192  | 3,203   |
| PT. Tanggamus Electric Power                | 179,317 | 160,144 | 34,281  | 4,640   |
| Gyeongju Wind Power Co., Ltd.               | 112,279 | 82,124  | 7,219   | 2,400   |
| KOMIPO America Inc.                         | 10,505  | 521     |         | 2,071   |
| KOSEP USA, INC.                             | 184     | 9,065   |         | 26,997  |
| PT. EWP Indonesia                           | 2,035   | 23      |         | 1,916   |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

**(3) Summary of financial information of consolidated subsidiaries as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows, continued:**

*In millions of won*

| Subsidiaries  | December 31, 2017 |                   |        |                              |
|---|-------------------|-------------------|--------|------------------------------|
|   | Total assets      | Total liabilities | Sales  | Profit (loss) for the period |
| KEPCO Netherlands J3 B.V.   | 122,612           | 76                |        | 12,115                       |
| Korea Offshore Wind Power Co., Ltd.   | 190,195           | 1,985             |        | (6,997)                      |
| Global One Pioneer B.V.   | 151               | 38                |        | (80)                         |
| Global Energy Pioneer B.V.  | 309               | 41                |        | (87)                         |
| Mira Power Limited  | 208,150           | 163,198           |        | 737                          |
| KOSEP Material Co., Ltd.  | ₩ 2,751           | 1,448             | 3,128  | 320                          |
| Commerce and Industry Energy Co., Ltd.  | 99,129            | 87,926            | 30,577 | (749)                        |
| KEPCO Singapore Holdings Pte., Ltd.   | 3,265             | 4                 |        | (24)                         |
| KOWEPO India Private Limited  | 781               |                   |        | (46)                         |
| KEPCO KPS Philippines Corp.   | 6,636             | 235               | 6,840  | 555                          |
| KOSPO Chile SpA   | 133,570           | 50,109            |        | 1,066                        |
| PT. KOWEPO Sumsel Operation And Maintenance Services  | 1,350             | 279               | 7,651  | 659                          |
| HeeMang Sunlight Power Co., Ltd.  | 6,876             | 3,395             | 105    | (229)                        |
| Fujeij Wind Power Company   | 165,636           | 156,099           |        | 8,836                        |
| KOSPO Younghan Power Co.,Ltd.   | 412,785           | 333,302           | 68,973 | 939                          |
| HI Carbon Professional Private Special Asset Investment Trust 1 (formerly, Global One Carbon Private Equity Investment Trust 2) | 3,002             |                   |        | 12                           |
| Chitose Solar Power Plant LLC   | 136,098           | 121,622           | 7,083  | 4,100                        |
| KEPCO Energy Solution Co. Ltd.  | 313,401           | 12,376            | 5,544  | 1,325                        |
| Solar School Plant Co., Ltd.  | 201,482           | 599               | 67     | 874                          |
| KOSPO Power Services Limitada   | 3,901             | 887               | 11,067 | 666                          |
| Energy New Industry Specialized Investment Private Investment Trust (*3)  | 506,207           | 2,118             |        | 52                           |
| KOEN Bylong Pty., Ltd.  | 5,875             |                   |        |                              |
| KOMIPO Bylong Pty., Ltd.  | 5,875             |                   |        |                              |
| KOWEPO Bylong Pty., Ltd.  | 5,875             |                   |        |                              |
| KOSPO Bylong Pty., Ltd.   | 5,875             |                   |        |                              |
| EWP Bylong Pty., Ltd.   | 5,875             |                   |        |                              |

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|                                     |        |        |       |       |
|-------------------------------------|--------|--------|-------|-------|
| KOWEPO Lao International            | 3,259  | 1,452  | 3,624 | 1,881 |
| KEPCO US Inc.                       | 16,913 |        |       |       |
| KEPCO Alamosa LLC                   | 33,144 | 492    |       | (218) |
| Cogentrix Solar Services, LLC (*2)  | 84,458 | 53,116 | 8,958 | (112) |
| KEPCO-LG CNS Mangilao Holdings LLC  | 24,131 | 24,395 |       | (278) |
| Mangilao Investment LLC             | 24,131 |        |       |       |
| KEPCO-LG CNS Mangilao Solar, LLC    | 24,002 | 134    |       | (278) |
| Jeju Hanlim Offshore Wind Co., Ltd. | 36     |        |       |       |
| PT. Siborpa Eco Power               | 11,562 | 214    |       | (518) |

(\*1) Financial information of EWP America Inc. includes that of six other subsidiaries, EWP Renewable Corporation, DG Fairhaven Power, LLC, DG Whitefield, LLC, Springfield Power, LLC, California Power Holdings, LLC, and EWPRC Biomass Holdings, LLC.

(\*2) Financial information of Cogentrix Solar Services, LLC includes that of two other subsidiaries, Solar Investments I, LLC and Cogentrix of Alamosa, LLC.

(\*3) Financial information of Energy New Industry Specialized Investment Private Investment Trust includes that of three other subsidiaries, BSK E-New Industry Fund VII, e-New Industry LB Fund 1 and Songhyun e-New Industry Fund.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

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

| <b>Company</b>                  | <b>Nature and extent of any significant restrictions</b>   |
|---------------------------------|--|
| Gyeonggi Green Energy Co., Ltd. | Acquisition or disposal of assets of 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.                   |
| KOSPO Youngnam Power Co., Ltd.  | Dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. Shares cannot be wholly or partially transferred without prior written consent of financial institutions. |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**16. Consolidated Subsidiaries, Continued**

- (5) Details of non-controlling interest prior to intra-group eliminations as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows:

*In millions of won*

| Description   | June 30, 2018            |   |  | Others      | Total       |
|---|--------------------------|---|--|-------------|-------------|
|   | KEPCO Ilijan Corporation | KEPCO Plant Service & Engineering Co., Ltd. | KEPCO Engineering & Construction Company, Inc. |             |             |
| Percentage of ownership   | 49.00%                   | 49.00%                                      | 33.92%   |             |             |
| Current assets  | ₩177,064                 | 629,309                                     | 261,600  | 1,301,573   | 2,369,546   |
| Non-current assets  | 307,939                  | 573,991                                     | 501,782  | 2,776,041   | 4,159,753   |
| Current liabilities   | (12,276)                 | (259,691)                                   | (249,545)                                      | (376,716)   | (898,228)   |
| Non-current liabilities   | (42,038)                 | (45,733)                                    | (65,072)                                       | (2,100,358) | (2,253,201) |
| Net assets  | 430,689                  | 897,876                                     | 448,765  | 1,600,540   | 3,377,870   |
| Book value of non-controlling interest  | 211,037                  | 439,959                                     | 152,221  | 665,564     | 1,468,781   |
| Sales   | 49,006                   | 588,590                                     | 171,920  | 459,146     | 1,268,662   |
| Profit for the period   | 22,363                   | 72,133                                      | 2,779  | 33,443      | 130,718     |
| Profit for the period attributable to non-controlling interest                    | 10,958                   | 35,345                                      | 943  | 11,981      | 59,227      |
| Cash flows from operating activities  | 36,924                   | 33,693                                      | 79,246   | 50,136      | 199,999     |
| Cash flows from investing activities  | (9,039)                  | (9,447)                                     | (31,214)                                       | 20,210      | (29,490)    |
| Cash flows from financing activities before dividends to non-controlling interest | (14,032)                 | (33,737)                                    | (14,592)                                       | (1,915)     | (64,276)    |
| Dividends to non-controlling interest   | (13,482)                 | (32,412)                                    | (2,840)  | (9,734)     | (58,468)    |
| Effect of exchange rate fluctuation   | 3,372                    | 127   | 141  | 6,222       | 9,862       |
| Net increase (decrease) of cash and cash equivalents                              | 3,743                    | (41,776)                                    | 30,741   | 64,919      | 57,627      |



*In millions of won*

| Description   | December 31, 2017        |   |  |             | Total       |
|---|--------------------------|---|--|-------------|-------------|
|   | KEPCO Ilijan Corporation | KEPCO Plant Service & Engineering Co., Ltd. | KEPCO Engineering & Construction Company, Inc. | Others      |             |
| Percentage of ownership   | 49.00%                   | 49.00%                                      | 33.92%   |             |             |
| Current assets  | ₩160,588                 | 623,934                                     | 257,529  | 1,269,175   | 2,311,226   |
| Non-current assets  | 314,036                  | 571,152                                     | 504,637  | 2,588,833   | 3,978,658   |
| Current liabilities   | (21,546)                 | (278,562)                                   | (221,860)                                      | (394,320)   | (916,288)   |
| Non-current liabilities   | (36,255)                 | (16,127)                                    | (83,274)                                       | (2,014,925) | (2,150,581) |
| Net assets  | 416,823                  | 900,397                                     | 457,032  | 1,448,763   | 3,223,015   |
| Book value of non-controlling interest  | 204,243                  | 441,194                                     | 155,025  | 612,245     | 1,412,707   |
| Sales   | 109,183                  | 1,232,113                                   | 490,193  | 719,087     | 2,550,576   |
| Profit for the period   | 66,320                   | 135,482                                     | 21,222   | 66,419      | 289,443     |
| Profit for the period attributable to non-controlling interest                    | 32,497                   | 66,386                                      | 7,199  | 20,447      | 126,529     |
| Cash flows from operating activities  | 123,534                  | 129,801                                     | 62,578   | 60,021      | 375,934     |
| Cash flows from investing activities  | (5,276)                  | (193,408)                                   | (8,622)  | (409,353)   | (616,659)   |
| Cash flows from financing activities before dividends to non-controlling interest | (44,442)                 | (15,606)                                    | (55,504)                                       | 339,432     | 223,880     |
| Dividends to non-controlling interest   | (48,855)                 | (14,994)                                    | (1,419)  | (20,840)    | (86,108)    |
| Effect of exchange rate fluctuation   | (7,432)                  | (1,267)                                     | (101)  | (24,206)    | (33,006)    |
| Net increase (decrease) of cash and cash equivalents                              | 17,529                   | (95,474)                                    | (3,068)  | (54,946)    | (135,959)   |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(i) Details of goodwill as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i> | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---------------------------|----------------------|--------------------------|
| Acquisition cost          | ₩ 2,582              | 2,582                    |
| Accumulated impairment    |                      |                          |
| Carrying book value       | ₩ 2,582              | 2,582                    |

(ii) There are no changes in goodwill for the six-month period ended June 30, 2018 and for the year ended December 31, 2017.

**(7) Disposals of subsidiaries**

The Company liquidated KEPCO Canada Energy Ltd , Cogentrix Solar Services, LLC and Solar Investments I, LLC during the six-month period ended June 30, 2018.

(i) The fair value of proceeds from disposal as of June 30, 2018 is as follows:

| <i>In millions of won</i>                 | <b>June 30, 2018</b> |
|---|----------------------|
| Consideration received in cash            | ₩ 103                |
| Net assets transferred due to dissolution |                      |
| Total                                     | ₩ 103                |

(ii) The carrying value of assets and liabilities of subsidiaries as at the date the Company lost its control during the six-month period ended June 30, 2018 is as follows:

| <i>In millions of won</i>   | <b>June 30, 2018</b> |      |
|-----------------------------|----------------------|------|
| Current assets              |                      |      |
| Cash and cash equivalents   | ₩                    | 117  |
| Trade and other receivables |                      | 11   |
| Current liabilities         |                      |      |
| Trade and other payables    |                      | (28) |
|                             | ₩                    | 100  |

(iii) Gain from disposals of subsidiaries for the six-month period ended June 30, 2018 is as follows:

| <i>In millions of won</i>                | <b>June 30, 2018</b> |       |
|--|----------------------|-------|
| Fair value of sale price                 | ₩                    | 103   |
| Net assets disposed                      |                      | (100) |
| Non-controlling interests                |                      |       |
| Realization of unrealized gain           |                      |       |
| Other comprehensive income               |                      |       |
| Gain from disposals of subsidiaries (*1) | ₩                    | 3     |

(\*1) Gain from disposals of subsidiaries is included in the consolidated statements of comprehensive income.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(iv) Net cashflow from sales of subsidiaries for the six-month period ended June 30, 2018 is as follows:

| <i>In millions of won</i>              | <b>June 30, 2018</b> |       |
|--|----------------------|-------|
| Consideration received in cash         | ₩                    | 103   |
| Less: cash held by disposed subsidiary |                      | (117) |
| Net cash flow                          | ₩                    | (14)  |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures****(1) Investments in associates and joint ventures as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

| Investees   | Key operation activities                             | June 30, 2018 |                         | Acquisition cost | Book value |
|---|--|---------------|-------------------------|------------------|------------|
|   |  | Location      | Percentage of ownership |                  |            |
| <b>&lt;Associates&gt;</b>                             |  |               |                         |                  |            |
| Korea Gas Corporation (*1)                            | Importing and wholesaling LNG                        | KOREA         | 20.47%                  | ₩ 94,500         | 1,754,743  |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering and others                      | KOREA         | 29.00%                  | 4,727            | 22,695     |
| YTN Co., Ltd.   | Broadcasting   | KOREA         | 21.43%                  | 59,000           | 40,590     |
| Cheongna Energy Co., Ltd.                             | Generating and distributing vapor and hot/cold water | KOREA         | 43.90%                  | 48,353           | 6,023      |
| Gangwon Wind Power Co., Ltd. (*2)                     | Power generation                                     | KOREA         | 15.00%                  | 5,725            | 12,686     |
| Hyundai Green Power Co., Ltd.                         | Power generation                                     | KOREA         | 29.00%                  | 88,885           | 120,287    |
| Korea Power Exchange (*5)                             | Management of power market and others                | KOREA         | 100.00%                 | 127,839          | 254,298    |
| AMEC Partners Korea Ltd. (*3)                         | Resources development                                | KOREA         | 19.00%                  | 707              | 212        |
| Hyundai Energy Co., Ltd. (*8)                         | Power generation                                     | KOREA         | 30.66%                  | 71,070           |            |
| Ecollite Co., Ltd.                                    | Artificial light-weight aggregate                    | KOREA         | 36.10%                  | 1,516            |            |
| Taebaek Wind Power Co., Ltd.                          | Power generation                                     | KOREA         | 25.00%                  | 3,810            | 5,200      |
| Taebaek Guinemi Wind Power Co., Ltd.                  | Power generation                                     | KOREA         | 25.00%                  | 3,420            | 3,073      |
| Pyeongchang Wind Power Co., Ltd.                      | Power generation                                     | KOREA         | 25.00%                  | 3,875            | 4,270      |
| Daeryun Power Co., Ltd. (*3, 9)                       | Power generation                                     | KOREA         | 13.13%                  | 25,477           | 22,476     |

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|  |  |             |        |         |         |
|--|--|-------------|--------|---------|---------|
| Changjuk Wind Power Co., Ltd.                | Power generation                                   | KOREA       | 30.00% | 3,801   | 7,376   |
| KNH Solar Co., Ltd.                          | Power generation                                   | KOREA       | 27.00% | 1,296   | 2,159   |
| SPC Power Corporation                        | Power generation                                   | PHILIPPINES | 38.00% | 20,635  | 54,330  |
| Gemeng International Energy Co., Ltd.        | Power generation                                   | CHINA       | 34.00% | 413,153 | 668,055 |
| PT. Cirebon Electric Power                   | Power generation                                   | INDONESIA   | 27.50% | 40,365  | 105,664 |
| KNOC Nigerian East Oil Co., Ltd. (*4)        | Resources development                              | NIGERIA     | 14.63% | 12      |         |
| KNOC Nigerian West Oil Co., Ltd. (*4)        | Resources development                              | NIGERIA     | 14.63% | 12      |         |
| PT Wampu Electric Power                      | Power generation                                   | INDONESIA   | 46.00% | 21,292  | 32,019  |
| PT. Bayan Resources TBK                      | Resources development                              | INDONESIA   | 20.00% | 615,860 | 493,286 |
| S-Power Co., Ltd.                            | Power generation                                   | KOREA       | 49.00% | 132,300 | 115,710 |
| Pioneer Gas Power Limited (*7)               | Power generation                                   | INDIA       | 38.50% | 49,831  | 29,193  |
| Eurasia Energy Holdings                      | Power generation and resources development         | RUSSIA      | 40.00% | 461     |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | Power generation                                   | LAOS        | 25.00% | 78,245  | 73,977  |
| Hadong Mineral Fiber Co., Ltd. (*3)          | Recycling fly ashes                                | KOREA       | 8.33%  | 50      |         |
| Green Biomass Co., Ltd. (*11)                | Power generation                                   | KOREA       | 8.80%  | 714     | 167     |
| PT. Mutiara Jawa                             | Manufacturing and operating floating coal terminal | INDONESIA   | 29.00% | 2,978   |         |
| Samcheok Eco Materials Co., Ltd. (*10)       | Recycling fly ashes                                | KOREA       | 2.35%  | 686     |         |
| Noeul Green Energy Co., Ltd.                 | Power generation                                   | KOREA       | 29.00% | 1,740   | 3,397   |
| Naepo Green Energy Co., Ltd.                 | Power generation                                   | KOREA       | 41.67% | 29,200  | 19,619  |
| Goseong Green Energy Co., Ltd. (*2)          | Power generation                                   | KOREA       | 1.12%  | 2,900   | 2,557   |
| Gangneung Eco Power Co., Ltd. (*2)           | Power generation                                   | KOREA       | 1.61%  | 2,900   | 2,549   |
| Shin Pyeongtaek Power Co., Ltd.              | Power generation                                   | KOREA       | 40.00% | 72,000  | 67,368  |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | Power generation                                   | KOREA       | 28.00% | 194     | 184     |
| Dongducheon Dream Power Co., Ltd.            | Power generation                                   | KOREA       | 33.61% | 111,134 | 38,657  |
| Jinbhuvish Power Generation Pvt. Ltd. (*2)   | Power generation                                   | INDIA       | 5.16%  | 9,000   |         |

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|   |                                 |       |        |       |        |
|---|---------------------------------|-------|--------|-------|--------|
| SE Green Energy Co., Ltd.                 | Power generation                | KOREA | 47.76% | 3,821 | 3,449  |
| Daegu Photovoltaic Co., Ltd.              | Power generation                | KOREA | 29.00% | 1,230 | 1,809  |
| Jeongam Wind Power Co., Ltd.              | Power generation                | KOREA | 40.00% | 5,580 | 3,568  |
| Korea Power Engineering Service Co., Ltd. | Construction and service        | KOREA | 29.00% | 290   | 3,893  |
| Busan Green Energy Co., Ltd.              | Power generation                | KOREA | 29.00% | 5,243 | 9,271  |
| Gunsan Bio Energy Co., Ltd. (*2)          | Power generation                | KOREA | 18.87% | 1,000 |        |
| Korea Electric Vehicle Charging Service   | Electric vehicle charge service | KOREA | 28.00% | 2,604 | 1,652  |
| Ulleungdo Natural Energy Co., Ltd.        | Renewable power generation      | KOREA | 29.85% | 8,000 | 6,181  |
| Korea Nuclear Partners Co., Ltd.          | Electric material agency        | KOREA | 29.00% | 290   | 282    |
| Tamra Offshore Wind Power Co., Ltd.       | Power generation                | KOREA | 27.00% | 8,910 | 10,644 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2018 and December 31, 2017 are as follows, continued:***In millions of won*

| Investees  | June 30, 2018                               |             | Percentage of ownership | Acquisition cost | Book value |
|--|---|-------------|-------------------------|------------------|------------|
|  | Key operation activities                    | Location    |                         |                  |            |
| Korea Electric Power Corporation Fund (*12)                    | Developing electric enterprises             | KOREA       | 98.09%                  | 51,500           | 52,679     |
| Energy Infra Asset Management Co., Ltd. (*3)                   | Asset management                            | KOREA       | 9.90%                   | 297              | 604        |
| Daegu clean Energy Co., Ltd.                                   | Renewable power generation                  | KOREA       | 28.00%                  | 140              | 34         |
| YaksuESS Co., Ltd  | Installing ESS related equipment            | KOREA       | 29.00%                  | 210              | 157        |
| Nepal Water & Energy Development Company Private Limited (*14) | Construction and operation of utility plant | NEPAL       | 62.13%                  | 33,577           | 31,480     |
| Gwangyang Green Energy Co., Ltd.                               | Power generation                            | KOREA       | 20.00%                  | 2,000            | 1,564      |
| PND solar., Ltd  | Power generation                            | KOREA       | 29.00%                  | 1,250            | 1,084      |
|  |   |             |                         | 2,275,605        | 4,091,171  |
| <b>&lt;Joint ventures&gt;</b>                                  |   |             |                         |                  |            |
| KEPCO-Uhde Inc. (*6)   | Power generation                            | KOREA       | 52.80%                  | ₩ 11,355         | 227        |
| Eco Biomass Energy Sdn. Bhd. (*6)                              | Power generation                            | MALAYSIA    | 61.53%                  | 14,439           |            |
| Shuweihat Asia Power Investment B.V.                           | Holding company                             | NETHERLANDS | 49.00%                  | 46,037           | 18,501     |



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|  |  |              |        |         |         |
|--|--|--------------|--------|---------|---------|
| Shuweihaat Asia Operation & Maintenance Company (*6) | Maintenance of utility plant   | CAYMAN       | 55.00% | 30      | 1,113   |
| Waterbury Lake Uranium L.P.                          | Resources development  | CANADA       | 35.76% | 26,602  | 19,630  |
| ASM-BG Investicii AD                                 | Power generation   | BULGARIA     | 50.00% | 16,101  | 20,668  |
| RES Technology AD                                    | Power generation   | BULGARIA     | 50.00% | 15,595  | 15,314  |
| KV Holdings, Inc.                                    | Power generation   | PHILIPPINES  | 40.00% | 2,103   | 1,889   |
| KEPCO SPC Power Corporation (*6)                     | Construction and operation of utility plant                            | PHILIPPINES  | 75.20% | 94,579  | 209,177 |
| Gansu Datang Yumen Wind Power Co., Ltd.              | Power generation   | CHINA        | 40.00% | 16,621  | 10,819  |
| Datang Chifeng Renewable Power Co., Ltd.             | Power generation   | CHINA        | 40.00% | 121,928 | 186,755 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.      | Power generation   | CHINA        | 40.00% | 10,858  | 40,179  |
| Rabigh Electricity Company                           | Power generation   | SAUDI ARABIA | 40.00% | 109,743 | 111,628 |
| Rabigh Operation & Maintenance Company Limited       | Maintenance of utility plant   | SAUDI ARABIA | 40.00% | 70      | 4,228   |
| Jamaica Public Service Company Limited               | Power generation   | JAMAICA      | 40.00% | 301,910 | 231,536 |
| KW Nuclear Components Co., Ltd.                      | Manufacturing  | KOREA        | 45.00% | 833     | 7,710   |
| Busan Shinho Solar Power Co., Ltd.                   | Power generation   | KOREA        | 25.00% | 2,100   | 4,411   |
| GS Donghae Electric Power Co., Ltd.                  | Power generation   | KOREA        | 34.00% | 204,000 | 235,459 |
| Global Trade Of Power System Co., Ltd.               | Exporting products and technology of small or medium business by proxy | KOREA        | 29.00% | 290     | 465     |
| Expressway Solar-light Power Generation Co., Ltd.    | Power generation   | KOREA        | 29.00% | 1,856   | 2,530   |
| Daejung Offshore Wind Power Co., Ltd.                | Power generation   | KOREA        | 49.90% | 5,190   | 2,840   |
| Amman Asia Electric Power Company (*6)               | Power generation   | JORDAN       | 60.00% | 111,476 | 170,913 |
| KAPES, Inc. (*6)                                     | R&D  | KOREA        | 51.00% | 5,629   | 8,595   |
| Dangjin Eco Power Co., Ltd.                          | Power generation   | KOREA        | 34.00% | 61,540  | 20,473  |
| Honam Wind Power Co., Ltd.                           | Power generation   | KOREA        | 29.00% | 3,480   | 4,252   |
| Chun-cheon Energy Co., Ltd.                          | Power generation   | KOREA        | 29.90% | 52,700  | 47,748  |
| Yeonggwangbaeksu Wind Power Co., Ltd. (*3)           |  | KOREA        | 15.00% | 3,000   | 2,794   |

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|                             |                            |           |        |        |        |
|-----------------------------|----------------------------|-----------|--------|--------|--------|
|                             | Power generation           |           |        |        |        |
| Nghi Son 2 Power Ltd.       | Power generation           | VIETNAM   | 50.00% | 2,781  |        |
| Kelar S.A (*6)              | Power generation           | CHILE     | 65.00% | 77,220 | 65,745 |
| PT. Tanjung Power Indonesia | Power generation           | INDONESIA | 35.00% | 746    | 6,936  |
| Incheon New Power Co., Ltd. | Power generation           | KOREA     | 29.00% | 461    | 601    |
| Seokmun Energy Co., Ltd.    | Power generation           | KOREA     | 29.00% | 15,370 | 13,903 |
| Daehan Wind Power PSC (*15) | Power generation           | JORDAN    | 65.00% | 2,484  | 1,514  |
| Barakah One Company (*13)   | Power generation           | UAE       | 18.00% | 118    | 5,321  |
| Nawah Energy Company (*13)  | Operation of utility plant | UAE       | 18.00% | 296    | 275    |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2018 and December 31, 2017 are as follows, continued:***In millions of won*

| Investees                           | Key operation activities   | June 30, 2018 |                         | Acquisition cost | Book value |
|-------------------------------------|--|---------------|-------------------------|------------------|------------|
|                                     |  | Location      | Percentage of ownership |                  |            |
| MOMENTUM                            | International thermonuclear experimental reactor construction management | FRANCE        | 33.33%                  | 1                | 425        |
| Daegu Green Power Co., Ltd.         | Power generation   | KOREA         | 29.00%                  | 46,225           | 43,005     |
| Yeonggwang Wind Power Co., Ltd.     | Power generation   | KOREA         | 41.00%                  | 15,375           | 15,384     |
| Chester Solar IV SpA (*6)           | Power generation   | CHILE         | 81.82%                  | 1,700            | 682        |
| Chester Solar V SpA (*6)            | Power generation   | CHILE         | 81.82%                  | 525              | 69         |
| Diego de Almagro Solar SpA (*6)     | Power generation   | CHILE         | 81.82%                  | 2,091            | 1,332      |
| South Jamaica Power Company Limited | Power generation   | JAMAICA       | 20.00%                  | 14,592           | 14,641     |
| Daesan Green Energy Co., Ltd.       | Power generation   | KOREA         | 35.00%                  | 17,850           | 17,460     |
| RE Holiday Holdings LLC             | Power generation   | USA           | 50.00%                  | 42,948           | 52,208     |
| RE Pioneer Holdings LLC             | Power generation   | USA           | 50.00%                  | 27,891           | 37,477     |
| RE Barren Ridge 1 Holdings LLC      | Power generation   | USA           | 50.00%                  | 28,021           | 37,615     |
| RE Astoria 2 LandCo LLC             | Power generation   | USA           | 50.00%                  | 5,188            | 5,428      |
| RE Barren Ridge LandCo LLC          | Power generation   | USA           | 50.00%                  | 2,187            | 1,912      |

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|                                   |                  |           |        |                    |                  |
|-----------------------------------|------------------|-----------|--------|--------------------|------------------|
| Laurel SpA (*6)                   | Power generation | CHILE     | 81.82% | 1,222              | 782              |
| KIAMCO KOWEPO                     | Power generation |           |        |                    |                  |
| Bannerton Hold Co Pty<br>Ltd (*3) |                  | AUSTRALIA | 12.37% | 4,095              | 4,141            |
|                                   |                  |           |        | 1,549,452          | 1,706,710        |
|                                   |                  |           |        | <b>₩ 3,825,057</b> | <b>5,797,881</b> |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

**(1) Investments in associates and joint ventures as of June 30, 2018 and December 31, 2017 are as follows, continued:**

- (\*1) The effective percentage of ownership is 21.57% considering treasury stocks.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*3) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*4) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions, which can affect its influence on the entity.
- (\*5) The 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 shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For this reason, the entities are classified as joint ventures.
- (\*7) As of reporting date, the annual reporting period of all associates and joint ventures ends on December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (\*8) As of June 30, 2018, 15.64% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 46.30% of ownership.
- (\*9) The effective percentage of ownership is 19.45% considering stock purchase options.
- (\*10) The Company's effective percentage of ownership excluding the redeemable convertible preferred stock is 25.54%.
- (\*11) The effective percentage of ownership is less than 20% but the Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity and the fact that the dominant portion of the investee's sales transactions is generated from the Company.
- (\*12) The effective percentage of ownership is more than 50% but the Company does not hold control over relevant business while it exercises significant influence by participating in the Investment Decision Committee. For this reason, the entity is classified as an associate.
- (\*13)

The effective percentage of ownership is less than 20% but the Company has joint control over the entity as decisions on the major activities require the unanimous consent of the parties that collectively control the entity

- (\*14) The effective percentage of ownership is more than 50% but the Company does not hold control over the entity according to the shareholders' agreement. For this reason, the entity is classified as an associate.
- (\*15) The effective percentage of ownership is more than 50% but according to the shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For this reason, the entity is classified as a joint venture.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2018 and December 31, 2017 are as follows, continued:****December 31, 2017**

| Key operation activities                             | Location    | Percentage of ownership | Acquisition cost | Book value |
|--|-------------|-------------------------|------------------|------------|
| Importing and wholesaling LNG                        | KOREA       | 20.47%                  | ₩ 94,500         | 1,618,868  |
| Electricity metering and others                      | KOREA       | 29.00%                  | 4,727            | 21,838     |
| Broadcasting   | KOREA       | 21.43%                  | 59,000           | 40,606     |
| Generating and distributing vapor and hot/cold water | KOREA       | 43.90%                  | 48,353           | 8,337      |
| Power generation                                     | KOREA       | 15.00%                  | 5,725            | 13,855     |
| Power generation                                     | KOREA       | 29.00%                  | 88,885           | 114,806    |
| Management of power market and others                | KOREA       | 100.00%                 | 127,839          | 237,631    |
| Resources development                                | KOREA       | 19.00%                  | 707              | 215        |
| Power generation                                     | KOREA       | 30.66%                  | 71,070           |            |
| Artificial light-weight aggregate                    | KOREA       | 36.10%                  | 1,516            |            |
| Power generation                                     | KOREA       | 25.00%                  | 3,810            | 5,319      |
| Power generation                                     | KOREA       | 25.00%                  | 3,420            | 3,089      |
| Power generation                                     | KOREA       | 25.00%                  | 3,875            | 4,136      |
| Power generation                                     | KOREA       | 13.13%                  | 25,477           | 25,113     |
| Power generation                                     | KOREA       | 30.00%                  | 3,801            | 7,515      |
| Power generation                                     | KOREA       | 27.00%                  | 1,296            | 2,218      |
| Power generation                                     | PHILIPPINES | 38.00%                  | 20,635           | 52,283     |
| Power generation                                     | CHINA       | 34.00%                  | 413,153          | 649,973    |
| Power generation                                     | INDONESIA   | 27.50%                  | 40,365           | 97,410     |
| Resources development                                | NIGERIA     | 14.63%                  | 12               |            |
| Resources development                                | NIGERIA     | 14.63%                  | 12               |            |
| Power generation                                     | INDONESIA   | 46.00%                  | 21,292           | 29,403     |
| Resources development                                | INDONESIA   | 20.00%                  | 615,860          | 451,831    |
| Power generation                                     | KOREA       | 49.00%                  | 132,300          | 116,945    |
| Power generation                                     | INDIA       | 38.50%                  | 49,831           | 38,659     |
| Power generation and resources development           | RUSSIA      | 40.00%                  | 461              |            |
| Power generation                                     | LAOS        | 25.00%                  | 71,481           | 61,779     |
| Recycling fly ashes                                  | KOREA       | 8.33%                   | 50               |            |

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|                 |  |           |        |         |        |
|-----------------|--|-----------|--------|---------|--------|
|                 | Power generation                                   | KOREA     | 8.80%  | 714     | 208    |
|                 | Manufacturing and operating floating coal terminal | INDONESIA | 29.00% | 2,978   |        |
|                 | Recycling fly ashes                                | KOREA     | 2.35%  | 686     |        |
|                 | Power generation                                   | KOREA     | 29.00% | 1,740   | 2,067  |
|                 | Power generation                                   | KOREA     | 41.67% | 29,200  | 20,598 |
|                 | Power generation                                   | KOREA     | 1.12%  | 2,900   | 2,597  |
|                 | Power generation                                   | KOREA     | 1.61%  | 2,900   | 2,583  |
|                 | Power generation                                   | KOREA     | 40.00% | 43,920  | 34,903 |
|                 | Power generation                                   | KOREA     | 28.00% | 194     | 187    |
|                 | Power generation                                   | KOREA     | 33.61% | 111,134 | 53,233 |
|                 | Power generation                                   | INDIA     | 5.16%  | 9,000   |        |
|                 | Power generation                                   | KOREA     | 47.76% | 3,821   | 3,476  |
|                 | Power generation                                   | KOREA     | 29.00% | 1,230   | 1,718  |
|                 | Power generation                                   | KOREA     | 40.00% | 5,580   | 3,763  |
|                 | Construction and service                           | KOREA     | 29.00% | 290     | 3,659  |
|                 | Power generation                                   | KOREA     | 29.00% | 5,243   | 7,363  |
| Co., Ltd.) (*2) | Power generation                                   | KOREA     | 18.87% | 1,000   |        |
|                 | Electric vehicle charge service                    | KOREA     | 28.00% | 2,604   | 1,749  |
|                 | Renewable power generation                         | KOREA     | 29.85% | 8,000   | 6,370  |
|                 | Electric material agency                           | KOREA     | 29.00% | 290     | 383    |
|                 | Power generation                                   | KOREA     | 27.00% | 8,910   | 8,560  |
|                 | Developing electric enterprises                    | KOREA     | 98.09% | 51,500  | 47,974 |
|                 | Asset management                                   | KOREA     | 9.90%  | 297     | 476    |
|                 | Renewable power generation                         | KOREA     | 28.00% | 140     | 11     |
|                 | Installing ESS related equipment                   | KOREA     | 29.00% | 210     | 194    |
| ted (*15)       | Construction and operation of utility plant        | NEPAL     | 62.13% | 33,577  | 30,498 |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2018 and December 31, 2017 are as follows, continued:**

| <b>December 31, 2017</b>                                       |                 |                                |                         |                   |
|--|-----------------|--------------------------------|-------------------------|-------------------|
| <b>Key operation activities</b>                                | <b>Location</b> | <b>Percentage of ownership</b> | <b>Acquisition cost</b> | <b>Book value</b> |
| eneration  | KOREA           | 20.00%                         | ₩ 2,000                 | 1,772             |
| eneration  | KOREA           | 29.00%                         | 1,250                   | 1,250             |
|  |                 |                                | 2,240,761               | 3,837,421         |
| eneration  | KOREA           | 52.80%                         | 11,355                  | 258               |
| eneration  | MALAYSIA        | 61.53%                         | 14,439                  |                   |
| eneration  | CHINA           | 40.00%                         | 27,660                  | 27,262            |
| company  | NETHERLANDS     | 49.00%                         | 46,037                  | 15,675            |
| ance of utility plant  | CAYMAN          | 55.00%                         | 30                      | 663               |
| s development  | CANADA          | 35.76%                         | 26,602                  | 19,781            |
| eneration  | BULGARIA        | 50.00%                         | 16,101                  | 21,202            |
| eneration  | BULGARIA        | 50.00%                         | 15,595                  | 14,375            |
| eneration  | PHILIPPINES     | 40.00%                         | 2,103                   | 1,918             |
| tion and operation of utility plant                            | PHILIPPINES     | 75.20%                         | 94,579                  | 217,094           |
| eneration  | CHINA           | 40.00%                         | 16,621                  | 10,840            |
| eneration  | CHINA           | 40.00%                         | 121,928                 | 171,055           |
| eneration  | CHINA           | 40.00%                         | 10,858                  | 11,060            |
| eneration  | SAUDI ARABIA    | 40.00%                         | 109,743                 | 99,356            |
| ance of utility plant  | SAUDI ARABIA    | 40.00%                         | 70                      | 3,987             |
| eneration  | JAMAICA         | 40.00%                         | 301,910                 | 221,153           |
| turing   | KOREA           | 45.00%                         | 833                     | 6,703             |
| eneration  | KOREA           | 25.00%                         | 2,100                   | 4,346             |
| eneration  | KOREA           | 34.00%                         | 204,000                 | 220,727           |
| g products and technology of small or medium business by proxy | KOREA           | 29.00%                         | 290                     | 577               |
| eneration  | KOREA           | 29.00%                         | 1,856                   | 2,463             |
| eneration  | USA             | 50.00%                         | 19,213                  |                   |
| eneration  | USA             | 50.00%                         | 12,756                  |                   |

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|   |           |        |                    |                  |
|---|-----------|--------|--------------------|------------------|
| eneration   | KOREA     | 49.90% | 5,190              | 2,969            |
| eneration   | JORDAN    | 60.00% | 111,476            | 145,676          |
|   | KOREA     | 51.00% | 5,629              | 7,476            |
| eneration   | KOREA     | 34.00% | 61,540             | 57,928           |
| eneration   | KOREA     | 29.00% | 3,480              | 4,302            |
| eneration   | KOREA     | 29.90% | 52,700             | 48,118           |
| eneration   | KOREA     | 15.00% | 3,000              | 2,734            |
| eneration   | VIETNAM   | 50.00% | 2,781              | 183              |
| eneration   | CHILE     | 65.00% | 77,220             | 67,233           |
| eneration   | INDONESIA | 35.00% | 746                | 1,776            |
| eneration   | KOREA     | 29.00% | 461                | 619              |
| eneration   | KOREA     | 29.00% | 15,370             | 13,786           |
| eneration   | JORDAN    | 50.00% | 285                |                  |
| eneration   | UAE       | 18.00% | 118                | 626              |
| n of utility plant  | UAE       | 18.00% | 296                | 258              |
| onal thermonuclear experimental reactor construction management | FRANCE    | 33.33% | 1                  | 391              |
| eneration   | KOREA     | 29.00% | 46,225             | 42,391           |
| eneration   | KOREA     | 41.00% | 15,375             | 15,294           |
| eneration   | CHILE     | 81.82% | 1,700              | 1,700            |
| eneration   | CHILE     | 81.82% | 525                | 525              |
| eneration   | CHILE     | 81.82% | 2,091              | 2,091            |
| eneration   | JAMAICA   | 20.00% | 7,090              | 6,704            |
|   |           |        | 1,469,978          | 1,493,275        |
|   |           |        | <b>₩ 3,710,739</b> | <b>5,330,696</b> |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of June 30, 2018 and December 31, 2017 are as follows, continued:**

- (\*1) The effective percentage of ownership is 21.57% considering treasury stocks.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*3) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*4) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions, which can affect its influence on the entity.
- (\*5) The 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 shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (\*7) As of reporting date, the annual reporting period of all associates and joint ventures ends on December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (\*8) As of December 31, 2017, 15.64% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 46.30% of ownership.
- (\*9) The effective percentage of ownership is 19.45% considering stock purchase options.
- (\*10) The Company's effective percentage of ownership excluding the redeemable convertible preferred stock is 25.54%.
- (\*11) The effective percentage of ownership is less than 20% but the Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity and the fact that the dominant portion of the investee's sales transactions is generated from the Company.
- (\*12) The effective percentage of ownership is more than 50% but the Company does not hold control over relevant business while it exercises significant influence by participating in the Investment Decision Committee. For this reason, the entity is classified as an associate.
- (\*13)

The effective percentage of ownership is less than 20% but the Company has joint control over the entity as decisions on the major activities require the unanimous consent of the parties that collectively control the entity

- (\*14) The percentage of ownership decreased since the Company did not participate in the capital increase of Green Biomass Co., Ltd. during the period.
- (\*15) The effective percentage of ownership is more than 50% but the Company does not hold control over the entity according to the shareholders' agreement. For this reason, the entity is classified as an associate.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(2) **The fair value of associates which are actively traded on an open market and have a readily available market value as of June 30, 2018 and December 31, 2017 are as follows:**

*In millions of won*

| Investees   | June 30,<br>2018 | December 31,<br>2017 |
|---|------------------|----------------------|
| <b>&lt;Associates&gt;</b>                             |                  |                      |
| Korea Electric Power Industrial Development Co., Ltd. | ₩ 33,184         | 38,667               |
| Korea Gas Corporation                                 | 1,213,380        | 804,195              |
| YTN Co., Ltd.   | 19,710           | 18,855               |
| SPC Power Corporation                                 | 69,379           | 72,616               |
| PT. Bayan Resources TBK                               | 754,332          | 558,267              |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows :***In millions of won*

| Investees   | June 30, 2018     |             |          |                    |                                      |                            | Ending balance |           |
|---|-------------------|-------------|----------|--------------------|--------------------------------------|----------------------------|----------------|-----------|
|   | Beginning balance | Acquisition | Disposal | Dividends received | Share of comprehensive income (loss) | Other income (loss) Others |                |           |
| <b>&lt;Associates&gt;</b>                             |                   |             |          |                    |                                      |                            |                |           |
| Korea Gas Corporation                                 | ₩ 1,618,868       |             |          |                    | 137,729                              | (2,055)                    | 201            | 1,754,743 |
| Korea Electric Power Industrial Development Co., Ltd. | 21,838            |             |          | (1,872)            | 3,065                                | 45                         | (381)          | 22,695    |
| YTN Co., Ltd.   | 40,606            |             |          | (180)              | 166                                  | (199)                      | 197            | 40,590    |
| Cheongna Energy Co., Ltd.                             | 8,337             |             |          |                    | (2,314)                              |                            |                | 6,023     |
| Gangwon Wind Power Co., Ltd.                          | 13,855            |             |          | (2,272)            | 1,103                                |                            |                | 12,686    |
| Hyundai Green Power Co., Ltd.                         | 114,806           |             |          | (8,888)            | 14,369                               |                            |                | 120,287   |
| Korea Power Exchange                                  | 237,631           |             |          |                    | 11,795                               |                            | 4,872          | 254,298   |
| AMEC Partners Korea Ltd.                              | 215               |             |          |                    | (3)                                  |                            |                | 212       |
| Hyundai Energy Co., Ltd.                              |                   |             |          |                    |                                      |                            |                |           |
| Ecollite Co., Ltd.                                    |                   |             |          |                    |                                      |                            |                |           |
| Taebaek Wind Power Co., Ltd.                          | 5,319             |             |          | (196)              | 77                                   |                            |                | 5,200     |
| Taebaek Guinemi Wind Power Co., Ltd.                  | 3,089             |             |          |                    | (16)                                 |                            |                | 3,073     |
|   | 4,136             |             |          |                    | 134                                  |                            |                | 4,270     |

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|   |         |        |          |          |        |         |
|---|---------|--------|----------|----------|--------|---------|
| Pyeongchang Wind Power Co., Ltd.                  |         |        |          |          |        |         |
| Daeryun Power Co., Ltd.                           | 25,113  |        | (2,637)  |          |        | 22,476  |
| Changjuk Wind Power Co., Ltd.                     | 7,515   |        | (416)    | 277      |        | 7,376   |
| KNH Solar Co., Ltd.                               | 2,218   |        | (59)     |          |        | 2,159   |
| SPC Power Corporation                             | 52,283  |        | (4,727)  | 1,856    | 4,907  | 11      |
| Gemeng International Energy Co., Ltd.             | 649,973 |        |          | 1,504    | 16,578 |         |
| PT. Cirebon Electric Power                        | 97,410  |        | (2,825)  | 4,669    | 1,685  | 4,725   |
| KNOC Nigerian East Oil Co., Ltd.                  |         |        |          | 2,658    | (505)  | (2,153) |
| KNOC Nigerian West Oil Co., Ltd.                  |         |        |          | 2,386    | (445)  | (1,941) |
| PT Wampu Electric Power                           | 29,403  |        |          | 1,185    | 1,431  |         |
| PT. Bayan Resources TBK                           | 451,831 |        | (33,651) | 49,983   | 25,123 |         |
| S-Power Co., Ltd.                                 | 116,945 |        |          | (1,235)  |        |         |
| Pioneer Gas Power Limited                         | 38,659  |        |          | (9,101)  | (365)  |         |
| Eurasia Energy Holdings                           |         |        |          |          |        |         |
| Xe-Pian Xe-Namnoy Power Co., Ltd.                 | 61,779  | 6,764  |          | 2,104    | 3,330  |         |
| Hadong Mineral Fiber Co., Ltd.                    |         |        |          |          |        |         |
| Green Biomass Co., Ltd.                           | 208     |        |          | (41)     |        |         |
| PT. Mutiara Jawa Samcheok Eco Materials Co., Ltd. |         |        |          |          |        |         |
| Noeul Green Energy Co., Ltd.                      | 2,067   |        |          | 1,067    |        | 263     |
| Naepo Green Energy Co., Ltd.                      | 20,598  |        |          | (979)    |        |         |
| Goseong Green Energy Co., Ltd.                    | 2,597   |        |          | (40)     |        |         |
| Gangneung Eco Power Co., Ltd.                     | 2,583   |        |          | (34)     |        |         |
| Shin Pyeongtaek Power Co., Ltd.                   | 34,903  | 28,080 |          | (2,325)  | 3,105  | 3,605   |
| Heang Bok Do Si Photovoltaic Power Co., Ltd.      | 187     |        |          | (3)      |        |         |
|   | 53,233  |        |          | (14,576) |        |         |

|   |       |       |       |       |        |
|---|-------|-------|-------|-------|--------|
| Dongducheon<br>Dream Power Co.,<br>Ltd.         |       |       |       |       |        |
| Jinhuvish Power<br>Generation Pvt. Ltd.         |       |       |       |       |        |
| SE Green Energy<br>Co., Ltd.                    | 3,476 | (27)  |       | 3,449 |        |
| Daegu Photovoltaic<br>Co., Ltd.                 | 1,718 | (128) | 219   | 1,809 |        |
| Jeongam Wind<br>Power Co., Ltd.                 | 3,763 | (195) |       | 3,568 |        |
| Korea Power<br>Engineering Service<br>Co., Ltd. | 3,659 | (218) | 452   | 3,893 |        |
| Busan Green Energy<br>Co., Ltd.                 | 7,363 |       | 1,765 | 143   | 9,271  |
| Gunsan Bio Energy<br>Co., Ltd.                  |       |       |       |       |        |
| Korea Electric<br>Vehicle Charging<br>Service   | 1,749 | (97)  |       | 1,652 |        |
| Ulleungdo Natural<br>Energy Co., Ltd.           | 6,370 | (189) |       | 6,181 |        |
| Korea Nuclear<br>Partners Co., Ltd.             | 383   | (101) |       | 282   |        |
| Tamra Offshore<br>Wind Power Co.,<br>Ltd.       | 8,560 |       | 2,084 |       | 10,644 |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows, continued:**

won

|                                     | June 30, 2018 |             |           | Other    |               |          |           |
|-------------------------------------|---------------|-------------|-----------|----------|---------------|----------|-----------|
|                                     | Beginning     | Acquisition | Dividends | Share of | comprehensive | Others   | Ending    |
|                                     | balance       | Disposals   | received  | income   | income        |          | balance   |
|                                     |               |             |           | (loss)   | (loss)        |          |           |
| Electric Power Corporation Fund     | ₩ 47,974      |             |           | (1,190)  | 5,895         |          | 52,679    |
| Asset Management Co., Ltd.          | 476           |             |           | 128      |               |          | 604       |
| Energy Co., Ltd.                    | 11            |             |           | 23       |               |          | 34        |
| Co., Ltd.                           | 194           |             |           | (37)     |               |          | 157       |
| & Energy Development Company        |               |             |           |          |               |          |           |
| ed                                  | 30,498        |             |           | (341)    | 1,323         |          | 31,480    |
| Green Energy Co., Ltd.              | 1,772         |             |           | (208)    |               |          | 1,564     |
| td                                  | 1,250         |             |           | (166)    |               |          | 1,084     |
|                                     | 3,837,421     | 34,844      | (55,373)  | 204,884  | 59,853        | 9,542    | 4,091,171 |
| res>                                |               |             |           |          |               |          |           |
| Inc.                                | 258           |             |           | (31)     |               |          | 227       |
| Energy Sdn. Bhd.                    |               |             |           |          |               |          |           |
| Yang Renewable Power Co., Ltd. (*3) | 27,262        |             |           | 743      | 1,009         | (29,014) |           |
| ia Power Investment B.V.            | 15,675        |             | (388)     | 2,016    | 1,198         |          | 18,501    |
| ia Operation & Maintenance          |               |             |           |          |               |          |           |
|                                     | 663           |             |           | 402      | 48            |          | 1,113     |
| ke Uranium L.P.                     | 19,781        |             |           | (8)      | (143)         |          | 19,630    |
| esticii AD                          | 21,202        |             | (1,039)   | 1,228    | (723)         |          | 20,668    |
| ogy AD                              | 14,375        |             |           | 706      | 233           |          | 15,314    |
| Inc.                                | 1,918         |             | (484)     | 519      | (64)          |          | 1,889     |
| Power Corporation                   | 217,094       |             | (21,998)  | 23,691   | (9,606)       | (4)      | 209,177   |
| y Yumen Wind Power Co., Ltd.        | 10,840        |             |           | (402)    | 381           |          | 10,819    |
| ng Renewable Power Co., Ltd.        | 171,055       |             |           | 9,652    | 6,048         |          | 186,755   |
| CO Chaoyang Renewable Power Co.,    |               |             |           |          |               |          |           |
|                                     | 11,060        |             |           | (276)    | 381           | 29,014   | 40,179    |

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|  |         |          |          |        |         |
|--|---------|----------|----------|--------|---------|
| Electricity Company                    | 99,356  | (16,151) | 4,445    | 23,978 | 111,628 |
| Construction & Maintenance Company     | 3,987   | (1,147)  | 1,309    | 79     | 4,228   |
| Electric Service Company Limited       | 221,153 |          |          | 10,383 | 231,536 |
| Electric Components Co., Ltd.          | 6,703   | (208)    | 1,215    |        | 7,710   |
| Green Solar Power Co., Ltd.            | 4,346   | (340)    | 405      |        | 4,411   |
| Hydro Electric Power Co., Ltd.         | 220,727 |          | 14,732   |        | 235,459 |
| Hydro Of Power System Co., Ltd.        | 577     |          | (112)    |        | 465     |
| Solar-light Power Generation Co., Ltd. | 2,463   |          | 67       |        | 2,530   |
| US I LLC (*1)                          |         |          |          |        |         |
| US II LLC (*2)                         |         |          |          |        |         |
| Offshore Wind Power Co., Ltd.          | 2,969   |          | (129)    |        | 2,840   |
| Power Electric Power Company           | 145,676 |          | 9,410    | 15,827 | 170,913 |
| Power Co., Ltd.                        | 7,476   |          | 1,260    | (141)  | 8,595   |
| Power Co., Ltd.                        | 57,928  |          | (37,455) | (65)   | 20,473  |
| Power Co., Ltd.                        | 4,302   | (348)    | 298      |        | 4,252   |
| Power Energy Co., Ltd.                 | 48,118  |          | (370)    |        | 47,748  |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows, continued:***In millions of won*

| Investees                                | June 30, 2018        |             |          |                       |                              |  |                   |
|--|----------------------|-------------|----------|-----------------------|------------------------------|--|-------------------|
|  | Beginning<br>balance | Acquisition | Disposal | Dividends<br>received | Share of<br>income<br>(loss) | Other<br>comprehensive<br>income<br>(loss)<br>Others | Ending<br>balance |
| Yeonggwangbaeksu<br>Wind Power Co., Ltd. | ₩ 2,734              |             |          |                       | 60                           |  | 2,794             |
| Nghi Son 2 Power<br>Ltd.                 | 183                  |             |          |                       | (186)                        | 3  |                   |
| Kelar S.A                                | 67,233               |             |          |                       | 3,616                        | (8,068)  | 2,964             |
| PT. Tanjung Power<br>Indonesia           | 1,776                |             |          |                       | 1,619                        | 3,541  |                   |
| Incheon New Power<br>Co., Ltd.           | 619                  |             |          | (41)                  | 23                           |  | 601               |
| Seokmun Energy Co.,<br>Ltd.              | 13,786               |             |          |                       | 117                          |  | 13,903            |
| Daehan Wind Power<br>PSC                 |                      | 1,581       |          |                       | (688)                        | 3  | 618               |
| Barakah One<br>Company                   | 626                  |             |          |                       | 2,714                        | 1,981  | 5,321             |
| Nawah Energy<br>Company                  | 258                  |             |          |                       | 4                            | 13   | 275               |
| MOMENTUM                                 | 391                  |             |          |                       | 41                           | (7)  | 425               |
| Daegu Green Power<br>Co., Ltd.           | 42,391               |             |          |                       | 614                          |  | 43,005            |
| Yeonggwang Wind<br>Power Co., Ltd.       | 15,294               |             |          |                       | 90                           |  | 15,384            |
| Chester Solar IV SpA                     | 1,700                |             |          |                       | (902)                        | (27)   | (89)              |
| Chester Solar V SpA                      | 525                  |             |          |                       | (426)                        | 3  | (33)              |
| Diego de Almagro<br>Solar SpA            | 2,091                |             |          |                       | (583)                        | (58)   | (118)             |
|  | 6,704                | 7,502       |          |                       | (70)                         | 505  | 14,641            |

|   |             |         |          |         |         |        |           |
|---|-------------|---------|----------|---------|---------|--------|-----------|
| South Jamaica Power Company Limited     |             |         |          |         |         |        |           |
| Daesan Green Energy Co., Ltd.           | 17,850      |         | (390)    |         |         |        | 17,460    |
| RE Holiday Holdings LLC                 | 42,948      |         | (112)    | 9,372   |         |        | 52,208    |
| RE Pioneer Holdings LLC                 | 27,891      |         | (542)    | 10,128  |         |        | 37,477    |
| RE Barren Ridge 1 Holdings LLC          | 28,021      |         | (984)    | 10,674  | (96)    |        | 37,615    |
| RE Astoria 2 LandCo LLC                 | 5,188       |         | (421)    | 661     |         |        | 5,428     |
| RE Barren Ridge LandCo LLC              | 2,187       |         | (168)    | (107)   |         |        | 1,912     |
| Laurel SpA                              | 1,222       |         | (447)    | (30)    | 37      |        | 782       |
| KIAMCO KOWEPO Bannerton Hold Co Pty Ltd | 4,095       |         | (6)      | 52      |         |        | 4,141     |
|   | 1,493,275   | 138,485 | (44,371) | 69,243  | 46,779  | 3,299  | 1,706,710 |
|   | ₩ 5,330,696 | 173,329 | (99,744) | 274,127 | 106,632 | 12,841 | 5,797,881 |

(\*1) The Company reclassified its shares of KODE NOVUS I LLC to available-for-sale financial assets during the six-month period ended June 30, 2018 due to non-participation of capital increase that resulted in loss of significant influence.

(\*2) The Company sold all of its shares of KODE NOVUS II LLC during the six-month period ended June 30, 2018.

(\*3) Datang Chaoyang Renewable Power Co., Ltd. was merged with Datang KEPCO Chaoyang Renewable Power Co., Ltd. during the six-month period ended June 30, 2018.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows, continued:***In millions of  
won*

| Investees   | December 31, 2017    |             |          |                       |                              |  |                   |           |
|---|----------------------|-------------|----------|-----------------------|------------------------------|--|-------------------|-----------|
|   | Beginning<br>balance | Acquisition | Disposal | Dividends<br>received | Share of<br>income<br>(loss) | Other<br>comprehensive<br>income<br>(loss)<br>Others | Ending<br>balance |           |
| <b>&lt;Associates&gt;</b>                             |                      |             |          |                       |                              |  |                   |           |
| Korea Gas Corporation                                 | ₩ 1,933,877          |             |          |                       | (242,232)                    | (72,648)   | (129)             | 1,618,868 |
| Korea Electric Power Industrial Development Co., Ltd. | 20,475               |             |          | (2,061)               | 3,428                        | 102  | (106)             | 21,838    |
| YTN Co., Ltd.   | 38,156               |             |          | (135)                 | 1,095                        | 929  | 561               | 40,606    |
| Cheongna Energy Co., Ltd.                             | 12,373               |             |          |                       | (4,036)                      |  |                   | 8,337     |
| Gangwon Wind Power Co., Ltd.                          | 13,069               |             |          | (852)                 | 1,638                        |  |                   | 13,855    |
| Hyundai Green Power Co., Ltd.                         | 115,998              |             |          | (8,889)               | 7,697                        |  |                   | 114,806   |
| Korea Power Exchange                                  | 223,238              |             |          |                       | 8,831                        |  | 5,562             | 237,631   |
| AMEC Partners Korea Ltd.                              | 225                  |             |          |                       | (10)                         |  |                   | 215       |
| Hyundai Energy Co., Ltd.                              | 1,031                |             |          |                       | (3,498)                      |  | 2,467             |           |
| Ecollite Co., Ltd.                                    |                      |             |          |                       |                              |  |                   |           |
| Taebaek Wind Power Co., Ltd.                          | 4,750                |             |          |                       | 569                          |  |                   | 5,319     |
| Taebaek   | 3,131                |             |          |                       | (42)                         |  |                   | 3,089     |
| Guinemi Wind  |                      |             |          |                       |                              |  |                   |           |

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|   |         |        |          |          |          |          |         |
|---|---------|--------|----------|----------|----------|----------|---------|
| Power Co., Ltd.                             |         |        |          |          |          |          |         |
| Pyeongchang<br>Wind Power<br>Co., Ltd.      | 3,383   |        | 753      |          |          | 4,136    |         |
| Daeryun Power<br>Co., Ltd.                  | 29,873  |        | (4,762)  |          | 2        | 25,113   |         |
| Changjuk Wind<br>Power Co., Ltd.            | 6,930   |        | (111)    | 696      |          | 7,515    |         |
| KNH Solar Co.,<br>Ltd.                      | 2,073   |        |          | 145      |          | 2,218    |         |
| SPC Power<br>Corporation                    | 56,818  |        | (5,562)  | 4,310    | (3,276)  | (7)      | 52,283  |
| Gemeng<br>International<br>Energy Co., Ltd. | 680,065 |        | (13,365) | 6,953    | (23,680) |          | 649,973 |
| PT. Cirebon<br>Electric Power               | 96,658  |        | (550)    | 10,685   | 2,232    | (11,615) | 97,410  |
| KNOC Nigerian<br>East Oil Co.,<br>Ltd.      |         |        |          | (1,914)  | 1,536    | 378      |         |
| KNOC Nigerian<br>West Oil Co.,<br>Ltd.      |         |        |          | (1,712)  | 1,407    | 305      |         |
| PT Wampu<br>Electric Power                  | 23,188  |        |          | 9,336    |          | (3,121)  | 29,403  |
| PT. Bayan<br>Resources TBK                  | 402,667 |        |          | 34,122   | 14,982   | 60       | 451,831 |
| S-Power Co.,<br>Ltd.                        | 123,912 |        |          | (6,982)  |          | 15       | 116,945 |
| Pioneer Gas<br>Power Limited                | 50,740  |        |          | (11,119) | (1,238)  | 276      | 38,659  |
| Eurasia Energy<br>Holdings                  |         |        |          |          |          |          |         |
| Xe-Pian<br>Xe-Namnoy<br>Power Co., Ltd.     | 51,544  | 22,362 |          | (4,264)  | (7,863)  |          | 61,779  |
| Hadong Mineral<br>Fiber Co., Ltd.           |         |        |          | (31)     |          | 31       |         |
| Green Biomass<br>Co., Ltd.                  | 47      |        |          | (112)    |          | 273      | 208     |
| PT. Mutiara<br>Jawa                         |         |        |          |          |          |          |         |
| Samcheok Eco<br>Materials Co.,<br>Ltd.      |         |        |          |          |          |          |         |
| Noeul Green<br>Energy Co., Ltd.             | 1,217   |        |          | 850      |          |          | 2,067   |
| Naepo Green<br>Energy Co., Ltd.             |         |        |          |          |          |          |         |
| (*2)  | 25,438  |        |          | (1,400)  |          | (3,440)  | 20,598  |
|   | 2,663   |        |          | (66)     |          |          | 2,597   |

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|   |        |         |          |         |         |
|---|--------|---------|----------|---------|---------|
| Goseong Green Energy Co., Ltd.                                      |        |         |          |         |         |
| Gangneung Eco Power Co., Ltd.                                       | 2,646  |         | (63)     |         | 2,583   |
| Shin Pyeongtaek Power Co., Ltd.                                     | 43,880 |         | (10,998) | (3,617) | 5,638   |
| Heang Bok Do Si Photovoltaic Power Co., Ltd.                        | 181    |         | 6        |         | 187     |
| DS POWER Co., Ltd. (*4)   | 7,190  |         | (1,321)  |         | (5,869) |
| Dongducheon Dream Power Co., Ltd. (*1,3)                            | 46,876 |         | (10,980) |         | 17,337  |
| KS Solar Co., Ltd.  | 604    | (613)   |          | 9       |         |
| Jimbhuvish Power Generation Pvt. Ltd.                               |        |         |          |         |         |
| SE Green Energy Co., Ltd.   | 3,525  |         | (49)     |         | 3,476   |
| Daegu Photovoltaic Co., Ltd.  | 1,700  |         | (349)    | 367     | 1,718   |
| Jeongam Wind Power Co., Ltd.  | 4,000  |         | (237)    |         | 3,763   |
| Korea Power Engineering Service Co., Ltd.                           | 2,810  |         | (191)    | 1,030   | 10      |
| Busan Green Energy Co., Ltd.  | 13,803 | (9,320) |          | 2,884   | (4)     |
| Gunsan Bio Energy Co., Ltd. (formerly, Jungbu Bio Energy Co., Ltd.) |        |         |          |         |         |
| Korea Electric Vehicle Charging Service                             | 1,103  | 1,008   |          | (362)   |         |
| Ulleungdo Natural Energy Co., Ltd.                                  | 6,894  |         |          | (524)   |         |
| Korea Nuclear Partners Co., Ltd.                                    | 248    |         |          | 135     |         |
| Tamra Offshore Wind Power   | 7,015  |         |          | 1,545   |         |

Co., Ltd.



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows, continued:***In millions of  
won*

| Investees  | December 31, 2017    |             |          |                       |                              |  |       | Ending<br>balance |
|--|----------------------|-------------|----------|-----------------------|------------------------------|--|-------|-------------------|
|  | Beginning<br>balance | Acquisition | Disposal | Dividends<br>received | Share of<br>income<br>(loss) | Other<br>comprehensive<br>income<br>(loss)<br>Others |       |                   |
| Korea Electric<br>Power<br>Corporation Fund                          | ₩ 50,856             |             |          |                       | (2,171)                      | (711)  |       | 47,974            |
| Energy Infra<br>Asset<br>Management Co.,<br>Ltd.                     | 259                  |             |          |                       | 217                          |  |       | 476               |
| Daegu clean<br>Energy Co., Ltd.                                      | 140                  |             |          |                       | (129)                        |  |       | 11                |
| YaksuESS Co.,<br>Ltd   | 196                  |             |          |                       | (2)                          |  |       | 194               |
| Nepal Water &<br>Energy<br>Development<br>Company<br>Private Limited | 18,667               | 15,009      |          |                       | (677)                        | (2,501)  |       | 30,498            |
| Gwangyang<br>Green Energy<br>Co., Ltd.                               |                      | 2,000       |          |                       | (228)                        |  |       | 1,772             |
| PND solar., Ltd  |                      | 1,250       |          |                       |                              |  |       | 1,250             |
|  | 4,092,252            | 85,509      | (9,933)  | (32,065)              | (212,629)                    | (94,337)   | 8,624 | 3,837,421         |

**<Joint  
ventures>**

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|   |         |          |         |          |       |         |
|---|---------|----------|---------|----------|-------|---------|
| KEPCO-Uhde<br>Inc.  | 301     |          | (43)    |          |       | 258     |
| Eco Biomass<br>Energy Sdn. Bhd.<br>Datang<br>Chaoyang<br>Renewable<br>Power Co., Ltd.                 | 28,239  | (839)    | 840     | (978)    |       | 27,262  |
| Shuweihat Asia<br>Power<br>Investment B.V.<br>Shuweihat Asia<br>Operation &<br>Maintenance<br>Company | 450     | (770)    | 1,055   | (172)    | 100   | 663     |
| Waterbury Lake<br>Uranium L.P.  | 21,314  |          | (23)    | (949)    | (561) | 19,781  |
| ASM-BG<br>Investicii AD   | 21,488  | (946)    | (150)   | 810      |       | 21,202  |
| RES Technology<br>AD  | 13,582  |          | 1,053   | (260)    |       | 14,375  |
| KV Holdings,<br>Inc.  | 2,098   |          | 61      | (241)    |       | 1,918   |
| KEPCO SPC<br>Power<br>Corporation   | 245,367 | (37,443) | 42,359  | (33,230) | 41    | 217,094 |
| Canada Korea<br>Uranium Limited<br>partnership<br>Gansu Datang<br>Yumen Wind<br>Power Co., Ltd.       | 12,821  |          | (1,299) | (682)    |       | 10,840  |
| Datang Chifeng<br>Renewable<br>Power Co., Ltd.  | 166,535 |          | 14,079  | (9,559)  |       | 171,055 |
| Datang KEPCO<br>Chaoyang<br>Renewable<br>Power Co., Ltd.  | 10,843  |          | 837     | (620)    |       | 11,060  |
| Rabigh<br>Electricity<br>Company  | 97,802  | (18,112) | 35,769  | (15,227) | (876) | 99,356  |
| Rabigh<br>Operation &<br>Maintenance<br>Company<br>Limited  | 4,427   | (2,130)  | 2,236   | (546)    |       | 3,987   |
| Jamaica Public<br>Service Company<br>Limited  | 249,453 |          |         | (28,300) |       | 221,153 |
|   | 7,133   | (208)    | (222)   |          |       | 6,703   |

|   |         |       |          |         |          |         |
|---|---------|-------|----------|---------|----------|---------|
| KW Nuclear Components Co., Ltd.                   |         |       |          |         |          |         |
| Busan Shinho Solar Power Co., Ltd.                | 3,814   |       | (63)     | 595     |          | 4,346   |
| GS Donghae Electric Power Co., Ltd.               | 205,948 |       |          | 14,714  | 65       | 220,727 |
| Global Trade Of Power System Co., Ltd.            | 477     |       |          | 100     |          | 577     |
| Expressway Solar-light Power Generation Co., Ltd. | 2,343   |       |          | 120     |          | 2,463   |
| KODE NOVUS I LLC                                  |         |       |          |         |          |         |
| KODE NOVUS II LLC                                 |         |       |          |         |          |         |
| Daejung Offshore Wind Power Co., Ltd.             | 3,015   | 200   |          | (246)   |          | 2,969   |
| Amman Asia Electric Power Company                 | 153,857 |       | (12,213) | 19,957  | (15,925) | 145,676 |
| KAPES, Inc.                                       | 4,758   |       |          | 2,752   | (34)     | 7,476   |
| Dangjin Eco Power Co., Ltd.                       | 53,253  | 5,440 |          | (752)   | (3)      | (10)    |
| Honam Wind Power Co., Ltd.                        | 4,451   |       | (487)    | 338     |          | 4,302   |
| Chun-cheon Energy Co., Ltd.                       | 50,592  |       |          | (2,474) |          | 48,118  |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows, continued:***In millions of won*

| Investees                             | December 31, 2017 |             |          |                    |                        |                                   |        | Ending balance |
|---------------------------------------|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|--------|----------------|
|                                       | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others |                |
| Yeonggwangbaeksu Wind Power Co., Ltd. | ₩ 2,689           |             |          |                    | 45                     |                                   |        | 2,734          |
| Nghi Son 2 Power Ltd.                 | 229               | 993         |          |                    | (1,039)                |                                   |        | 183            |
| Kelar S.A                             |                   | 73,040      |          |                    | (633)                  | (5,175)                           | 1      | 67,233         |
| PT. Tanjung Power Indonesia           | 1,946             |             |          |                    | 2,112                  | (2,281)                           | (1)    | 1,776          |
| Incheon New Power Co., Ltd.           | 563               |             |          |                    | 56                     |                                   |        | 619            |
| Seokmun Energy Co., Ltd.              | 391               | 14,790      |          |                    | (1,219)                | (176)                             |        | 13,786         |
| Daehan Wind Power PSC                 | 16                |             |          |                    | (40)                   | 22                                | 2      |                |
| Barakah One Company                   | 116               |             |          |                    | 570                    | (60)                              |        | 626            |
| Nawah Energy Company                  | 290               |             |          |                    | (5)                    | (27)                              |        | 258            |
| MOMENTUM                              | 67                |             |          |                    | 321                    | 3                                 |        | 391            |
| Daegu Green Power Co., Ltd.           | 47,528            |             |          |                    | (5,133)                |                                   | (4)    | 42,391         |
| Yeonggwang Wind Power Co., Ltd.       |                   | 15,375      |          |                    | (25)                   | (56)                              |        | 15,294         |
| Chester Solar IV SpA                  |                   | 1,700       |          |                    |                        |                                   |        | 1,700          |
|                                       |                   | 525         |          |                    |                        |                                   |        | 525            |

|   |             |         |         |           |          |           |         |           |
|---|-------------|---------|---------|-----------|----------|-----------|---------|-----------|
| Chester Solar V<br>SpA                    |             |         |         |           |          |           |         |           |
| Diego de Almagro<br>Solar SpA             | 2,091       |         |         |           |          |           |         | 2,091     |
| South Jamaica<br>Power Company<br>Limited | 7,090       |         |         |           |          | (386)     |         | 6,704     |
|   | 1,418,196   | 121,244 |         | (74,918)  | 130,941  | (101,175) | (1,013) | 1,493,275 |
|   | ₩ 5,510,448 | 206,753 | (9,933) | (106,983) | (81,688) | (195,512) | 7,611   | 5,330,696 |

- (\*1) It was determined that there is objective evidence of impairment due to prolonged operating losses. As a result, the Company recognized an impairment loss of ₩23,798 million in impairment loss on investments in associates and joint ventures for the year ended December 31, 2017.
- (\*2) It was determined that there is objective evidence of impairment due to prolonged operating losses. As a result, the Company recognized an impairment loss of ₩3,440 million in impairment loss on investments in associates and joint ventures for the year ended December 31, 2017.
- (\*3) Others include ₩41,170 million of assets held-for-sale (note 41).
- (\*4) Others include ₩4,438 million of assets held-for-sale (note 41), and also include ₩1,439 million of available-for-sale financial assets which is reclassified due to loss of significant influence.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows:***In millions of won*

| Investees   | June 30, 2018 |                   |            | Profit (loss) for the period |
|---|---------------|-------------------|------------|------------------------------|
|   | Total assets  | Total liabilities | Sales      |                              |
| <b>&lt;Associates&gt;</b>                             |               |                   |            |                              |
| Korea Gas Corporation (*1)                            | ₩ 37,286,342  | 28,519,097        | 13,828,064 | 640,539                      |
| Korea Electric Power Industrial Development Co., Ltd. | 157,945       | 79,686            | 164,017    | 13,351                       |
| YTN Co., Ltd.   | 282,763       | 93,302            | 58,887     | (156)                        |
| Cheongna Energy Co., Ltd.                             | 431,228       | 423,081           | 37,249     | (5,277)                      |
| Gangwon Wind Power Co., Ltd.                          | 87,547        | 3,297             | 15,089     | 7,368                        |
| Hyundai Green Power Co., Ltd.                         | 1,236,350     | 821,569           | 234,762    | 43,225                       |
| Korea Power Exchange                                  | 282,986       | 28,688            | 53,376     | 11,795                       |
| AMEC Partners Korea Ltd.                              | 1,117         | 2                 |            | (9)                          |
| Hyundai Energy Co., Ltd.                              | 488,452       | 517,857           | 54,135     | (6,584)                      |
| Ecollite Co., Ltd.                                    | 2,009         | 324               |            | (16)                         |
| Taebaek Wind Power Co., Ltd.                          | 39,368        | 16,942            | 4,153      | 1,934                        |
| Taebaek Guinemi Wind Power Co., Ltd.                  | 12,360        | 67                |            | (64)                         |
| Pyeongchang Wind Power Co., Ltd.                      | 80,260        | 61,802            | 4,966      | 1,032                        |
| Daeryun Power Co., Ltd.                               | 770,238       | 659,910           | 89,984     | (13,601)                     |
| Changjuk Wind Power Co., Ltd.                         | 35,368        | 9,532             | 4,079      | 2,173                        |
| KNH Solar Co., Ltd.                                   | 23,241        | 15,083            | 1,535      | (60)                         |
| SPC Power Corporation                                 | 226,896       | 26,149            | 22,939     | 19,805                       |
| Gemeng International Energy Co., Ltd.                 | 6,556,753     | 4,591,885         | 883,588    | 39,164                       |
| PT. Cirebon Electric Power                            | 898,806       | 514,573           | 137,765    | 16,018                       |
| KNOC Nigerian East Oil Co., Ltd.                      | 79,315        | 152,433           |            | (108)                        |
| KNOC Nigerian West Oil Co., Ltd.                      | 70,939        | 138,073           |            | (94)                         |
| PT Wampu Electric Power                               | 225,877       | 156,270           | 12,450     | 6,232                        |
| PT. Bayan Resources TBK                               | 1,145,569     | 422,129           | 720,030    | 225,518                      |
| S-Power Co., Ltd.                                     | 821,112       | 581,334           | 250,988    | (3,847)                      |
| Pioneer Gas Power Limited                             | 323,866       | 306,080           |            | (23,641)                     |
| Eurasia Energy Holdings                               | 574           | 1,024             |            |                              |
| Xe-Pian Xe-Namnoy Power Co., Ltd.                     | 978,712       | 678,971           |            | 8,773                        |

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|  |           |           |         |          |
|--|-----------|-----------|---------|----------|
| Hadong Mineral Fiber Co., Ltd.                           | 203       | 231       |         |          |
| Green Biomass Co., Ltd.                                  | 5,537     | 3,643     | 715     | (467)    |
| PT. Mutiara Jawa   | 27,961    | 28,990    | 8,290   | 1,643    |
| Samcheok Eco Materials Co., Ltd.                         | 25,412    | 2,833     | 418     | (726)    |
| Noeul Green Energy Co., Ltd.                             | 131,629   | 119,916   | 23,844  | 3,523    |
| Naepo Green Energy Co., Ltd.                             | 117,034   | 69,953    | 3,710   | (2,349)  |
| Goseong Green Energy Co., Ltd.                           | 1,636,574 | 1,400,251 |         | (3,246)  |
| Gangneung Eco Power Co., Ltd.                            | 656,159   | 491,861   |         | (2,212)  |
| Shin Pyeongtaek Power Co., Ltd.                          | 435,702   | 278,174   |         | (2,175)  |
| Heang Bok Do Si Photovoltaic Power Co., Ltd.             | 2,669     | 2,018     | 189     | (11)     |
| Dongducheon Dream Power Co., Ltd.                        | 1,510,743 | 1,345,317 | 408,777 | (25,063) |
| Jinbhuvish Power Generation Pvt. Ltd.                    | 64,348    | 13,289    |         |          |
| SE Green Energy Co., Ltd.                                | 7,221     |           |         | (57)     |
| Daegu Photovoltaic Co., Ltd.                             | 16,913    | 10,674    | 1,944   | 979      |
| Jeongam Wind Power Co., Ltd.                             | 91,908    | 82,989    |         | (400)    |
| Korea Power Engineering Service Co., Ltd.                | 14,258    | 834       | 8,576   | 1,560    |
| Busan Green Energy Co., Ltd.                             | 194,779   | 162,810   | 33,614  | 6,085    |
| Gunsan Bio Energy Co., Ltd.                              | 8,991     | 18,371    |         | (2,129)  |
| Korea Electric Vehicle Charging Service                  | 13,215    | 7,314     | 3,790   | (344)    |
| Ulleungdo Natural Energy Co., Ltd.                       | 22,587    | 1,877     |         | (631)    |
| Korea Nuclear Partners Co., Ltd.                         | 993       | 22        | 60      | (338)    |
| Tamra Offshore Wind Power Co., Ltd.                      | 171,933   | 132,511   | 11,852  | 4,977    |
| Korea Electric Power Corporation Fund                    | 53,972    | 270       | 210     | (1,347)  |
| Energy Infra Asset Management Co., Ltd.                  | 6,292     | 192       | 2,882   | 1,575    |
| Daegu clean Energy Co., Ltd.                             | 435       | 312       |         | (129)    |
| YaksuESS Co., Ltd  | 6,741     | 6,204     | 517     | 216      |
| Nepal Water & Energy Development Company Private Limited | 55,125    | 7,076     |         | (540)    |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows, continued:***In millions of won*

|  | <b>June 30, 2018</b> |                          |              | <b>Profit (loss) for<br/>the period</b> |
|--|----------------------|--------------------------|--------------|---|
| <b>Investees</b>                                     | <b>Total assets</b>  | <b>Total liabilities</b> | <b>Sales</b> |   |
| Gwangyang Green Energy Co., Ltd.                     | ₩ 28,168             | 20,434                   |              | (1,038)                                 |
| PND solar., Ltd                                      | 37,180               | 33,974                   |              | (575)                                   |
| <b>&lt;Joint ventures&gt;</b>                        |                      |                          |              |   |
| KEPCO-Uhde Inc.                                      | 455                  | 8                        | 18           | (60)                                    |
| Eco Biomass Energy Sdn. Bhd.                         |                      |                          |              |   |
| Shuweihat Asia Power Investment B.V.                 | 37,756               |                          |              | (137)                                   |
| Shuweihat Asia Operation & Maintenance<br>Company    | 2,041                | 16                       | 1,050        | 730                                     |
| Waterbury Lake Uranium L.P.                          | 56,876               | 43                       |              |   |
| ASM-BG Investicii AD                                 | 87,153               | 45,817                   | 6,684        | 2,390                                   |
| RES Technology AD                                    | 72,307               | 41,679                   | 4,627        | 1,357                                   |
| KV Holdings, Inc.                                    | 4,722                |                          | 6            | 625                                     |
| KEPCO SPC Power Corporation                          | 306,418              | 28,256                   | 89,146       | 31,328                                  |
| Gansu Datang Yumen Wind Power Co., Ltd.              | 82,400               | 55,352                   | 3,947        | (1,004)                                 |
| Datang Chifeng Renewable Power Co., Ltd.             | 782,816              | 315,807                  | 62,963       | 24,271                                  |
| Datang KEPCO Chaoyang Renewable Power<br>Co., Ltd.   | 137,494              | 35,981                   | 4,476        | 727                                     |
| Rabigh Electricity Company                           | 2,497,649            | 2,038,851                | 124,767      | 16,639                                  |
| Rabigh Operation & Maintenance Company<br>Limited    | 21,839               | 11,268                   | 13,702       | 3,676                                   |
| Jamaica Public Service Company Limited               | 1,358,766            | 796,080                  | 460,988      | 9,452                                   |
| KW Nuclear Components Co., Ltd.                      | 25,107               | 7,581                    | 6,031        | 2,517                                   |
| Busan Shinho Solar Power Co., Ltd.                   | 46,167               | 28,521                   | 4,110        | 1,619                                   |
| GS Donghae Electric Power Co., Ltd.                  | 2,246,149            | 1,553,622                | 389,106      | 43,300                                  |
| Global Trade Of Power System Co., Ltd.               | 2,048                | 446                      | 220          | (308)                                   |
| Expressway Solar-light Power Generation Co.,<br>Ltd. | 18,488               | 9,765                    | 1,392        | 187                                     |
| Daejung Offshore Wind Power Co., Ltd.                | 6,329                | 637                      |              | (247)                                   |
| Amman Asia Electric Power Company                    | 798,285              | 513,284                  | 10,857       | 15,683                                  |



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|  |            |            |         |           |
|--|------------|------------|---------|-----------|
| KAPES, Inc.                                | 83,484     | 66,630     | 39,426  | 3,882     |
| Dangjin Eco Power Co., Ltd.                | 53,039     | 526        |         | (110,063) |
| Honam Wind Power Co., Ltd.                 | 40,994     | 26,440     | 3,374   | 1,029     |
| Chun-cheon Energy Co., Ltd.                | 676,111    | 516,429    | 174,479 | (1,597)   |
| Yeonggwangbaeksu Wind Power Co., Ltd.      | 101,705    | 83,115     | 5,658   | 406       |
| Nghi Son 2 Power Ltd.                      | 7,967      | 11,190     |         | (3,412)   |
| Kelar S.A                                  | 635,418    | 538,251    | 42,780  | 5,751     |
| PT. Tanjung Power Indonesia                | 469,847    | 450,031    | 60,243  | 4,704     |
| Incheon New Power Co., Ltd.                | 6,919      | 4,846      | 1,442   | 80        |
| Seokmun Energy Co., Ltd.                   | 247,859    | 199,918    | 20,068  | 404       |
| Daehan Wind Power PSC                      | 2,172      | 229        |         | (553)     |
| Barakah One Company                        | 20,244,071 | 20,214,509 |         | 13,718    |
| Nawah Energy Company                       | 1,527      |            |         |           |
| MOMENTUM                                   | 6,313      | 5,038      | 6,906   | 59        |
| Daegu Green Power Co., Ltd.                | 596,521    | 522,696    | 158,813 | 2,119     |
| Yeonggwang Wind Power Co., Ltd.            | 227,959    | 190,999    |         | 51        |
| Chester Solar IV SpA                       | 14,958     | 14,124     | 771     | (1,209)   |
| Chester Solar V SpA                        | 4,281      | 4,284      | 70      | (521)     |
| Diego de Almagro Solar SpA                 | 16,489     | 14,861     |         | (814)     |
| South Jamaica Power Company Limited        | 257,396    | 184,190    |         | (361)     |
| Daesan Green Energy Co., Ltd.              | 49,886     |            |         | (1,114)   |
| RE Holiday Holdings LLC                    | 343,870    | 239,454    | 2,144   | 3,863     |
| RE Pioneer Holdings LLC                    | 256,651    | 181,698    | 2,803   | 3,549     |
| RE Barren Ridge 1 Holdings LLC             | 220,716    | 145,485    | 2,579   | 1,941     |
| RE Astoria 2 Land Co LLC                   | 11,065     | 210        | 202     | 168       |
| RE Barren Ridge Land Co LLC                | 3,909      | 84         | 81      | 65        |
| Laurel SpA                                 | 5,543      | 4,730      |         | (546)     |
| KIAMCO KOWEPO Bannerton Hold Co Pty<br>Ltd | 33,418     | 13         |         | (81)      |

(\*1) The profit for the six-month period ended June 30, 2018 is net of net income attributable to non-controlling interests.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

- (4) **Summary of financial information of associates and joint ventures as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows, continued:**

*In millions of won*

| Investees   | December 31, 2017 |                   |            | Profit (loss) for the period |
|---|-------------------|-------------------|------------|------------------------------|
|   | Total assets      | Total liabilities | Sales      |                              |
| <b>&lt;Associates&gt;</b>                             |                   |                   |            |                              |
| Korea Gas Corporation                                 | ₩ 37,139,439      | 28,999,025        | 22,172,305 | (1,205,110)                  |
| Korea Electric Power Industrial Development Co., Ltd. | 155,033           | 79,730            | 334,547    | 16,126                       |
| YTN Co., Ltd.   | 298,122           | 108,554           | 131,080    | 3,638                        |
| Cheongna Energy Co., Ltd.                             | 461,958           | 448,535           | 56,533     | (9,203)                      |
| Gangwon Wind Power Co., Ltd.                          | 94,281            | 2,243             | 25,963     | 11,121                       |
| Hyundai Green Power Co., Ltd.                         | 1,150,729         | 754,846           | 477,373    | 26,543                       |
| Korea Power Exchange                                  | 263,499           | 25,868            | 105,107    | 8,831                        |
| AMEC Partners Korea Ltd.                              | 1,135             | 4                 | 1          | (53)                         |
| Hyundai Energy Co., Ltd.                              | 474,939           | 511,486           | 92,992     | (43,317)                     |
| Ecollite Co., Ltd.                                    | 2,052             | 352               |            | (121)                        |
| Taebaek Wind Power Co., Ltd.                          | 39,227            | 17,953            | 7,056      | 2,312                        |
| Taebaek Guinemi Wind Power Co., Ltd.                  | 12,369            | 12                |            | (140)                        |
| Pyeongchang Wind Power Co., Ltd.                      | 77,152            | 60,606            | 11,907     | 3,038                        |
| Daeryun Power Co., Ltd.                               | 779,258           | 655,377           | 156,508    | (23,978)                     |
| Changjuk Wind Power Co., Ltd.                         | 35,794            | 10,745            | 6,981      | 2,317                        |
| KNH Solar Co., Ltd.                                   | 24,432            | 16,215            | 3,947      | 628                          |
| SPC Power Corporation                                 | 137,586           |                   | 68,149     | 37,395                       |
| Gemeng International Energy Co., Ltd.                 | 6,496,294         | 4,584,608         | 1,334,833  | 21,769                       |
| PT. Cirebon Electric Power                            | 903,429           | 549,212           | 280,452    | 38,448                       |
| KNOC Nigerian East Oil Co., Ltd.                      | 241,808           | 329,639           |            | (10,754)                     |
| KNOC Nigerian West Oil Co., Ltd.                      | 147,185           | 227,588           |            | (9,768)                      |
| PT Wampu Electric Power                               | 212,095           | 148,177           | 779        | 8,114                        |
| PT. Bayan Resources TBK                               | 908,106           | 556,881           | 811,515    | 243,621                      |
| S-Power Co., Ltd.                                     | 859,633           | 617,224           | 489,042    | (14,470)                     |
| Pioneer Gas Power Limited                             | 339,271           | 296,898           | 8,215      | (27,796)                     |
| Eurasia Energy Holdings                               | 548               | 978               |            |                              |
| Xe-Pian Xe-Namnoy Power Co., Ltd.                     | 858,789           | 607,462           |            | (16,677)                     |

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|   |           |           |         |          |
|---|-----------|-----------|---------|----------|
| Hadong Mineral Fiber Co., Ltd.                                      | 203       | 231       |         | (260)    |
| Green Biomass Co., Ltd.   | 6,379     | 4,018     | 2,337   | (956)    |
| PT. Mutiara Jawa  | 27,098    | 29,670    | 13,574  | 3,455    |
| Samcheok Eco Materials Co., Ltd.                                    | 23,729    | 270       | 15      | (541)    |
| Noeul Green Energy Co., Ltd.  | 127,980   | 120,852   | 43,099  | 2,932    |
| Naepo Green Energy Co., Ltd.  | 121,375   | 71,945    | 5,696   | (5,603)  |
| Goseong Green Energy Co., Ltd.                                      | 1,081,238 | 841,330   |         | (5,811)  |
| Gangneung Eco Power Co., Ltd.                                       | 186,765   | 20,344    |         | (3,407)  |
| Shin Pyeongtaek Power Co., Ltd.                                     | 175,870   | 90,662    |         | (4,585)  |
| Heang Bok Do Si Photovoltaic Power Co., Ltd.                        | 2,782     | 2,120     | 451     | 22       |
| Dongducheon Dream Power Co., Ltd.                                   | 1,575,175 | 1,365,845 | 813,440 | (33,740) |
| Jinbhuvish Power Generation Pvt. Ltd.                               | 66,047    | 13,640    |         |          |
| SE Green Energy Co., Ltd.   | 7,278     |           |         | (103)    |
| Daegu Photovoltaic Co., Ltd.  | 17,262    | 11,339    | 3,714   | 1,263    |
| Jeongam Wind Power Co., Ltd.  | 67,427    | 58,019    |         | (580)    |
| Korea Power Engineering Service Co., Ltd.                           | 15,738    | 3,121     | 22,283  | 3,783    |
| Busan Green Energy Co., Ltd.  | 193,253   | 167,864   | 34,280  | 9,946    |
| Gunsan Bio Energy Co., Ltd. (formerly, Jungbu Bio Energy Co., Ltd.) | 9,648     | 16,462    |         | (6,109)  |
| Korea Electric Vehicle Charging Service                             | 14,650    | 8,404     | 8,399   | (1,295)  |
| Ulleungdo Natural Energy Co., Ltd.                                  | 25,842    | 4,501     |         | (1,758)  |
| Korea Nuclear Partners Co., Ltd.                                    | 2,033     | 711       | 1,345   | 465      |
| Tamra Offshore Wind Power Co., Ltd.                                 | 163,740   | 132,036   | 4,392   | (191)    |
| Korea Electric Power Corporation Fund                               | 49,170    | 265       | 666     | (2,213)  |
| Energy Infra Asset Management Co., Ltd.                             | 5,240     | 431       | 5,807   | 2,203    |
| Daegu clean Energy Co., Ltd.  | 252       | 212       |         | (460)    |
| YaksuESS Co., Ltd   | 7,105     | 6,437     | 381     | (6)      |
| Nepal Water & Energy Development Company Private Limited            | 58,121    | 11,670    |         | (968)    |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the six-month period ended June 30, 2018 and as of and for the year ended December 31, 2017 are as follows, continued:***In millions of won*

|  | December 31, 2017 |                   |         | Profit (loss) for<br>the period |
|--|-------------------|-------------------|---------|---------------------------------|
| Investees  | Total assets      | Total liabilities | Sales   |                                 |
| Gwangyang Green Energy Co., Ltd.                     | ₩ 20,165          | 11,393            |         | (1,139)                         |
| PND solar., Ltd                                      | 10,508            | 6,729             |         | (406)                           |
| <b>&lt;Joint ventures&gt;</b>                        |                   |                   |         |                                 |
| KEPCO-Uhde Inc.                                      | 515               | 7                 |         | (86)                            |
| Eco Biomass Energy Sdn. Bhd.                         |                   |                   |         |                                 |
| Datang Chaoyang Renewable Power Co., Ltd.            | 138,463           | 70,309            | 17,776  | 2,149                           |
| Shuweiha Asia Power Investment B.V.                  | 32,001            | 10                |         | (170)                           |
| Shuweiha Asia Operation & Maintenance<br>Company     | 1,220             | 14                | 2,580   | 1,918                           |
| Waterbury Lake Uranium L.P.                          | 55,563            | 250               |         |                                 |
| ASM-BG Investicii AD                                 | 87,110            | 44,706            | 12,611  | (262)                           |
| RES Technology AD                                    | 71,595            | 42,845            | 7,793   | 2,164                           |
| KV Holdings, Inc.                                    | 4,795             |                   | 671     | 677                             |
| KEPCO SPC Power Corporation                          | 318,911           | 30,222            | 186,725 | 57,364                          |
| Gansu Datang Yumen Wind Power Co., Ltd.              | 81,960            | 54,859            | 6,938   | (3,253)                         |
| Datang Chifeng Renewable Power Co., Ltd.             | 762,605           | 334,843           | 113,329 | 35,294                          |
| Datang KEPCO Chaoyang Renewable Power<br>Co., Ltd.   | 60,913            | 33,264            | 8,442   | 2,094                           |
| Rabigh Electricity Company                           | 2,364,522         | 1,936,403         | 287,105 | 78,948                          |
| Rabigh Operation & Maintenance Company<br>Limited    | 19,992            | 10,025            | 22,668  | 5,668                           |
| Jamaica Public Service Company Limited               | 1,276,279         | 752,617           | 946,365 | 24,601                          |
| KW Nuclear Components Co., Ltd.                      | 25,693            | 10,221            | 6,486   | 1,493                           |
| Busan Shinho Solar Power Co., Ltd.                   | 47,959            | 30,573            | 7,984   | 2,383                           |
| GS Donghae Electric Power Co., Ltd.                  | 2,179,465         | 1,530,266         | 351,814 | 43,180                          |
| Global Trade Of Power System Co., Ltd.               | 3,576             | 1,586             | 4,079   | 365                             |
| Expressway Solar-light Power Generation Co.,<br>Ltd. | 19,143            | 10,651            | 3,018   | 643                             |
| KODE NOVUS I LLC                                     | 755               | 108,132           | 14      | (8,117)                         |

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|                                       |            |            |         |          |
|---------------------------------------|------------|------------|---------|----------|
| KODE NOVUS II LLC                     | 292        | 47,683     |         | (6,018)  |
| Daejung Offshore Wind Power Co., Ltd. | 6,193      | 243        |         | (493)    |
| Amman Asia Electric Power Company     | 759,114    | 516,174    | 18,034  | 33,514   |
| KAPES, Inc.                           | 70,679     | 56,021     | 129,962 | 5,397    |
| Dangjin Eco Power Co., Ltd.           | 163,197    | 521        |         | (2,182)  |
| Honam Wind Power Co., Ltd.            | 39,675     | 24,951     | 5,961   | 1,166    |
| Chun-cheon Energy Co., Ltd.           | 699,652    | 538,733    | 164,294 | (8,145)  |
| Yeonggwangbaeksu Wind Power Co., Ltd. | 94,810     | 76,621     | 11,124  | 297      |
| Nghi Son 2 Power Ltd.                 | 741        | 376        |         | (2,068)  |
| Kelar S.A                             | 613,293    | 513,101    | 90,435  | 17,590   |
| PT. Tanjung Power Indonesia           | 374,702    | 369,627    | 209,923 | 6,219    |
| Incheon New Power Co., Ltd.           | 7,194      | 5,059      | 2,972   | 184      |
| Seokmun Energy Co., Ltd.              | 247,735    | 200,197    | 35,135  | (3,939)  |
| Daehan Wind Power PSC                 | 928        | 1,752      |         | (904)    |
| Barakah One Company                   | 17,574,885 | 17,571,409 |         | (1,358)  |
| Nawah Energy Company                  | 1,459      | 23         |         | (11)     |
| MOMENTUM                              | 5,028      | 3,854      | 11,555  | 939      |
| Daegu Green Power Co., Ltd.           | 602,809    | 531,103    | 256,359 | (17,700) |
| Yeonggwang Wind Power Co., Ltd.       | 212,802    | 176,062    |         | (62)     |
| Chester Solar IV SpA                  | 11,660     | 9,626      | 331     | 151      |
| Chester Solar V SpA                   | 2,081      | 1,569      |         | (49)     |
| Diego de Almagro Solar SpA            | 8,266      | 5,830      |         | (103)    |
| South Jamaica Power Company Limited   | 153,958    | 120,436    |         | (755)    |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(5) Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of June 30, 2018 and December 31, 2017 are as follows:**

|                                       | June 30, 2018 |                             |                     |                         |                          |           |            |
|---------------------------------------|---------------|-----------------------------|---------------------|-------------------------|--------------------------|-----------|------------|
|                                       | Net assets    | Percentage of ownership (*) | Share in net assets | Investment differential | Intercompany transaction | Others    | Book value |
| ation                                 | ₩ 8,767,245   | 21.57%                      | 1,891,095           |                         |                          | (136,352) | 1,754,743  |
| ower Industrial Development Co., Ltd. | 78,259        | 29.00%                      | 22,695              |                         |                          |           | 22,695     |
|                                       | 189,461       | 21.43%                      | 40,602              |                         | (12)                     |           | 40,590     |
| Co., Ltd.                             | 8,147         | 43.90%                      | 3,576               | 2,584                   | (138)                    | 1         | 6,023      |
| ower Co., Ltd.                        | 84,250        | 15.00%                      | 12,637              |                         |                          | 49        | 12,686     |
| ower Co., Ltd.                        | 414,781       | 29.00%                      | 120,287             |                         |                          |           | 120,287    |
| hange                                 | 254,298       | 100.00%                     | 254,298             |                         |                          |           | 254,298    |
| orea Ltd.                             | 1,115         | 19.00%                      | 212                 |                         |                          |           | 212        |
| Co., Ltd.                             | (29,405)      | 30.66%                      | (9,016)             |                         | (1,017)                  | 10,033    |            |
|                                       | 1,685         | 36.10%                      | 608                 |                         |                          | (608)     |            |
| ower Co., Ltd.                        | 22,426        | 25.00%                      | 5,607               |                         | (407)                    |           | 5,200      |
| Wind Power Co., Ltd.                  | 12,293        | 25.00%                      | 3,073               |                         |                          |           | 3,073      |
| d Power Co., Ltd.                     | 18,458        | 25.00%                      | 4,615               |                         | (345)                    |           | 4,270      |
| o., Ltd.                              | 110,328       | 19.45%                      | 21,462              | 1,014                   |                          |           | 22,476     |
| ower Co., Ltd.                        | 25,836        | 30.00%                      | 7,751               |                         | (375)                    |           | 7,376      |
| td.                                   | 8,158         | 27.00%                      | 2,202               |                         | (43)                     |           | 2,159      |
| ration                                | 200,747       | 38.00%                      | 76,284              |                         |                          | (21,954)  | 54,330     |
| onal Energy Co., Ltd.                 | 1,964,868     | 34.00%                      | 668,055             |                         |                          |           | 668,055    |
| ric Power                             | 384,233       | 27.50%                      | 105,664             |                         |                          |           | 105,664    |
| East Oil Co., Ltd.                    | (73,118)      | 14.63%                      | (10,697)            |                         |                          | 10,697    |            |
| West Oil Co., Ltd.                    | (67,134)      | 14.63%                      | (9,822)             |                         |                          | 9,822     |            |
| ic Power                              | 69,607        | 46.00%                      | 32,019              |                         |                          |           | 32,019     |
| ces TBK                               | 723,440       | 20.00%                      | 144,688             | 444,848                 |                          | (96,250)  | 493,286    |
|                                       | 239,778       | 49.00%                      | 117,491             |                         | (1,781)                  |           | 115,710    |
| r Limited                             | 17,786        | 38.50%                      | 6,848               | 22,278                  |                          | 67        | 29,193     |
| ldings                                | (450)         | 40.00%                      | (180)               |                         |                          | 180       |            |
| oy Power Co., Ltd.                    | 299,741       | 25.00%                      | 74,935              | 250                     | (919)                    | (289)     | 73,977     |
| iber Co., Ltd.                        | (28)          | 8.33%                       | (2)                 |                         |                          | 2         |            |

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|                                   |         |        |         |         |          |        |
|-----------------------------------|---------|--------|---------|---------|----------|--------|
| o., Ltd.                          | 1,894   | 8.80%  | 167     |         |          | 167    |
|                                   | (1,029) | 29.00% | (298)   |         | 298      |        |
| aterials Co., Ltd.                | 22,579  | 2.35%  | 531     |         | (531)    |        |
| gy Co., Ltd.                      | 11,713  | 29.00% | 3,397   |         |          | 3,397  |
| gy Co., Ltd.                      | 47,081  | 41.67% | 19,619  |         |          | 19,619 |
| nergy Co., Ltd.                   | 236,323 | 1.12%  | 2,636   |         | (79)     | 2,557  |
| ower Co., Ltd.                    | 164,298 | 1.61%  | 2,647   |         | (98)     | 2,549  |
| Power Co., Ltd.                   | 157,528 | 40.00% | 63,011  | 12,800  | (8,443)  | 67,368 |
| Photovoltaic Power Co., Ltd.      | 651     | 28.00% | 182     |         | 2        | 184    |
| am Power Co., Ltd.                | 165,426 | 33.61% | 55,600  | (4,229) | (12,714) | 38,657 |
| Generation Pvt. Ltd.              | 51,059  | 5.16%  | 2,635   |         | (2,635)  |        |
| Co., Ltd.                         | 7,221   | 47.76% | 3,449   |         |          | 3,449  |
| ic Co., Ltd.                      | 6,239   | 29.00% | 1,809   |         |          | 1,809  |
| ower Co., Ltd.                    | 8,919   | 40.00% | 3,568   |         |          | 3,568  |
| ineering Service Co., Ltd.        | 13,424  | 29.00% | 3,893   |         |          | 3,893  |
| gy Co., Ltd.                      | 31,969  | 29.00% | 9,271   |         |          | 9,271  |
| y Co., Ltd.                       | (9,380) | 18.87% | (1,770) |         | 1,770    |        |
| hicle Charging Service            | 5,901   | 28.00% | 1,652   |         |          | 1,652  |
| l Energy Co., Ltd.                | 20,710  | 29.85% | 6,182   |         | (1)      | 6,181  |
| rtners Co., Ltd.                  | 971     | 29.00% | 282     |         |          | 282    |
| Wind Power Co., Ltd.              | 39,422  | 27.00% | 10,644  |         |          | 10,644 |
| ower Corporation Fund             | 53,702  | 98.09% | 52,676  |         | 3        | 52,679 |
| t Management Co., Ltd.            | 6,100   | 9.90%  | 604     |         |          | 604    |
| gy Co., Ltd.                      | 123     | 28.00% | 34      |         |          | 34     |
| d                                 | 537     | 29.00% | 156     |         | 1        | 157    |
| nergy Development Company Private | 48,049  | 62.13% | 29,853  | 972     | 655      | 31,480 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(5) **Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of June 30, 2018 and December 31, 2017 are as follows, continued:**

*In millions of won*

| Investees                                       | June 30, 2018 |                             |            |                         |                                 | Book value |
|---|---------------|-----------------------------|------------|-------------------------|---------------------------------|------------|
|   | Net assets    | Percentage of ownership (*) | net assets | Investment differential | Intercompany transaction Others |            |
| Gwangyang Green Energy Co., Ltd.                | ₩ 7,734       | 20.00%                      | 1,546      | 18                      |                                 | 1,564      |
| PND solar., Ltd                                 | 3,206         | 29.00%                      | 930        | 154                     |                                 | 1,084      |
| <b>&lt;Joint ventures&gt;</b>                   |               |                             |            |                         |                                 |            |
| KEPCO-Uhde Inc.                                 | 447           | 50.85%                      | 227        |                         |                                 | 227        |
| Eco Biomass Energy Sdn. Bhd.                    |               | 61.53%                      |            |                         |                                 |            |
| Shuweiha Asia Power Investment B.V.             | 37,756        | 49.00%                      | 18,501     |                         |                                 | 18,501     |
| Shuweiha Asia Operation & Maintenance Company   | 2,025         | 55.00%                      | 1,114      |                         | (1)                             | 1,113      |
| Waterbury Lake Uranium L.P.                     | 56,833        | 35.76%                      | 20,323     |                         | (693)                           | 19,630     |
| ASM-BG Investicii AD                            | 41,336        | 50.00%                      | 20,668     |                         |                                 | 20,668     |
| RES Technology AD                               | 30,628        | 50.00%                      | 15,314     |                         |                                 | 15,314     |
| KV Holdings, Inc.                               | 4,722         | 40.00%                      | 1,889      |                         |                                 | 1,889      |
| KEPCO SPC Power Corporation                     | 278,162       | 75.20%                      | 209,177    |                         |                                 | 209,177    |
| Gansu Datang Yumen Wind Power Co., Ltd.         | 27,048        | 40.00%                      | 10,819     |                         |                                 | 10,819     |
| Datang Chifeng Renewable Power Co., Ltd.        | 467,009       | 40.00%                      | 186,804    |                         | (49)                            | 186,755    |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 101,513       | 40.00%                      | 40,605     |                         | (426)                           | 40,179     |
| Rabigh Electricity Company                      | 458,798       | 40.00%                      | 183,519    | (70,978)                | (913)                           | 111,628    |



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|   |         |        |         |          |        |         |
|---|---------|--------|---------|----------|--------|---------|
| Rabigh Operation & Maintenance Company Limited    | 10,571  | 40.00% | 4,228   |          |        | 4,228   |
| Jamaica Public Service Company Limited            | 562,686 | 40.00% | 225,074 | (80,161) | 86,623 | 231,536 |
| KW Nuclear Components Co., Ltd.                   | 17,526  | 45.00% | 7,886   |          | (176)  | 7,710   |
| Busan Shinho Solar Power Co., Ltd.                | 17,646  | 25.00% | 4,411   |          |        | 4,411   |
| GS Donghae Electric Power Co., Ltd.               | 692,527 | 34.00% | 235,459 |          |        | 235,459 |
| Global Trade Of Power System Co., Ltd.            | 1,602   | 29.00% | 465     |          |        | 465     |
| Expressway Solar-light Power Generation Co., Ltd. | 8,723   | 29.00% | 2,530   |          |        | 2,530   |
| Daejung Offshore Wind Power Co., Ltd.             | 5,692   | 49.90% | 2,840   |          |        | 2,840   |
| Amman Asia Electric Power Company                 | 285,001 | 60.00% | 171,001 |          | (88)   | 170,913 |
| KAPES, Inc.                                       | 16,854  | 51.00% | 8,595   |          |        | 8,595   |
| Dangjin Eco Power Co., Ltd.                       | 52,513  | 34.00% | 17,855  | 2,618    |        | 20,473  |
| Honam Wind Power Co., Ltd.                        | 14,554  | 29.00% | 4,220   | 32       |        | 4,252   |
| Chun-cheon Energy Co., Ltd.                       | 159,682 | 29.90% | 47,745  | 3        |        | 47,748  |
| Yeonggwangbaeksu Wind Power Co., Ltd.             | 18,590  | 15.00% | 2,788   | 6        |        | 2,794   |
| Nghi Son 2 Power Ltd.                             | (3,223) | 50.00% | (1,612) |          | 1,612  |         |
| Kelar S.A   | 97,167  | 65.00% | 63,159  | 2,424    | 162    | 65,745  |
| PT. Tanjung Power Indonesia                       | 19,816  | 35.00% | 6,936   |          |        | 6,936   |
| Incheon New Power Co., Ltd.                       | 2,073   | 29.00% | 601     |          |        | 601     |
| Seokmun Energy Co., Ltd.                          | 47,941  | 29.00% | 13,903  |          |        | 13,903  |
| Daehan Wind Power PSC                             | 1,943   | 65.00% | 1,263   | 251      |        | 1,514   |
| Barakah One Company                               | 29,562  | 18.00% | 5,321   |          |        | 5,321   |
| Nawah Energy Company                              | 1,527   | 18.00% | 275     |          |        | 275     |
| MOMENTUM  | 1,275   | 33.33% | 425     |          |        | 425     |
| Daegu Green Power Co., Ltd.                       | 73,825  | 29.00% | 21,409  |          | 84     | 21,512  |
| Yeonggwang Wind Power Co., Ltd.                   | 36,960  | 41.00% | 15,154  | 230      |        | 15,384  |
| Chester Solar IV SpA                              | 834     | 81.82% | 682     |          |        | 682     |
| Chester Solar V SpA                               | (3)     | 81.82% | (1)     | 70       |        | 69      |
| Diego de Almagro Solar SpA                        | 1,628   | 81.82% | 1,332   |          |        | 1,332   |
| South Jamaica Power Company Limited               | 73,206  | 20.00% | 14,641  |          |        | 14,641  |
|   | 49,886  | 35.00% | 17,460  |          |        | 17,460  |

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Daesan Green Energy Co.,  
Ltd.

|   |         |        |        |     |        |
|---|---------|--------|--------|-----|--------|
| RE Holiday Holdings LLC                       | 104,416 | 50.00% | 52,208 |     | 52,208 |
| RE Pioneer Holdings LLC                       | 74,953  | 50.00% | 37,477 |     | 37,477 |
| RE Barren Ridge 1<br>Holdings LLC             | 75,231  | 50.00% | 37,615 |     | 37,615 |
| RE Astoria 2 LandCo LLC                       | 10,855  | 50.00% | 5,428  |     | 5,428  |
| RE Barren Ridge LandCo<br>LLC                 | 3,825   | 50.00% | 1,912  |     | 1,912  |
| Laurel SpA                                    | 813     | 81.82% | 665    | 117 | 782    |
| KIAMCO KOWEPO<br>Bannerton Hold Co Pty<br>Ltd | 33,405  | 12.37% | 4,132  | 9   | 4,141  |

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(5) Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of June 30, 2018 and December 31, 2017 are as follows, continued:

*In millions of won*

| Investees   | December 31, 2017 |                             |                     |                         |                          |           |            |
|---|-------------------|-----------------------------|---------------------|-------------------------|--------------------------|-----------|------------|
|   | Net assets        | Percentage of ownership (*) | Share in net assets | Investment differential | Intercompany transaction | Others    | Book value |
| <b>&lt;Associates&gt;</b>                             |                   |                             |                     |                         |                          |           |            |
| Korea Gas Corporation                                 | ₩8,140,414        | 21.57%                      | 1,755,887           |                         |                          | (137,019) | 1,618,868  |
| Korea Electric Power Industrial Development Co., Ltd. | 75,303            | 29.00%                      | 21,838              |                         |                          |           | 21,838     |
| YTN Co., Ltd.   | 189,568           | 21.43%                      | 40,624              |                         |                          | (18)      | 40,606     |
| Cheongna Energy Co., Ltd.                             | 13,423            | 43.90%                      | 5,893               | 2,584                   |                          | (140)     | 8,337      |
| Gangwon Wind Power Co., Ltd.                          | 92,038            | 15.00%                      | 13,806              |                         |                          | 49        | 13,855     |
| Hyundai Green Power Co., Ltd.                         | 395,883           | 29.00%                      | 114,806             |                         |                          |           | 114,806    |
| Korea Power Exchange                                  | 237,631           | 100.00%                     | 237,631             |                         |                          |           | 237,631    |
| AMEC Partners Korea Ltd.                              | 1,131             | 19.00%                      | 215                 |                         |                          |           | 215        |
| Hyundai Energy Co., Ltd.                              | (36,547)          | 46.30%                      | (16,921)            |                         |                          | (1,037)   | 17,958     |
| Ecollite Co., Ltd.                                    | 1,700             | 36.10%                      | 614                 |                         |                          | (614)     |            |
| Taebaek Wind Power Co., Ltd.                          | 21,274            | 25.00%                      | 5,319               |                         |                          |           | 5,319      |
| Taebaek Guinemi Wind Power Co., Ltd.                  | 12,357            | 25.00%                      | 3,089               |                         |                          |           | 3,089      |
| Pyeongchang Wind Power Co., Ltd.                      | 16,546            | 25.00%                      | 4,136               |                         |                          |           | 4,136      |
|   | 123,881           | 19.45%                      | 24,095              | 1,014                   |                          | 4         | 25,113     |

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|  |           |        |          |         |         |           |          |
|--|-----------|--------|----------|---------|---------|-----------|----------|
| Daeryun Power Co., Ltd.                      |           |        |          |         |         |           |          |
| Changjuk Wind Power Co., Ltd.                | 25,049    | 30.00% | 7,515    |         |         |           | 7,515    |
| KNH Solar Co., Ltd.                          | 8,217     | 27.00% | 2,218    |         |         |           | 2,218    |
| SPC Power Corporation                        | 137,586   | 38.00% | 52,283   |         |         |           | 52,283   |
| Gemeng International Energy Co., Ltd.        | 1,911,686 | 34.00% | 649,973  |         |         |           | 649,973  |
| PT. Cirebon Electric Power                   | 354,217   | 27.50% | 97,410   |         |         |           | 97,410   |
| KNOC Nigerian East Oil Co., Ltd.             | (87,831)  | 14.63% | (12,850) |         |         | 12,850    |          |
| KNOC Nigerian West Oil Co., Ltd.             | (80,403)  | 14.63% | (11,763) |         |         | 11,763    |          |
| PT Wampu Electric Power                      | 63,918    | 46.00% | 29,403   |         |         |           | 29,403   |
| PT. Bayan Resources TBK                      | 351,225   | 20.00% | 70,245   | 482,109 |         | (100,523) | 451,831  |
| S-Power Co., Ltd.                            | 242,409   | 49.00% | 118,780  |         | (1,835) |           | 116,945  |
| Pioneer Gas Power Limited                    | 42,373    | 38.50% | 16,314   | 22,278  |         | 67        | 38,659   |
| Eurasia Energy Holdings                      | (430)     | 40.00% | (172)    |         |         | 172       |          |
| Xe-Pian Xe-Namnoy Power Co., Ltd.            | 251,327   | 25.00% | 62,832   | 74      | (838)   | (289)     | 61,779   |
| Hadong Mineral Fiber Co., Ltd.               | (28)      | 8.33%  | (2)      |         |         | 2         |          |
| Green Biomass Co., Ltd.                      | 2,361     | 8.80%  | 208      |         |         |           | 208      |
| PT. Mutiara Jawa                             | (2,572)   | 29.00% | (746)    |         |         | 746       |          |
| Samcheok Eco Materials Co., Ltd.             | 23,459    | 2.35%  | 551      |         |         | (551)     |          |
| Noeul Green Energy Co., Ltd.                 | 7,128     | 29.00% | 2,067    |         |         |           | 2,067    |
| Naepo Green Energy Co., Ltd.                 | 49,430    | 41.67% | 20,598   |         |         |           | 20,598   |
| Goseong Green Energy Co., Ltd.               | 239,908   | 1.12%  | 2,676    |         |         | (79)      | 2,597    |
| Gangneung Eco Power Co., Ltd.                | 166,421   | 1.61%  | 2,681    |         |         | (98)      | 2,583    |
| Shin Pyeongtaek Power Co., Ltd.              | 85,208    | 40.00% | 34,083   | 7,808   |         | (6,988)   | 34,903   |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 662       | 28.00% | 185      |         |         | 2         | 187      |
| Dongducheon Dream Power Co., Ltd.            | 209,330   | 33.61% | 70,356   |         |         | (4,409)   | (12,714) |
|  |           |        |          |         |         |           | 53,233   |

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|   |         |        |         |         |        |
|---|---------|--------|---------|---------|--------|
| Jinbhuvish Power Generation Pvt. Ltd.                               | 52,407  | 5.16%  | 2,704   | (2,704) |        |
| SE Green Energy Co., Ltd.   | 7,278   | 47.76% | 3,476   |         | 3,476  |
| Daegu Photovoltaic Co., Ltd.  | 5,923   | 29.00% | 1,718   |         | 1,718  |
| Jeongam Wind Power Co., Ltd.  | 9,408   | 40.00% | 3,763   |         | 3,763  |
| Korea Power Engineering Service Co., Ltd.                           | 12,617  | 29.00% | 3,659   |         | 3,659  |
| Busan Green Energy Co., Ltd.  | 25,389  | 29.00% | 7,363   |         | 7,363  |
| Gunsan Bio Energy Co., Ltd. (formerly, Jungbu Bio Energy Co., Ltd.) | (6,814) | 18.87% | (1,286) | 1,286   |        |
| Korea Electric Vehicle Charging Service                             | 6,246   | 28.00% | 1,749   |         | 1,749  |
| Ulleungdo Natural Energy Co., Ltd.                                  | 21,341  | 29.85% | 6,370   |         | 6,370  |
| Korea Nuclear Partners Co., Ltd.                                    | 1,322   | 29.00% | 383     |         | 383    |
| Tamra Offshore Wind Power Co., Ltd.                                 | 31,704  | 27.00% | 8,560   |         | 8,560  |
| Korea Electric Power Corporation Fund                               | 48,905  | 98.09% | 47,971  | 3       | 47,974 |
| Energy Infra Asset Management Co., Ltd.                             | 4,809   | 9.90%  | 476     |         | 476    |
| Daegu clean Energy Co., Ltd.  | 40      | 28.00% | 11      |         | 11     |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

(5) **Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of June 30, 2018 and December 31, 2017 are as follows, continued:**

*In millions of won*

| Investees  | December 31, 2017 |                                   |                       |                                       |        | Book value |
|--|-------------------|-----------------------------------|-----------------------|---------------------------------------|--------|------------|
|  | Net assets        | Percentage of Share ownership (*) | Investment net assets | Intercompany differential transaction | Others |            |
| YaksuESS Co., Ltd  | ₩ 668             | 29.00%                            | 193                   |                                       | 1      | 194        |
| Nepal Water & Energy Development Company Private Limited | 46,451            | 62.13%                            | 28,860                | 972                                   | 666    | 30,498     |
| Gwangyang Green Energy Co., Ltd.                         | 8,772             | 20.00%                            | 1,754                 | 18                                    |        | 1,772      |
| PND solar., Ltd  | 3,779             | 29.00%                            | 1,096                 | 154                                   |        | 1,250      |
| <b>&lt;Joint ventures&gt;</b>                            |                   |                                   |                       |                                       |        |            |
| KEPCO-Uhde Inc.  | 508               | 50.85%                            | 258                   |                                       |        | 258        |
| Eco Biomass Energy Sdn. Bhd.                             |                   | 61.53%                            |                       |                                       |        |            |
| Datang Chaoyang Renewable Power Co., Ltd.                | 68,154            | 40.00%                            | 27,262                |                                       |        | 27,262     |
| Shuweihat Asia Power Investment B.V.                     | 31,991            | 49.00%                            | 15,675                |                                       |        | 15,675     |
| Shuweihat Asia Operation & Maintenance Company           | 1,206             | 55.00%                            | 663                   |                                       |        | 663        |
| Waterbury Lake Uranium L.P.                              | 55,313            | 35.76%                            | 19,780                |                                       | 1      | 19,781     |
| ASM-BG Investicii AD                                     | 42,404            | 50.00%                            | 21,202                |                                       |        | 21,202     |
| RES Technology AD  | 28,750            | 50.00%                            | 14,375                |                                       |        | 14,375     |
| KV Holdings, Inc.  | 4,795             | 40.00%                            | 1,918                 |                                       |        | 1,918      |
| KEPCO SPC Power Corporation                              | 288,689           | 75.20%                            | 217,094               |                                       |        | 217,094    |
| Gansu Datang Yumen Wind Power Co., Ltd.                  | 27,101            | 40.00%                            | 10,840                |                                       |        | 10,840     |
|  | 427,762           | 40.00%                            | 171,105               |                                       | (50)   | 171,055    |

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|   |           |        |          |          |        |         |
|---|-----------|--------|----------|----------|--------|---------|
| Datang Chifeng Renewable Power Co., Ltd.          |           |        |          |          |        |         |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd.   | 27,649    | 40.00% | 11,060   |          |        | 11,060  |
| Rabigh Electricity Company                        | 428,119   | 40.00% | 171,248  | (70,978) | (914)  | 99,356  |
| Rabigh Operation & Maintenance Company Limited    | 9,967     | 40.00% | 3,987    |          |        | 3,987   |
| Jamaica Public Service Company Limited            | 523,662   | 40.00% | 209,464  | (80,161) | 91,850 | 221,153 |
| KW Nuclear Components Co., Ltd.                   | 15,472    | 45.00% | 6,962    |          | (259)  | 6,703   |
| Busan Shinho Solar Power Co., Ltd.                | 17,386    | 25.00% | 4,346    |          |        | 4,346   |
| GS Donghae Electric Power Co., Ltd.               | 649,199   | 34.00% | 220,727  |          |        | 220,727 |
| Global Trade Of Power System Co., Ltd.            | 1,990     | 29.00% | 577      |          |        | 577     |
| Expressway Solar-light Power Generation Co., Ltd. | 8,492     | 29.00% | 2,463    |          |        | 2,463   |
| KODE NOVUS I LLC                                  | (107,377) | 50.00% | (53,689) |          | 53,689 |         |
| KODE NOVUS II LLC                                 | (47,391)  | 50.00% | (23,696) |          | 23,696 |         |
| Daejung Offshore Wind Power Co., Ltd.             | 5,950     | 49.90% | 2,969    |          |        | 2,969   |
| Amman Asia Electric Power Company                 | 242,940   | 60.00% | 145,764  |          | (88)   | 145,676 |
| KAPES, Inc.                                       | 14,658    | 51.00% | 7,476    |          |        | 7,476   |
| Dangjin Eco Power Co., Ltd.                       | 162,676   | 34.00% | 55,310   | 2,618    |        | 57,928  |
| Honam Wind Power Co., Ltd.                        | 14,724    | 29.00% | 4,270    | 32       |        | 4,302   |
| Chun-cheon Energy Co., Ltd.                       | 160,919   | 29.90% | 48,115   | 3        |        | 48,118  |
| Yeonggwangbaeksu Wind Power Co., Ltd.             | 18,189    | 15.00% | 2,728    | 6        |        | 2,734   |
| Nghi Son 2 Power Ltd.                             | 365       | 50.00% | 183      |          |        | 183     |
| Kelar S.A   | 100,192   | 65.00% | 65,125   | 2,424    | (316)  | 67,233  |
| PT. Tanjung Power Indonesia                       | 5,075     | 35.00% | 1,776    |          |        | 1,776   |
| Incheon New Power Co., Ltd.                       | 2,135     | 29.00% | 619      |          |        | 619     |
| Seokmun Energy Co., Ltd.                          | 47,538    | 29.00% | 13,786   |          |        | 13,786  |
| Daehan Wind Power PSC                             | (824)     | 50.00% | (412)    |          | 412    |         |
| Barakah One Company                               | 3,476     | 18.00% | 626      |          |        | 626     |
| Nawah Energy Company                              | 1,436     | 18.00% | 258      |          |        | 258     |
| MOMENTUM  | 1,174     | 33.33% | 391      |          |        | 391     |
|   | 71,706    | 29.00% | 20,795   | 84       | 21,512 | 42,391  |

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|  |        |        |        |     |        |
|--|--------|--------|--------|-----|--------|
| Daegu Green Power Co.,<br>Ltd.         |        |        |        |     |        |
| Yeonggwang Wind Power<br>Co., Ltd.     | 36,740 | 41.00% | 15,063 | 231 | 15,294 |
| Chester Solar IV SpA                   | 2,034  | 81.82% | 1,664  |     | 36     |
| Chester Solar V SpA                    | 512    | 81.82% | 419    |     | 106    |
| Diego de Almagro Solar<br>SpA          | 2,436  | 81.82% | 1,993  |     | 98     |
| South Jamaica Power<br>Company Limited | 33,522 | 20.00% | 6,704  |     | 6,704  |

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



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**17. Investments in Associates and Joint Ventures, Continued****(6) As of June 30, 2018 and December 31, 2017, unrecognized equity interest in investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses are as follows:**

| <i>In millions of won</i>        | <b>June 30, 2018</b>                |   | <b>December 31, 2017</b>            |   |
|----------------------------------|-------------------------------------|---|-------------------------------------|---|
|                                  | <b>Unrecognized equity interest</b> | <b>Accumulated unrecognized equity interest</b> | <b>Unrecognized equity interest</b> | <b>Accumulated unrecognized equity interest</b> |
| Shin Pyeongtaek Power Co., Ltd.  | ₩                                   |   | (2,537)                             |   |
| Kelar S.A                        |                                     |   | (61,309)                            |   |
| Hadong Mineral Fiber Co., Ltd.   |                                     | 2   | (3)                                 | 2   |
| PT. Mutiara Jawa                 | (447)                               | 299   | (1,159)                             | 746   |
| Eurasia Energy Holdings          | 8                                   | 180   | (22)                                | 172   |
| KODE NOVUS I LLC                 |                                     |   | 8,706                               | 53,689  |
| KODE NOVUS II LLC                |                                     |   | 181                                 | 23,696  |
| Gunsan Bio Energy Co., Ltd.      | 484                                 | 1,770   | 1,154                               | 1,286   |
| Daehan Wind Power PSC            | (412)                               |   | 412                                 | 412   |
| Hyundai Energy Co., Ltd.         | 15,656                              | 15,656  |                                     |   |
| Nghi Son 2 Power Ltd.            | 1,612                               | 1,612   |                                     |   |
| Samcheok Eco Materials Co., Ltd. | 1,001                               | 1,001   |                                     |   |

**(7) As of June 30, 2018, shareholders agreements on investments in associates and joint ventures that may cause future economic resource or cash outflows are as follows:**

(i) Gemeng International Energy Co., Ltd.

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

(ii) Hyundai Energy Co., Ltd.

The Company had placed guarantees for a fixed return on the investment to NH Power II Co., Ltd. and National Agricultural Cooperative Federation ( NACF ) and had obtained the rights to acquire the investment securities in return preferentially. In addition, NH Power II Co., Ltd. and NACF 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 the contract to sell their shares to the Company.

(iii) Taebaek Wind Power Co., Ltd.

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

**(7) As of June 30, 2018, shareholders agreements on investments in associates and joint ventures that may cause future economic resource or cash outflows are as follows, continued:**

(v) Jeongam Wind Power Co., Ltd.

In case non-controlling shareholders 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.

(vi) 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.

(vii) Samcheok Eco Materials Co., Ltd.

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

(viii) Hyundai Green Power Co., Ltd.

As of June 30, 2018, Hyundai Green Power Co., Ltd., an associate of the Company, which engages in the byproduct gas power generating business, entered into a project financing agreement with a limit of ₩852.1 billion with Korea Development Bank and others. At a certain period in the future, the Company has an appraisal right against the financial investors (Korea Development Bank and others) and also has an obligation to sell its shares when claimed by the financial investors. At a certain period in the future, the Company has an appraisal right against Hyundai Steel Company and a third party designated by Hyundai Steel Company (collectively, Hyundai Steel Company), the operating investor of Hyundai Green Power Co., Ltd., according to the conditions of the agreement and also has an obligation to sell its shares upon request from Hyundai Steel Company.

**(8) Significant restrictions on the Company's abilities on associates or joint ventures are as follows:**

| <b>Company</b>                   | <b>Nature and extent of any significant restrictions</b>   |
|----------------------------------|--|
| Daeryun Power Co., Ltd.          | Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained.   |
| Changjuk Wind Power Co., Ltd.    | Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained.   |
| 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.  |
| Pyeongchang Wind Power Co., Ltd. | Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained.   |
| Daegu Green Power Co., Ltd.      | Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. Shares cannot be wholly or partially transferred without prior written consent of financial institutions is obtained. |
| KNH Solar Co., Ltd.              | Principal and interest, dividends to shareholders cannot be paid without written consent of financial institutions.  |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**18. Property, Plant and Equipment****(1) Property, plant and equipment as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

|                          | <b>June 30, 2018</b>        |                              |                                     |  |                       |
|--------------------------|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|                          | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>depreciation</b> | <b>Accumulated<br/>impairment<br/>losses (*)</b> | <b>Book<br/>value</b> |
| Land                     | ₩ 13,413,682                | (21,968)                     |                                     |  | 13,391,714            |
| Buildings                | 18,972,214                  | (62,122)                     | (7,124,503)                         | (3,669)  | 11,781,920            |
| Structures               | 67,399,729                  | (197,473)                    | (23,190,687)                        | (8,399)  | 44,003,170            |
| Machinery                | 77,231,739                  | (175,988)                    | (31,251,164)                        | (439,350)  | 45,365,237            |
| Ships                    | 4,094                       |                              | (3,742)                             |  | 352                   |
| Vehicles                 | 272,883                     | (5,248)                      | (204,422)                           | (116)  | 63,097                |
| Equipment                | 1,488,904                   | (572)                        | (1,101,864)                         | (42)   | 386,426               |
| Tools                    | 1,035,534                   | (873)                        | (850,277)                           | (38)   | 184,346               |
| Construction-in-progress | 28,997,090                  | (52,430)                     |                                     | (196,866)  | 28,747,794            |
| Finance lease assets     | 2,390,703                   | (27)                         | (2,143,412)                         |  | 247,264               |
| Asset retirement costs   | 9,535,434                   |                              | (3,590,402)                         | (146,423)  | 5,798,609             |
| Others                   | 11,611,290                  |                              | (9,130,933)                         |  | 2,480,357             |
|                          | ₩ 232,353,296               | (516,701)                    | (78,591,406)                        | (794,903)  | 152,450,286           |

(\*) The Company separately recognizes impairment loss on each asset, reflecting various factors.

*In millions of won*

|            | <b>December 31, 2017</b>    |                              |                                     |  |                       |
|------------|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|            | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>depreciation</b> | <b>Accumulated<br/>impairment<br/>losses (*)</b> | <b>Book<br/>value</b> |
| Land       | ₩ 13,318,542                | (21,968)                     |                                     |  | 13,296,574            |
| Buildings  | 18,777,678                  | (63,539)                     | (6,722,376)                         | (1,776)  | 11,989,987            |
| Structures | 66,184,484                  | (196,414)                    | (22,071,667)                        | (8,039)  | 43,908,364            |
| Machinery  | 75,826,292                  | (183,188)                    | (28,904,982)                        | (45,512)   | 46,692,610            |
| Ships      | 4,175                       |                              | (3,772)                             |  | 403                   |
| Vehicles   | 276,425                     | (6,322)                      | (195,260)                           | (127)  | 74,716                |

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|                          |               |           |              |          |             |
|--------------------------|---------------|-----------|--------------|----------|-------------|
| Equipment                | 1,440,870     | (761)     | (1,020,192)  | (6)      | 419,911     |
| Tools                    | 1,010,537     | (1,027)   | (809,842)    | (32)     | 199,636     |
| Construction-in-progress | 25,610,649    | (49,084)  |              | (38,108) | 25,523,457  |
| Finance lease assets     | 2,390,680     | (27)      | (2,093,001)  |          | 297,652     |
| Asset retirement costs   | 9,395,821     |           | (3,356,337)  |          | 6,039,484   |
| Others                   | 11,247,021    |           | (8,807,401)  |          | 2,439,620   |
|                          | ₩ 225,483,174 | (522,330) | (73,984,830) | (93,600) | 150,882,414 |

(\*) The Company separately recognizes impairment loss on each asset, reflecting various factors.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**18. Property, Plant and Equipment, Continued****(2) Changes in property, plant and equipment for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

*In millions of won*

|                          | <b>June 30, 2018</b>         |                    |                 |                     |                            |               |                           |
|--------------------------|------------------------------|--------------------|-----------------|---------------------|----------------------------|---------------|---------------------------|
|                          | <b>Beginning<br/>balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Depreciation</b> | <b>Impairment<br/>(* )</b> | <b>Others</b> | <b>Ending<br/>balance</b> |
| Land                     | ₩ 13,318,542                 | 237                | (10,732)        |                     |                            | 105,635       | 13,413,682                |
| (Government grants)      | (21,968)                     |                    |                 |                     |                            |               | (21,968)                  |
| Buildings                | 12,053,526                   | 662                | (3,261)         | (397,406)           | (1,896)                    | 192,417       | 11,844,042                |
| (Government grants)      | (63,539)                     |                    |                 | 2,996               |                            | (1,579)       | (62,122)                  |
| Structures               | 44,104,778                   | 2,555              | (326,883)       | (1,298,573)         | (360)                      | 1,719,126     | 44,200,643                |
| (Government grants)      | (196,414)                    |                    | 1,129           | 5,419               |                            | (7,607)       | (197,473)                 |
| Machinery                | 46,875,798                   | 152,861            | (116,221)       | (2,473,339)         | (393,839)                  | 1,495,965     | 45,541,225                |
| (Government grants)      | (183,188)                    |                    | 248             | 8,950               |                            | (1,998)       | (175,988)                 |
| Ships                    | 403                          |                    |                 | (52)                |                            | 1             | 352                       |
| Vehicles                 | 81,038                       | 1,083              | (362)           | (16,961)            |                            | 3,547         | 68,345                    |
| (Government grants)      | (6,322)                      |                    |                 | 1,074               |                            |               | (5,248)                   |
| Equipment                | 420,672                      | 14,783             | (215)           | (93,832)            | (36)                       | 45,626        | 386,998                   |
| (Government grants)      | (761)                        |                    |                 | 194                 |                            | (5)           | (572)                     |
| Tools                    | 200,663                      | 3,963              | (492)           | (41,121)            | (6)                        | 22,212        | 185,219                   |
| (Government grants)      | (1,027)                      |                    |                 | 229                 |                            | (75)          | (873)                     |
| Construction-in-progress | 25,572,541                   | 6,450,251          | (6,949)         |                     | (158,758)                  | (3,056,861)   | 28,800,224                |
| (Government grants)      | (49,084)                     | (14,208)           |                 |                     |                            | 10,862        | (52,430)                  |
| Finance lease assets     | 297,679                      |                    |                 | (50,382)            |                            | (6)           | 247,291                   |
| (Government grants)      | (27)                         |                    |                 | 1                   |                            | (1)           | (27)                      |
| Asset retirement costs   | 6,039,484                    | 1,943              |                 | (304,733)           | (146,422)                  | 208,337       | 5,798,609                 |
| Others                   | 2,439,620                    | 13,658             | (3,803)         | (330,775)           |                            | 361,657       | 2,480,357                 |
|                          | ₩ 150,882,414                | 6,627,788          | (467,541)       | (4,988,311)         | (701,317)                  | 1,097,253     | 152,450,286               |

(\*) Korea Hydro & Nuclear Power Co., Ltd. and Korea Western Power Co., Ltd., 100% owned subsidiaries, have determined that there are impairment indicators for the shutdowns of certain power generation units and fire, and performed an impairment test over the individual assets. As a result, the Company recognized the amount of the carrying amount in excess of its recoverable amount as impairment loss in the consolidated

statements of comprehensive income. The amount includes impairment loss in relation to Wolsong unit 1, Cheonji unit 1 and 2, Daejin unit 1 and 2, and Shin-Hanwool unit 3 and 4 as described in note 2.



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**18. Property, Plant and Equipment, Continued****(2) Changes in property, plant and equipment for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows, continued:**

*in millions of won*

|                          | Beginning<br>balance | December 31, 2017 |           |              |                   |              | Ending<br>balance |
|--------------------------|----------------------|-------------------|-----------|--------------|-------------------|--------------|-------------------|
|                          |                      | Acquisition       | Disposal  | Depreciation | Impairment<br>(*) | Others       |                   |
| Land                     | ₩ 12,969,741         | 32,773            | (8,961)   |              |                   | 324,989      | 13,318,542        |
| Government grants)       | (3,204)              |                   | 5         |              |                   | (18,769)     | (21,968)          |
| Buildings                | 11,784,624           | 40,592            | (19,715)  | (794,804)    | (923)             | 1,043,752    | 12,053,526        |
| Government grants)       | (61,188)             | (900)             | 28        | 5,996        |                   | (7,475)      | (63,539)          |
| Structures               | 43,330,415           | 428               | (519,366) | (2,421,168)  | (6,856)           | 3,721,325    | 44,104,778        |
| Government grants)       | (197,641)            |                   | 1,905     | 10,011       |                   | (10,689)     | (196,414)         |
| Machinery                | 43,421,945           | 421,892           | (242,428) | (4,821,595)  | (43,121)          | 8,139,105    | 46,875,798        |
| Government grants)       | (111,064)            | (10,834)          | 489       | 17,390       |                   | (79,169)     | (183,188)         |
| Ships                    | 550                  |                   |           | (147)        |                   |              | 403               |
| Vehicles                 | 70,970               | 3,447             | (174)     | (34,236)     | (127)             | 41,158       | 81,038            |
| Government grants)       | (107)                | (107)             | 14        | 1,070        |                   | (7,192)      | (6,322)           |
| Equipment                | 376,395              | 53,529            | (413)     | (158,614)    | (6)               | 149,781      | 420,672           |
| Government grants)       | (732)                | (43)              |           | 454          |                   | (440)        | (761)             |
| Tools                    | 179,032              | 30,990            | (166)     | (74,909)     | (32)              | 65,748       | 200,663           |
| Government grants)       | (430)                |                   |           | 354          |                   | (951)        | (1,027)           |
| Construction-in-progress | 27,296,260           | 11,996,508        | (6,487)   |              |                   | (13,713,740) | 25,572,541        |
| Government grants)       | (135,807)            | (42,728)          |           |              |                   | 129,451      | (49,084)          |
| Finance lease assets     | 406,353              |                   | (29,696)  | (107,390)    |                   | 28,412       | 297,679           |
| Government grants)       |                      |                   |           | 1            |                   | (28)         | (27)              |
| Asset retirement costs   | 4,065,412            |                   |           | (518,565)    |                   | 2,492,637    | 6,039,484         |
| Others                   | 2,351,532            | 10,411            | (28)      | (762,711)    |                   | 840,416      | 2,439,620         |
|                          | ₩ 145,743,056        | 12,535,958        | (824,993) | (9,658,863)  | (51,065)          | 3,138,321    | 150,882,414       |

(\*) Korea Midland Power Co., Ltd. and Korea Western Power Co., Ltd., 100% owned subsidiaries, have determined that there are impairment indicators for the shutdowns of certain power generation units and fire,

and performed an impairment test over the individual assets. As a result, the Company recognized the amount of the carrying amount in excess of its recoverable amount as impairment loss in the consolidated statements of comprehensive income.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**19. Investment Properties****(1) Investment properties as of June 30, 2018 and December 31, 2017 are as follows:**

*In millions of won*

|           | <b>June 30, 2018</b>   |                          |                                 |                   |
|-----------|------------------------|--------------------------|---------------------------------|-------------------|
|           | <b>Acquisition cos</b> | <b>Government grants</b> | <b>Accumulated depreciation</b> | <b>Book value</b> |
| Land      | ₩ 266,471              |                          |                                 | 266,471           |
| Buildings | 36,551                 | (16)                     | (15,840)                        | 20,695            |
|           | <b>₩ 303,022</b>       | <b>(16)</b>              | <b>(15,840)</b>                 | <b>287,166</b>    |

*In millions of won*

|           | <b>December 31, 2017</b> |                          |                                 |                   |
|-----------|--------------------------|--------------------------|---------------------------------|-------------------|
|           | <b>Acquisition cos</b>   | <b>Government grants</b> | <b>Accumulated depreciation</b> | <b>Book value</b> |
| Land      | ₩ 264,205                |                          |                                 | 264,205           |
| Buildings | 36,165                   | (83)                     | (15,573)                        | 20,509            |
|           | <b>₩ 300,370</b>         | <b>(83)</b>              | <b>(15,573)</b>                 | <b>284,714</b>    |

**(2) Changes in investment properties for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

*In millions of won*

|                     | <b>June 30, 2018</b>     |                     |               |                       |
|---------------------|--------------------------|---------------------|---------------|-----------------------|
|                     | <b>Beginning balance</b> | <b>Depreciation</b> | <b>Others</b> | <b>Ending balance</b> |
| Land                | ₩ 264,205                |                     | 2,266         | 266,471               |
| Buildings           | 20,592                   | (509)               | 628           | 20,711                |
| (Government grants) | (83)                     | 1                   | 66            | (16)                  |
|                     | <b>₩ 284,714</b>         | <b>(508)</b>        | <b>2,960</b>  | <b>287,166</b>        |

*In millions of won*

|                     | <b>December 31, 2017</b> |                     |               |                       |
|---------------------|--------------------------|---------------------|---------------|-----------------------|
|                     | <b>Beginning balance</b> | <b>Depreciation</b> | <b>Others</b> | <b>Ending balance</b> |
| Land                | ₩ 336,421                |                     | (72,216)      | 264,205               |
| Buildings           | 17,323                   | (1,178)             | 4,447         | 20,592                |
| (Government grants) | (64)                     | 2                   | (21)          | (83)                  |
|                     | ₩ 353,680                | (1,176)             | (67,790)      | 284,714               |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**19. Investment Properties, Continued****(3) Income and expenses related to investment properties for the six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>                                      | <b>June 30, 2018</b>                    |                                   | <b>June 30, 2017</b>                    |                                   |
|--|---|-----------------------------------|---|-----------------------------------|
|  | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> |
| Rental income  | ₩ 1,819                                 | 4,680                             | 2,323                                   | 4,755                             |
| Operating and maintenance expenses<br>related to rental income | (218)                                   | (508)                             | (138)                                   | (546)                             |
|  | ₩ 1,601                                 | 4,172                             | 2,185                                   | 4,209                             |

**(4) Fair value of investment properties as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b>  |                   | <b>December 31, 2017</b> |                   |
|---------------------------|-----------------------|-------------------|--------------------------|-------------------|
|                           | <b>Book<br/>value</b> | <b>Fair value</b> | <b>Book value</b>        | <b>Fair value</b> |
| Land                      | ₩ 266,471             | 300,870           | 264,205                  | 309,241           |
| Buildings                 | 20,695                | 23,031            | 20,509                   | 23,319            |
|                           | ₩ 287,166             | 323,901           | 284,714                  | 332,560           |

The fair values of the investment properties as of the reporting date were determined in consideration of the fluctuation on the publicly announced individual land price after the K-IFRS transition date (January 1, 2010).

**(5)** All of the Company's investment property is held under freehold interests.**20. Construction Contracts**

- (1) **Changes in total contract amount in which revenue is not yet recognized for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

*In millions of won*

|  |                          | <b>June 30, 2018</b>           |                              |                       |
|--|--------------------------|--------------------------------|------------------------------|-----------------------|
|  | <b>Beginning balance</b> | <b>Increase (decrease) (*)</b> | <b>Recognized as revenue</b> | <b>Ending balance</b> |
| Nuclear power plant construction in UAE and others | ₩4,176,595               | 333,505                        | (874,594)                    | 3,635,506             |

- (\*) For the six-month period ended June 30, 2018, the increased balance of contracts from new orders and other is ₩344,789 million and the decreased balance of contracts due to changes in scope of construction work is ₩11,284 million.

*In millions of won*

|  |                          | <b>December 31, 2017</b>       |                              |                       |
|--|--------------------------|--------------------------------|------------------------------|-----------------------|
|  | <b>Beginning balance</b> | <b>Increase (decrease) (*)</b> | <b>Recognized as revenue</b> | <b>Ending balance</b> |
| Nuclear power plant construction in UAE and others | ₩7,236,888               | 151,891                        | (3,212,184)                  | 4,176,595             |

- (\*) For the year ended December 31, 2017, the increased balance of contracts from new orders and other is ₩438,142 million and the decreased balance of contracts due to changes in scope of construction work is ₩286,251 million.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**20. Construction Contracts, Continued**

- (2) **Accumulated earned revenue, expense and others related to the Company's construction contracts as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                          | <b>June 30, 2018</b>                      |                                |                               |                                      |
|--|---|--------------------------------|-------------------------------|--------------------------------------|
|  | <b>Accumulated<br/>earned<br/>revenue</b> | <b>Accumulated<br/>expense</b> | <b>Accumulated<br/>profit</b> | <b>Unearned<br/>advance receipts</b> |
| Nuclear power plant construction in UAE and others | ₩ 19,035,458                              | 17,907,249                     | 1,128,209                     |                                      |

| <i>In millions of won</i>                          | <b>December 31, 2017</b>                  |                                |                               |                                      |
|--|---|--------------------------------|-------------------------------|--------------------------------------|
|  | <b>Accumulated<br/>earned<br/>revenue</b> | <b>Accumulated<br/>expense</b> | <b>Accumulated<br/>profit</b> | <b>Unearned<br/>advance receipts</b> |
| Nuclear power plant construction in UAE and others | ₩ 18,236,992                              | 16,937,772                     | 1,299,220                     |                                      |

- (3) **Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                          | <b>June 30, 2018</b>   |                         | <b>December 31, 2017</b> |                         |
|--|------------------------|-------------------------|--------------------------|-------------------------|
|  | <b>Assets<br/>(*1)</b> | <b>Liabilities (*2)</b> | <b>Assets (*1)</b>       | <b>Liabilities (*2)</b> |
| Nuclear power plant construction in UAE and others | ₩ 48,568               | 508,450                 | 55,755                   | 542,921                 |

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

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

- (4) The contract between the Company and ENEC (purchaser) states that disclosure of information related to UAE nuclear power plant construction projects such as contract date, contractual completion date, completion progress,

unbilled construction, impairment losses, etc. is not allowed without consent from the purchaser. ENEC did not agree to disclose such information. Accordingly, the Company did not disclose such information based on K-IFRS 1115 129.2(2) as it is probable that ENEC may file a lawsuit for breach of contract if the Company does so. Also, the Company has not disclosed such information in a registration statement, investment prospectus or annual report and reported to the audit committee that those items will not be disclosed in the notes to the financial statements.

**(5) Changes in estimates of contract revenues and costs related to the Company's construction services for the six-month period ended June 30, 2018 are as follows:**

*In millions of won*

**June 30, 2018**

|   | Changes in estimates                    |                               |  |   | Assets |                                 | Receivables from construction contracts |                                 | Changes in total contract costs |
|---|---|-------------------------------|--|---|--------|---------------------------------|---|---------------------------------|---------------------------------|
|   | Expected loss on construction contracts | of contract revenue and costs | Amounts recognized in current profit or loss | Amounts recognized in future profit or loss | Gross  | Allowance for doubtful accounts | Gross                                   | Allowance for doubtful accounts |                                 |
| Transmission and distribution           | ₩                                       | (473)                         | (287)  | (186)                                       | 17,334 |                                 |   |                                 |                                 |
| Electric power generation (nuclear)     |   |                               |  |   | 3,229  |                                 |   |                                 |                                 |
| Plant maintenance & engineering service | 356                                     | (3,951)                       | (2,412)                                      | (1,539)                                     | 28,005 | (1)                             | 35,580                                  | (7,908)                         | 1,610                           |
|   | ₩ 356                                   | (4,424)                       | (2,699)                                      | (1,725)                                     | 48,568 | (1)                             | 35,580                                  | (7,908)                         | 1,610                           |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**21. Intangible Assets other than Goodwill****(1) Intangible assets as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

|   | <b>June 30, 2018</b>        |                              |                                     |  |                       |
|---|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|   | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>amortization</b> | <b>Accumulated<br/>impairment<br/>losses</b> | <b>Book<br/>value</b> |
| Software  | ₩ 557,465                   | (345)                        | (435,082)                           |  | 122,038               |
| Licenses and franchises                                   | 3,398                       |                              | (3,398)                             |  |                       |
| Copyrights, patents rights<br>and other industrial rights | 94,902                      |                              | (24,851)                            |  | 70,051                |
| Mining rights   | 573,183                     |                              | (17,764)                            |  | 555,419               |
| Development expenditures                                  | 861,983                     | (2,731)                      | (768,967)                           |  | 90,285                |
| Intangible assets under development                       | 86,775                      | (10,995)                     |                                     | (3,942)                                      | 71,838                |
| Usage rights of donated assets and other                  | 459,682                     | (5)                          | (365,348)                           |  | 94,329                |
| Leasehold rights  | 25,482                      |                              | (19,598)                            |  | 5,884                 |
| Greenhouse gas emissions rights                           | 18,650                      |                              |                                     |  | 18,650                |
| Others  | 299,837                     |                              | (111,348)                           | (12,069)                                     | 176,420               |
|   | <b>₩ 2,981,357</b>          | <b>(14,076)</b>              | <b>(1,746,356)</b>                  | <b>(16,011)</b>                              | <b>1,204,914</b>      |

*In millions of won*

|   | <b>December 31, 2017</b>    |                              |                                     |  |                       |
|---|-----------------------------|------------------------------|-------------------------------------|--|-----------------------|
|   | <b>Acquisition<br/>cost</b> | <b>Government<br/>grants</b> | <b>Accumulated<br/>amortization</b> | <b>Accumulated<br/>impairment<br/>losses</b> | <b>Book<br/>value</b> |
| Software  | ₩ 534,191                   | (486)                        | (408,300)                           |  | 125,405               |
| Licenses and franchises                                   | 3,398                       |                              | (3,398)                             |  |                       |
| Copyrights, patents rights<br>and other industrial rights | 43,857                      |                              | (19,876)                            |  | 23,981                |
| Mining rights   | 553,876                     |                              | (14,243)                            |  | 539,633               |
| Development expenditures                                  | 836,996                     | (3,702)                      | (752,478)                           |  | 80,816                |
| Intangible assets under development                       | 143,851                     | (10,540)                     |                                     | (3,941)                                      | 129,370               |
| Usage rights of donated assets and other                  | 459,682                     | (11)                         | (358,024)                           |  | 101,647               |
| Leasehold rights  | 24,306                      |                              | (19,262)                            |  | 5,044                 |
| Others  | 297,289                     |                              | (103,995)                           | (12,069)                                     | 181,225               |

|             |          |             |          |           |
|-------------|----------|-------------|----------|-----------|
| ₩ 2,897,446 | (14,739) | (1,679,576) | (16,010) | 1,187,121 |
|-------------|----------|-------------|----------|-----------|

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(2) Changes in intangible assets as of June 30, 2018 and December 31, 2017 are as follows:**

*In millions of won*

|   | <b>June 30, 2018</b>         |                    |                 |                     |                   |               |                           |
|---|------------------------------|--------------------|-----------------|---------------------|-------------------|---------------|---------------------------|
|   | <b>Beginning<br/>balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Amortization</b> | <b>Impairment</b> | <b>Others</b> | <b>Ending<br/>balance</b> |
| Software  | ₩ 125,891                    | 2,156              | (1)             | (25,756)            |                   | 20,093        | 122,383                   |
| (Government grants)                                       | (486)                        |                    |                 | 125                 |                   | 16            | (345)                     |
| Licenses and franchises                                   |                              |                    |                 |                     |                   |               |                           |
| Copyrights, patents rights<br>and other industrial rights | 23,981                       | 9                  |                 | (4,338)             |                   | 50,399        | 70,051                    |
| Mining rights   | 539,633                      | 15,370             |                 | (2,407)             |                   | 2,823         | 555,419                   |
| Development expenditures                                  | 84,518                       | 597                |                 | (13,436)            |                   | 21,337        | 93,016                    |
| (Government grants)                                       | (3,702)                      |                    |                 | 970                 |                   | 1             | (2,731)                   |
| Intangible assets under<br>development                    | 139,910                      | 27,898             |                 |                     |                   | (84,975)      | 82,833                    |
| (Government grants)                                       | (10,540)                     |                    |                 |                     |                   | (455)         | (10,995)                  |
| Usage rights of donated<br>assets and other               | 101,658                      |                    |                 | (6,664)             |                   | (660)         | 94,334                    |
| (Government grants)                                       | (11)                         |                    |                 | 5                   |                   | 1             | (5)                       |
| Leasehold rights  | 5,044                        |                    |                 | (335)               |                   | 1,175         | 5,884                     |
| Greenhouse gas emissions<br>rights                        |                              |                    |                 |                     |                   | 18,650        | 18,650                    |
| Others  | 181,225                      | 808                | (3)             | (7,852)             | (5)               | 2,247         | 176,420                   |
| (Government grants)                                       |                              |                    |                 |                     |                   |               |                           |
|   | ₩ 1,187,121                  | 46,838             | (4)             | (59,688)            | (5)               | 30,652        | 1,204,914                 |

*In millions of won*

|                            | <b>December 31, 2017</b>     |                    |                 |                     |                   |               |                           |
|----------------------------|------------------------------|--------------------|-----------------|---------------------|-------------------|---------------|---------------------------|
|                            | <b>Beginning<br/>balance</b> | <b>Acquisition</b> | <b>Disposal</b> | <b>Amortization</b> | <b>Impairment</b> | <b>Others</b> | <b>Ending<br/>balance</b> |
| Software                   | ₩ 93,221                     | 12,700             | (5)             | (44,809)            |                   | 64,784        | 125,891                   |
| (Government grants)        | (595)                        | (17)               |                 | 255                 |                   | (129)         | (486)                     |
| Licenses and franchises    | 20,081                       | 30                 | (7)             | (3,350)             |                   | 7,227         | 23,981                    |
| Copyrights, patents rights |                              |                    |                 |                     |                   |               |                           |

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|  |                  |                |              |                  |           |                |                  |
|--|------------------|----------------|--------------|------------------|-----------|----------------|------------------|
| and other industrial rights              |                  |                |              |                  |           |                |                  |
| Mining rights                            | 538,860          | 26,751         | (272)        | (4,640)          | (21,066)  | 539,633        |                  |
| Development expenditures                 | 62,405           | 494            |              | (25,924)         | 47,543    | 84,518         |                  |
| (Government grants)                      | (5,152)          |                |              | 2,811            | (1,361)   | (3,702)        |                  |
| Intangible assets under development      | 115,533          | 56,527         |              |                  | (20)      | (32,130)       | 139,910          |
| (Government grants)                      | (11,090)         |                |              |                  |           | 550            | (10,540)         |
| Usage rights of donated assets and other | 84,102           |                |              | (14,462)         |           | 32,018         | 101,658          |
| (Government grants)                      | (21)             |                |              | 10               |           |                | (11)             |
| Leasehold rights                         | 4,632            |                |              | (545)            |           | 957            | 5,044            |
| Greenhouse gas emissions rights          | 6,283            |                |              |                  |           | (6,283)        |                  |
| Others                                   | 72,562           | 47,402         | (377)        | (23,018)         | 54        | 84,602         | 181,225          |
| (Government grants)                      |                  |                |              |                  |           |                |                  |
|  | <b>₩ 980,821</b> | <b>143,887</b> | <b>(661)</b> | <b>(113,672)</b> | <b>34</b> | <b>176,712</b> | <b>1,187,121</b> |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**21. Intangible Assets other than Goodwill, Continued****(3) Significant specific intangible assets as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won and thousands of Australian dollars*

| <b>June 30, 2018</b>                                   |  |                 |               |   |
|--|--|-----------------|---------------|---|
| <b>Type</b>  | <b>Description</b>   | <b>Currency</b> | <b>Amount</b> | <b>Remaining useful lives</b>                   |
| Software   | ERP system and others  | KRW             | 959           | 2 years and 8 months ~<br>2 years and 10 months |
|  | AMI GATEWAY S/W  | KRW             | 2,971         | 2 years and 8 months                            |
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right       | KRW             | 10,490        | 4 years and 3 months                            |
| Mining rights  | Mining right of Bylong mine  | AUD             | 401,225       | (*)   |
| Development expenditures                               | Electricity sales information system   | KRW             | 25,864        | 3 years and 9 months                            |
| Intangible assets under development                    | Contributions to ARP NRC DC  | KRW             | 48,283        |   |
| Usage rights of donated assets and others              | Sejong Haengbogdosi sharing charge Dangjin power plant load facility usage right | KRW             | 38,191        | 8 years and 5 months                            |
|  |  | KRW             | 17,315        | 2 years and 9 months                            |
| Others   | Occupancy and use of public waters   | KRW             | 100,564       | 18 years and 5 months                           |

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

*In millions of won and thousands of Australian dollars*

| <b>December 31, 2017</b> |                       |                 |               |  |
|--------------------------|-----------------------|-----------------|---------------|--|
| <b>Type</b>              | <b>Description</b>    | <b>Currency</b> | <b>Amount</b> | <b>Remaining useful lives</b>                  |
| Software                 | ERP system and others | KRW             | 1,135         | 3 years and 2 months ~<br>3 years and 4 months |
|                          | AMI GATEWAY S/W       | KRW             | 3,528         | 3 years and 2 months                           |
|                          |                       | KRW             | 11,724        | 4 years and 9 months                           |

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|  |  |     |         |  |                        |
|--|--|-----|---------|--|------------------------|
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right       |     |         |  |                        |
| Mining rights  | Mining right of Bylong mine  | AUD | 401,225 |  | (*)                    |
| Development expenditures                               | Electricity sales information system   | KRW | 29,391  |  | 4 years and 3 months   |
| Intangible assets under development                    | Contributions to ARP NRC DC  | KRW | 46,458  |  |                        |
| Usage rights of donated assets and others              | Sejong Haengbogdosi sharing charge Dangjin power plant load facility usage right | KRW | 40,460  |  | 8 years and 11 months  |
|  |  | KRW | 20,463  |  | 3 years and 3 months   |
| Others   | Occupancy and use of public waters   | KRW | 103,269 |  | 18 years and 11 months |

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

(4) For the six-month periods ended June 30, 2018 and 2017, the Company recognized research and development expenses of ₩327,931 million and ₩317,959 million, respectively.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**22. Trade and Other Payables****Trade and other payables as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>   | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|-----------------------------|----------------------|--------------------|--------------------------|--------------------|
|                             | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Trade payables              | ₩ 2,461,554          |                    | 2,936,990                |                    |
| Other trade payables        | 1,799,818            | 2,840,357          | 1,649,933                | 2,825,039          |
| Accrued expenses            | 1,287,177            | 2,158              | 1,087,844                | 1,951              |
| Leasehold deposits received | 1,921                | 1,053              | 1,562                    | 1,308              |
| Other deposits received     | 185,728              | 81,951             | 186,817                  | 102,896            |
| Finance lease liabilities   | 94,036               | 256,537            | 131,792                  | 286,468            |
| Dividends payable           | 4,131                |                    | 4,448                    |                    |
| Others (*)                  |                      | 12,817             | 135                      | 5,818              |
|                             | ₩ 5,834,365          | 3,194,873          | 5,999,521                | 3,223,480          |

(\*) Details of others as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i>               | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---|----------------------|--------------------|--------------------------|--------------------|
|   | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance received from local governments | ₩                    | 5,817              |                          | 5,818              |
| Others                                  |                      | 7,000              | 135                      |                    |
|   | ₩                    | 12,817             | 135                      | 5,818              |

**23. Borrowings and Debt Securities****(1) Borrowings and debt securities as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>  | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|----------------------------|----------------------|--------------------------|
| <b>Current liabilities</b> |                      |                          |

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|  |              |            |
|--|--------------|------------|
| Short-term borrowings                                      | ₩ 4,017,011  | 1,038,328  |
| Current portion of long-term borrowings                    | 138,837      | 128,543    |
| Current portion of debt securities                         | 7,626,074    | 7,961,182  |
| Less : Current portion of discount on long-term borrowings | (914)        | (886)      |
| Less : Current portion of discount on debt securities      | (2,236)      | (3,882)    |
| Add : Current portion of premium on debt securities        | 53           |            |
|  | 11,778,825   | 9,123,285  |
| <b>Non-current liabilities</b>                             |              |            |
| Long-term borrowings                                       | 2,534,171    | 2,455,737  |
| Debt securities  | 46,378,730   | 43,270,825 |
| Less : Discount on long-term borrowings                    | (19,733)     | (21,113)   |
| Less : Discount on debt securities                         | (84,634)     | (81,424)   |
| Add : Premium on debt securities                           |              | 82         |
|  | 48,808,534   | 45,624,107 |
|  | ₩ 60,587,359 | 54,747,392 |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(2) Repayment schedule of borrowings and debt securities as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

|                  | <b>June 30, 2018</b> |                        |
|------------------|----------------------|------------------------|
| <b>Type</b>      | <b>Borrowings</b>    | <b>Debt securities</b> |
| Less than 1 year | ₩ 4,155,848          | 7,626,074              |
| 1~ 5 years       | 1,119,169            | 28,203,012             |
| Over 5 years     | 1,415,002            | 18,175,718             |
|                  | ₩ 6,690,019          | 54,004,804             |

*In millions of won*

|                  | <b>December 31, 2017</b> |                        |
|------------------|--------------------------|------------------------|
| <b>Type</b>      | <b>Borrowings</b>        | <b>Debt securities</b> |
| Less than 1 year | ₩ 1,166,871              | 7,961,182              |
| 1~ 5 years       | 1,117,222                | 25,047,075             |
| Over 5 years     | 1,338,515                | 18,223,750             |
|                  | ₩ 3,622,608              | 51,232,007             |

**(3) Short-term borrowings as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won and thousands of foreign currencies*

| <b>June 30, 2018</b>        |  |                          |                           |                         |                       |
|-----------------------------|--|--------------------------|---------------------------|-------------------------|-----------------------|
| <b>Type</b>                 | <b>Creditor</b>                          | <b>Interest rate (%)</b> | <b>Maturity</b>           | <b>Foreign currency</b> | <b>Local currency</b> |
| Local short-term borrowings | KTB Investment and securities and others | 1.68~1.86                | 2018.07.02~<br>2018.09.05 |                         | ₩ 3,699,500           |

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|                               |                             |                              |            |             |            |
|-------------------------------|-----------------------------|------------------------------|------------|-------------|------------|
| Foreign short-term borrowings | SCNT and others             | 4.60~6.50                    | 2018.12.03 | USD 8,955   | 10,045     |
| Foreign short-term borrowings | Export-import Bank of Korea | 3M Libor+0.59                | 2018.12.18 | AUD 360,810 | 297,470    |
| Local bank overdraft          | Woori Bank                  | Standard overdraft rate+1.09 | 2019.02.26 |             | 9,996      |
|                               |                             |                              |            |             | ₩4,017,011 |

*In millions of won and thousands of foreign currencies*

**December 31, 2017**

| Type                          | Creditor                                 | Interest rate (%)            | Maturity                  | Foreign currency | Local currency |
|-------------------------------|--|------------------------------|---------------------------|------------------|----------------|
| Local short-term borrowings   | KTB Investment and securities and others | 1.57~2.47                    | 2018.01.12~<br>2018.09.19 |                  | ₩ 686,561      |
| Foreign short-term borrowings | SCNT and others                          | 4.60~6.50                    | 2018.12.03                | USD 8,955        | 9,594          |
| Foreign short-term borrowings | Export-import Bank of Korea              | 3M Libor+0.41~0.63           | 2018.12.18                | AUD 327,259      | 273,314        |
| Local bank overdraft          | Nonghyup Bank                            | 3.04                         | 2018.01.02                |                  | 51,300         |
| Local bank overdraft          | Woori Bank                               | Standard overdraft rate+1.12 | 2018.02.27                |                  | 17,559         |
|                               |  |                              |                           |                  | ₩ 1,038,328    |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(4) Long-term borrowings as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won and thousands of foreign currencies*

|                                   |                                | <b>June 30, 2018</b>         |                 | <b>Foreign<br/>currency</b> | <b>Local<br/>currency</b> |
|-----------------------------------|--------------------------------|------------------------------|-----------------|-----------------------------|---------------------------|
| <b>Type</b>                       |                                | <b>Interest rate (%)</b>     | <b>Maturity</b> |                             |                           |
| <b>Local long-term borrowings</b> |                                |                              |                 |                             |                           |
| Korea Development Bank            | Others                         | 0.50                         | 2018~2044       | ₩                           | 4,705                     |
|                                   | Facility                       | 2.45~4.60                    | 2023~2028       |                             | 67,529                    |
|                                   | Operating funds                | 2.59~3.56                    | 2020~2021       |                             | 67,000                    |
|                                   | Operating funds                | 1yr KoFC bond rate           |                 |                             |                           |
|                                   |                                | +0.95                        | 2020            |                             | 14,000                    |
| KEB Hana Bank                     | Commercial Paper               | 3M CD+0.24~0.32              | 2021~2022       |                             | 400,000                   |
|                                   | Facility                       | 4.60                         | 2028            |                             | 14,417                    |
|                                   | Facility                       | 3yr KTB rate-1.25            | 2018~2028       |                             | 8,593                     |
| IBK                               | PF Refinancing                 | CD+1.25                      | 2030            |                             | 22,500                    |
| Export-Import Bank of Korea       | Project loans                  | 1.50                         | 2026            |                             | 23,569                    |
|                                   | Operating funds                | 2.21                         | 2020            |                             | 35,000                    |
| Korea Energy Agency               | Development of power resources | 3yr KTB rate-2.25            | 2023~2025       |                             | 6,161                     |
|                                   | Facility                       | 3yr KTB rate-2.25            | 2018~2024       |                             | 2,855                     |
|                                   | Project loans                  |                              | 2022~2025       |                             | 3,733                     |
|                                   | Others                         | KTB rate -2.25               | 2024~2028       |                             | 17,992                    |
| Shinhan Bank                      | Collateral borrowing           | 2.32                         | 2019            |                             | 30,000                    |
|                                   | Facility                       | CB rate+1.10                 | 2028            |                             | 21,625                    |
|                                   | Others                         | 3.95                         | 2035            |                             | 105,000                   |
|                                   | Others                         | Standard overdraft rate+1.00 |                 |                             | 105,000                   |
| Kookmin Bank                      | Facility                       | 3.16                         | 2020            |                             | 10,000                    |

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|   |                            |                    |           |                |             |
|---|----------------------------|--------------------|-----------|----------------|-------------|
|   | Facility                   | MOR+0.79           | 2023      |                | 33,833      |
| Others  | Facility                   | 1.75~4.60          | 2026~2029 |                | 143,687     |
|   | Facility                   | CB rate+1.10~1.20  | 2022~2028 |                | 42,756      |
|   | PF Refinancing             | 4.10               | 2030      |                | 62,500      |
|   | Others                     | 4.50~7.90          | 2022~2039 |                | 102,347     |
|   |                            |                    |           |                | 1,344,802   |
| <b>Foreign long-term borrowings</b>                       |                            |                    |           |                |             |
| Korea Energy Agency                                       | Project loans              |                    | 2021~2023 | USD 8,744      | 9,808       |
| Export-Import Bank of Korea and others                    | Direct loan and others     | 1M Libor+1.80~3.20 | 2036      | USD 77,240     | 86,640      |
|   | Direct loan and others     | 3M Libor+2.75~3.70 | 2027      | JOD 163,706    | 258,451     |
|   | Commercial loan and others | 3M Libor+1.50~2.50 | 2030~2033 | USD 283,144    | 317,603     |
|   | PF Loan                    | 6M Libor+1.70~2.50 | 2032      | USD 122,771    | 137,712     |
| SCNT and others   | Shareholder's loan         | 6.50~8.00          | 2023      | USD 42,690     | 47,885      |
|   | Shareholder's loan         | 8.00               | 2031      | JOD 5,136      | 8,109       |
| PT PJB  | Shareholder's loan         | 12.75              | 2019      | IDR 10,079,332 | 785         |
| Samsung Life Insurance and others                         | Syndicated Loan            | 3.10               | 2032      | JPY 5,325,000  | 54,038      |
| Woori Bank and others                                     | Syndicated Loan            | JPY 6M Libor+2.00  | 2032      | JPY 3,435,000  | 34,858      |
| SMBC and others   | Equity Bridge Loan         | 1M Libor+0.90      | 2019      | USD 71,399     | 80,088      |
| IFC and others  | Others                     | 6M Libor+5.00      | 2031      | PKR 18,325,120 | 168,774     |
| Federal Financing Bank and others                         | PF loan                    | 2.39~13.00         | 2031~2038 | USD 104,736    | 117,482     |
| Others  | Others                     |                    | 2019      | USD 5,324      | 5,973       |
|   |                            |                    |           |                | 1,328,206   |
|   |                            |                    |           |                | 2,673,008   |
| Less : Discount of long-term borrowings                   |                            |                    |           |                | (20,647)    |
| Less : Current portion of long-term borrowings            |                            |                    |           |                | (138,837)   |
| Add : Current portion of discount on long-term borrowings |                            |                    |           |                | 914         |
|   |                            |                    |           |                | ₩ 2,514,438 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(4) Long-term borrowings as of June 30, 2018 and December 31, 2017 are as follows, continued:***In millions of won and thousands of foreign currencies*

|                                   |                                | <b>December 31, 2017</b> |                 | <b>Foreign<br/>currency</b> | <b>Local<br/>currency</b> |
|-----------------------------------|--------------------------------|--------------------------|-----------------|-----------------------------|---------------------------|
| <b>Type</b>                       |                                | <b>Interest rate (%)</b> | <b>Maturity</b> |                             |                           |
| <b>Local long-term borrowings</b> |                                |                          |                 |                             |                           |
| Korea Development Bank            | Others                         | 0.50                     | 2018~2044       | ₩                           | 4,909                     |
|                                   | Facility                       | 2.45~4.60                | 2023~2028       |                             | 68,883                    |
|                                   | Facility                       | 1yr KoFC bond rate       |                 |                             |                           |
|                                   | Operating funds                | +0.31                    | 2018            |                             | 25,000                    |
|                                   | Operating funds                | 2.59~3.04                | 2018~2020       |                             | 47,000                    |
|                                   |                                | 1yr KoFC bond rate       |                 |                             |                           |
|                                   |                                | +0.95                    | 2020            |                             | 14,000                    |
| KEB Hana Bank                     | Commercial Paper               | 3M CD+0.24~0.32          | 2021~2022       |                             | 400,000                   |
|                                   | Facility                       | 4.60                     | 2028            |                             | 15,038                    |
|                                   | Facility                       | 3yr KTB rate-1.25        | 2018~2028       |                             | 8,947                     |
| IBK                               | PF Refinancing                 | CD+1.25                  | 2030            |                             | 22,500                    |
| Export-Import Bank of Korea       | Project loans                  |                          |                 |                             |                           |
|                                   | Operating funds                | 1.50                     | 2026            |                             | 25,042                    |
|                                   |                                | 2.21                     | 2020            |                             | 35,000                    |
| Korea Energy Agency               | Development of power resources | 3yr KTB rate-2.25        | 2023~2025       |                             | 6,765                     |
|                                   | Facility                       | 3yr KTB rate-2.25        | 2018~2024       |                             | 3,121                     |
|                                   | Project loans                  |                          | 2022~2025       |                             | 3,733                     |
|                                   | Others                         | KTB rate -2.25           | 2024~2028       |                             | 18,455                    |
| Shinhan Bank                      | Collateral borrowing           | 2.32                     | 2019            |                             | 30,000                    |
|                                   | Facility                       | CB rate +1.10            | 2028            |                             | 22,557                    |
|                                   | Operating funds                | 2.70                     | 2018            |                             | 15,000                    |
|                                   | Others                         | 4.10                     | 2035            |                             | 105,000                   |

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|              | Others         | Standard overdraft<br>rate +1.10 | 2035      |  | 105,000 |
|--------------|----------------|----------------------------------|-----------|--|---------|
| Kookmin Bank | Facility       | 3.16                             | 2020      |  | 10,000  |
|              | Facility       | MOR+0.79                         | 2023      |  | 35,000  |
| Others       | Facility       | 1.75~4.60                        | 2026~2029 |  | 148,423 |
|              | Facility       | CB rate +1.10~1.20               | 2022~2028 |  | 46,278  |
|              | PF Refinancing | 4.10                             | 2030      |  | 62,500  |
|              | Others         | 4.50~8.00                        | 2022~2039 |  | 102,346 |

1,380,497

**Foreign long-term borrowings**

|  |                            |                    |           |                |         |
|--|----------------------------|--------------------|-----------|----------------|---------|
| Korea Energy Agency                    | Project loans              |                    | 2021~2023 | USD 8,744      | 9,368   |
| Export-Import Bank of Korea and others | Direct loan and others     | 1M Libor+1.80~3.20 | 2036      | USD 64,913     | 69,548  |
|  | Direct loan and others     | 3M Libor+2.75~3.70 | 2027      | JOD 168,663    | 254,514 |
|  | Commercial loan and others | 3M Libor+1.50~2.50 | 2030~2033 | USD 289,026    | 309,662 |
|  | PF Loan                    | 6M Libor+1.70~2.50 | 2032      | USD 123,253    | 132,054 |
| SCNT and others                        | Shareholder s loan         | 6.50~8.00          | 2023      | USD 41,718     | 44,697  |
|  | Shareholder s loan         | 8.00               | 2031      | JOD 5,136      | 7,750   |
| PT PJB                                 | Shareholder s loan         | 12.75              | 2019      | IDR 10,932,568 | 864     |
| Samsung Life Insurance and others      | Syndicated Loan            | 3.10               | 2032      | JPY 5,325,000  | 50,540  |
| Woori Bank and others                  | Syndicated Loan            | JPY 6M Libor +2.00 | 2032      | JPY 3,435,000  | 32,602  |
| SMBC and others                        | Equity Bridge Loan         | 1M Libor+0.90      | 2019      | USD 70,986     | 76,054  |
| IFC and others                         | Others                     | 6M Libor+5.00      | 2031      | PKR 16,652,350 | 161,195 |
| Federal Financing Bank                 | PF loan                    | 2.39               | 2031      | USD 48,366     | 51,819  |
| Others                                 | Others                     |                    | 2019      | USD 2,907      | 3,116   |

1,203,783

2,584,280

Less : Discount of long-term borrowings (21,999)

Less : Current portion of long-term borrowings (128,543)

Add : Current portion of discount on long-term borrowings 886

**₩ 2,434,624**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(5) Local debt securities as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

|  | Issue date  | Maturity    | Interest rate (%) | June 30,<br>2018 | December 31, 2017 |
|--|-------------|-------------|-------------------|------------------|-------------------|
| Electricity bonds  | 2009.12.03~ | 2018.07.17~ |                   |                  |                   |
|  | 2018.03.29  | 2037.09.18  | 1.62~5.45         | ₩ 22,080,000     | 20,700,000        |
| Electricity bonds  | 2013.06.25  | 2018.06.25  | 3M CD+0.31        |                  | 150,000           |
| Corporate  | 2009.05.04~ | 2018.07.19~ |                   |                  |                   |
| bonds (*1)   | 2018.06.15  | 2048.06.05  | 1.36~5.84         | 22,022,708       | 21,122,708        |
|  |             |             |                   | 44,102,708       | 41,972,708        |
| Less : Discount on local debt securities                   |             |             |                   | (39,618)         | (37,816)          |
| Less : Current portion of local debt securities            |             |             |                   | (4,730,000)      | (5,200,000)       |
| Add : Current portion of discount on local debt securities |             |             |                   | 750              | 923               |
|  |             |             |                   | ₩ 39,333,840     | 36,735,815        |

(\*1) Corporate bonds of HeeMang Sunlight Power Co., Ltd (₩2,697 million) can be redeemed every March 31 after five years from its issue date, March 31, 2016.

**(6) Foreign debt securities as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won and thousands of foreign currencies*

|       |                       |                       |                   | June 30, 2018       |                   |
|-------|-----------------------|-----------------------|-------------------|---------------------|-------------------|
| Type  | Issue date            | Maturity              | Interest rate (%) | Foreign<br>currency | Local<br>currency |
| FY-96 | 1996.04.01~1996.12.06 | 2026.12.01~2096.04.01 | 6.00~8.37         | USD 249,071         | ₩ 279,383         |
| FY-97 | 1997.01.31~1997.08.04 | 2027.02.01~2027.08.01 | 6.75~7.00         | USD 314,717         | 353,018           |
| FY-04 | 2004.04.23            | 2034.04.23            | 5.13              | USD 286,920         | 321,838           |

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|       |                       |                       |               |                |             |
|-------|-----------------------|-----------------------|---------------|----------------|-------------|
| FY-08 | 2008.11.27            | 2018.11.27            | 4.19          | JPY 20,000,000 | 202,958     |
| FY-11 | 2011.07.13            | 2021.07.13            | 4.75          | USD 500,000    | 560,850     |
| FY-12 | 2012.09.19            | 2022.09.19            | 3.00          | USD 750,000    | 841,275     |
| FY-13 | 2013.08.14~2013.11.27 | 2018.08.14~2018.11.27 | 2.63~2.88     | USD 1,600,000  | 1,794,720   |
| FY-13 | 2013.09.26~2013.10.23 | 2019.03.26~2019.04.23 | 1.50~1.63     | CHF 400,000    | 449,716     |
| FY-13 | 2013.09.25            | 2020.09.25            | 5.75          | AUD 325,000    | 267,946     |
| FY-13 | 2013.07.25            | 2018.07.25            | 3M Libor+1.50 | USD 100,000    | 112,170     |
| FY-14 | 2014.02.11~2014.12.02 | 2019.02.11~2029.07.30 | 2.38~3.57     | USD 1,500,000  | 1,682,550   |
| FY-15 | 2015.06.15            | 2025.06.15            | 3.25          | USD 300,000    | 336,510     |
| FY-16 | 2016.01.21            | 2021.07.21            | 2.50          | USD 300,000    | 336,510     |
| FY-17 | 2017.04.12~2017.07.25 | 2020.04.12~2027.07.25 | 2.38~3.13     | USD 1,100,000  | 1,233,870   |
| FY-17 | 2017.10.30            | 2037.10.30            | 1.70          | EUR 40,000     | 51,881      |
| FY-17 | 2017.11.16            | 2037.11.16            | 2.36          | SEK 450,000    | 55,877      |
| FY-18 | 2018.01.29~2018.06.07 | 2021.01.29~2023.06.07 | 3.00~3.75     | USD 700,000    | 785,190     |
| FY-18 | 2018.03.13            | 2028.03.13            | 3.35          | HKD 1,650,000  | 235,834     |
|       |                       |                       |               |                | 9,902,096   |
|       |                       |                       |               |                | (47,252)    |
|       |                       |                       |               |                | 53          |
|       |                       |                       |               |                | (2,896,074) |
|       |                       |                       |               |                | 1,486       |
|       |                       |                       |               |                | (53)        |
|       |                       |                       |               |                | ₩ 6,960,256 |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**23. Borrowings and Debt Securities, Continued****(6) Foreign debt securities as of June 30, 2018 and December 31, 2017 are as follows, continued:***In millions of won and thousands of foreign currencies***December 31, 2017**

| Type  | Issue date            | Maturity              | Interest rate (%)  | Foreign currency | Local currency |
|-------|-----------------------|-----------------------|--------------------|------------------|----------------|
| FY-96 | 1996.04.01~1996.12.06 | 2026.12.01~2096.04.01 | 6.00~8.37          | USD 249,070      | ₩ 266,854      |
| FY-97 | 1997.01.31~1997.08.04 | 2027.02.01~2027.08.01 | 6.75~7.00          | USD 314,717      | 337,188        |
| FY-04 | 2004.04.23            | 2034.04.23            | 5.13               | USD 286,920      | 307,406        |
| FY-08 | 2008.11.27            | 2018.11.27            | 4.19               | JPY 20,000,000   | 189,822        |
| FY-11 | 2011.07.13            | 2021.07.13            | 4.75               | USD 500,000      | 535,700        |
| FY-12 | 2012.09.19            | 2022.09.19            | 3.00               | USD 750,000      | 803,550        |
| FY-13 | 2013.02.05~2013.11.27 | 2018.02.05~2018.11.27 | 1.88~2.88          | USD 1,900,000    | 2,035,660      |
| FY-13 | 2013.09.26~2013.10.23 | 2019.03.26~2019.04.23 | 1.50~1.63          | CHF 400,000      | 437,888        |
| FY-13 | 2013.09.25            | 2020.09.25            | 5.75               | AUD 325,000      | 271,427        |
| FY-13 | 2013.02.20~2013.07.25 | 2018.02.20~2018.07.25 | 3M Libor+0.84~1.50 | USD 500,000      | 535,700        |
| FY-14 | 2014.02.11~2014.12.02 | 2019.02.11~2029.07.30 | 2.38~3.57          | USD 1,500,000    | 1,607,100      |
| FY-15 | 2015.06.15            | 2025.06.15            | 3.25               | USD 300,000      | 321,420        |
| FY-16 | 2016.01.21            | 2021.07.21            | 2.50               | USD 300,000      | 321,420        |
| FY-17 | 2017.04.12~2017.07.25 | 2020.04.12~2027.07.25 | 2.38~3.13          | USD 1,100,000    | 1,178,540      |
| FY-17 | 2017.10.30            | 2037.10.30            | 1.70               | EUR 40,000       | 51,170         |
| FY-17 | 2017.11.16            | 2037.11.16            | 2.36               | SEK 450,000      | 58,454         |
|       |                       |                       |                    |                  | 9,259,299      |
|       |                       |                       |                    |                  | (47,490)       |
|       |                       |                       |                    |                  | 82             |
|       |                       |                       |                    |                  | (2,761,182)    |
|       |                       |                       |                    |                  | 2,959          |
|       |                       |                       |                    |                  | ₩ 6,453,668    |

**(7) Changes in borrowings and debt securities for the six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>            | <b>June 30,<br/>2018</b> | <b>June 30, 2017</b> |
|--------------------------------------|--------------------------|----------------------|
| Beginning balance                    | ₩ 54,747,392             | 53,639,205           |
| Cash flow                            | 5,389,413                | 3,618,126            |
| Effect of exchange rate fluctuations | 450,795                  | (538,570)            |
| Others                               | (241)                    | (1,087)              |
| Ending balance                       | ₩ 60,587,359             | 56,717,674           |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

The Company entered into power purchase agreements ( PPA ) with 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 plant's economic life.

**(2) Finance lease liabilities as of June 30, 2018 and December 31, 2017 are as follows and are included in current and non-current trade and other payables, net, in the consolidated statements of financial position:**

| <i>In millions of won</i> | <b>June 30, 2018</b>          |  | <b>December 31, 2017</b>      |  |
|---------------------------|-------------------------------|--|-------------------------------|--|
|                           | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> | <b>Minimum lease payments</b> | <b>Present value of minimum lease payments</b> |
| Less than 1 year          | ₩ 131,122                     | 94,036   | 174,534                       | 131,792  |
| 1 ~ 5 years               | 250,888                       | 187,373  | 272,994                       | 204,069  |
| More than 5 years         | 86,999                        | 69,164   | 108,748                       | 82,399   |
|                           | ₩ 469,009                     | 350,573  | 556,276                       | 418,260  |

**(3) Current and non-current portion of finance lease liabilities as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>             | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---------------------------------------|----------------------|--------------------------|
| Current finance lease liabilities     | ₩ 94,036             | 131,792                  |
| Non-current finance lease liabilities | 256,537              | 286,468                  |
|                                       | ₩ 350,573            | 418,260                  |

- (4) **Minimum lease payment and contingent rent payment recognized as an expense as a lessee for the three and six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b>            |                               | <b>June 30, 2017</b>            |                               |
|---------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                           | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Minimum lease payment     | ₩ 35,634                        | 75,079                        | 39,294                          | 81,447                        |
| Contingent rent payment   | (4,759)                         | (9,354)                       | (5,249)                         | (10,524)                      |

- (5) **The Company does not have any irrevocable operating lease contracts as of June 30, 2018 and December 31, 2017.**

- (6) **Changes in finance lease liabilities for the six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>           | <b>June 30, 2018</b> | <b>June 30, 2017</b> |
|-------------------------------------|----------------------|----------------------|
| Beginning balance                   | ₩ 418,260            | 541,179              |
| Cash flow                           | (67,687)             | (61,666)             |
| Acquisition of finance lease assets |                      |                      |
| Ending balance                      | ₩ 350,573            | 479,513              |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**25. Employment Benefits****(1) Employment benefit obligations as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                    | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|--|--------------------------|--------------------------|
| Net defined benefit obligations              | ₩ 1,723,609              | 1,476,201                |
| Other long-term employee benefit obligations | 6,561                    | 6,868                    |
|  | <b>₩ 1,730,170</b>       | <b>1,483,069</b>         |

**(2) Principal assumptions on actuarial valuation as of June 30, 2018 and December 31, 2017 are as follows:**

|                                  | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|----------------------------------|----------------------|--------------------------|
| Discount rate                    | 2.77%~2.94%          | 2.75%~2.90%              |
| Future salary and benefit levels | 4.88%                | 4.88%                    |
| Weighted average duration        | 13.53 years          | 13.40 years              |

**(3) Details of expense relating to defined benefit plans for the three and six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>      | <b>June 30, 2018</b>                    |                                   | <b>June 30, 2017</b>                    |                                   |
|--------------------------------|---|-----------------------------------|---|-----------------------------------|
|                                | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month period<br/>ended</b> | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month period<br/>ended</b> |
| Current service cost           | ₩ 89,285                                | 177,834                           | 95,918                                  | 187,536                           |
| Interest cost                  | 21,668                                  | 42,567                            | 19,354                                  | 37,467                            |
| Expected return on plan assets | (10,367)                                | (20,792)                          | (7,565)                                 | (15,162)                          |
| Loss from settlement           | (81)                                    | (277)                             | 1                                       | (456)                             |
|                                | <b>₩ 100,505</b>                        | <b>199,332</b>                    | <b>107,708</b>                          | <b>209,385</b>                    |

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

| <i>In millions of won</i>                    | <b>June 30, 2018</b>            |                               | <b>June 30, 2017</b>            |                               |
|--|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|  | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Cost of sales                                | ₩ 74,947                        | 147,926                       | 81,946                          | 158,812                       |
| Selling and administrative expenses          | 9,524                           | 25,122                        | 13,874                          | 27,588                        |
| Others (Construction-in-progress and others) | 16,034                          | 26,284                        | 11,888                          | 22,985                        |
|  | ₩ 100,505                       | 199,332                       | 107,708                         | 209,385                       |

In addition, for the six-month periods ended June 30, 2018 and 2017, employee benefit obligations expenses of ₩33,106 million and ₩31,424 million, respectively, is recognized as cost of sales, and ₩6,237 million and ₩5,672 million, respectively, is recognized as selling and administrative expenses, and ₩6,876 million and ₩6,775 million, respectively, are recognized as construction-in-progress and others, relates to the Company's defined contribution plans.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**25. Employment Benefits, Continued****(4) Details of defined benefit obligations as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                                       | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|---|--------------------------|--------------------------|
| Present value of defined benefit obligation from funded plans   | ₩ 3,178,344              | 2,951,842                |
| Fair value of plan assets                                       | (1,454,735)              | (1,475,641)              |
|   | 1,723,609                | 1,476,201                |
| Present value of defined benefit obligation from unfunded plans |                          |                          |
| Net liabilities incurred from defined benefit plans             | ₩ 1,723,609              | 1,476,201                |

**(5) Changes in the present value of defined benefit obligations for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|---------------------------|--------------------------|--------------------------|
| Beginning balance         | ₩ 2,951,842              | 2,867,377                |
| Current service cost      | 177,834                  | 392,820                  |
| Interest cost (*)         | 42,567                   | 79,524                   |
| Remeasurement component   | 82,094                   | (258,223)                |
| Loss from settlement      | (277)                    | (1,055)                  |
| Actual payments           | (75,955)                 | (128,707)                |
| Others                    | 239                      | 106                      |
| Ending balance            | ₩ 3,178,344              | 2,951,842                |

(\*)

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

**(6) Changes in the fair value of plan assets for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i>      | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|--------------------------------|--------------------------|--------------------------|
| Beginning balance              | ₩ 1,475,641              | 1,188,907                |
| Expected return                | 20,792                   | 31,307                   |
| Remeasurement component        | (7,510)                  | (10,435)                 |
| Contributions by the employers | 234                      | 325,080                  |
| Actual payments                | (34,422)                 | (59,218)                 |
| Ending balance                 | ₩ 1,454,735              | 1,475,641                |

In addition, loss on accumulated remeasurement component amounted to ₩170,149 million and ₩43,513 million has been recognized as other comprehensive income or loss for the six-month period ended June 30, 2018 and for the year ended December 31, 2017, respectively.



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**25. Employment Benefits, Continued****(7) Details of the fair value of plan assets as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---------------------------|----------------------|--------------------------|
| Equity instruments        | ₩ 29,032             | 79,204                   |
| Debt instruments          | 505,104              | 517,040                  |
| Bank deposit              | 161,732              | 293,477                  |
| Others                    | 758,867              | 585,920                  |
|                           | ₩ 1,454,735          | 1,475,641                |

For the six-month period ended June 30, 2018 and for the year ended December 31, 2017, actual returns on plan assets amounted to ₩13,282 million and ₩20,872 million, respectively.

**(8) Remeasurement component recognized in other comprehensive income (loss) for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i>                            | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|--|----------------------|--------------------------|
| Actuarial gain from changes in financial assumptions | ₩ (11,554)           | (300,058)                |
| Experience adjustments                               | 93,648               | 41,835                   |
| Expected return                                      | 7,510                | 10,435                   |
|  | ₩ 89,604             | (247,788)                |

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

**26. Provisions****(1) Provisions as of June 30, 2018 and December 31, 2017 are as follows:**

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| <i>In millions of won</i>                           | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---|----------------------|--------------------|--------------------------|--------------------|
|   | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Employment benefits                                 |                      |                    |                          |                    |
| Provisions for employment benefits                  | ₩ 1,066,118          |                    | 913,787                  |                    |
| Litigation  |                      |                    |                          |                    |
| Litigation provisions                               | 252,696              | 22,053             | 48,621                   | 24,955             |
| Decommissioning cost                                |                      |                    |                          |                    |
| Nuclear plants                                      |                      | 13,217,499         |                          | 13,007,228         |
| Spent fuel  |                      | 1,339,046          |                          | 1,339,046          |
| Radioactive waste                                   | 11,494               | 1,644,866          | 11,494                   | 1,626,877          |
| PCBs  |                      | 175,041            |                          | 180,087            |
| Other recovery provisions                           |                      | 9,074              |                          | 6,659              |
| Others  |                      |                    |                          |                    |
| Power plant regional support program                | 177,875              |                    | 153,756                  |                    |
| Transmission regional support program               | 223,305              |                    | 243,365                  |                    |
| Provisions for tax                                  | 25                   |                    | 61                       |                    |
| Provisions for financial guarantee                  |                      | 19,119             |                          | 23,475             |
| Provisions for RPS                                  | 274,742              |                    | 271,624                  |                    |
| Provisions for greenhouse gas emissions obligations | 365,430              |                    | 414,252                  |                    |
| Others  | 23,620               | 22,080             | 80,538                   | 16,387             |
|   | ₩ 2,395,305          | 16,448,778         | 2,137,498                | 16,224,714         |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**26. Provisions, Continued****(2) Changes in provisions for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:***In millions of won*

|   | <b>June 30, 2018</b>         |                                      |                    |                 |               |                           |
|---|------------------------------|--------------------------------------|--------------------|-----------------|---------------|---------------------------|
|   | <b>Beginning<br/>balance</b> | <b>Increase<br/>in<br/>provision</b> | <b>Payment</b>     | <b>Reversal</b> | <b>Other</b>  | <b>Ending<br/>balance</b> |
| <b>Employment benefits</b>                          |                              |                                      |                    |                 |               |                           |
| Provisions for employment benefits                  | ₩ 913,787                    | 492,423                              | (340,092)          |                 |               | 1,066,118                 |
| <b>Litigation</b>                                   |                              |                                      |                    |                 |               |                           |
| Litigation provisions (*)                           | 73,576                       | 207,933                              | (4,965)            | (1,795)         |               | 274,749                   |
| <b>Decommissioning cost</b>                         |                              |                                      |                    |                 |               |                           |
| Nuclear plants                                      | 13,007,228                   | 219,552                              | (9,281)            |                 |               | 13,217,499                |
| Spent fuel  | 1,339,046                    | 248,811                              | (248,811)          |                 |               | 1,339,046                 |
| Radioactive waste                                   | 1,638,371                    | 17,989                               |                    |                 |               | 1,656,360                 |
| PCBs  | 180,087                      | 2,300                                | (7,346)            |                 |               | 175,041                   |
| Other recovery provisions                           | 6,659                        | 68                                   |                    |                 | 2,347         | 9,074                     |
| <b>Others</b>                                       |                              |                                      |                    |                 |               |                           |
| Power plant regional support program                | 153,756                      | 46,366                               | (31,771)           |                 | 9,524         | 177,875                   |
| Transmission regional support program               | 243,365                      | 102,893                              | (122,953)          |                 |               | 223,305                   |
| Provisions for tax                                  | 61                           |                                      |                    |                 | (36)          | 25                        |
| Provisions for financial guarantee                  | 23,475                       | 635                                  | (13)               | (4,189)         | (789)         | 19,119                    |
| Provisions for RPS                                  | 271,624                      | 210,723                              | (207,605)          |                 |               | 274,742                   |
| Provisions for greenhouse gas emissions obligations | 414,252                      |                                      |                    | (48,822)        |               | 365,430                   |
| Others  | 96,925                       | 6,034                                | (76,670)           | (82)            | 19,493        | 45,700                    |
|   | <b>₩ 18,362,212</b>          | <b>1,555,727</b>                     | <b>(1,049,507)</b> | <b>(54,888)</b> | <b>30,539</b> | <b>18,844,083</b>         |

(\*) As described in note 49.(1), the Company believes that the possibility of economic outflow is probable on the request for additional construction costs of Hyundai E&C, GS Engineering & Construction Corp. and Hansol SeenTec Co., Ltd. For this reason, the Company recognized ₩204,787 million of provision as

addition to property, plant and equipment.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**26. Provisions, Continued****(2) Changes in provisions for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows, continued:***In millions of won*

|   |                              | <b>December 31, 2017</b>             |                    |                 |               |                           |
|---|------------------------------|--------------------------------------|--------------------|-----------------|---------------|---------------------------|
|   | <b>Beginning<br/>balance</b> | <b>Increase<br/>in<br/>provision</b> | <b>Payment</b>     | <b>Reversal</b> | <b>Other</b>  | <b>Ending<br/>balance</b> |
| <b>Employment benefits</b>                          |                              |                                      |                    |                 |               |                           |
| Provisions for employment benefits                  | ₩ 810,607                    | 984,896                              | (880,255)          | (1,461)         |               | 913,787                   |
| <b>Litigation</b>                                   |                              |                                      |                    |                 |               |                           |
| Litigation provisions                               | 198,237                      | 34,629                               | (152,461)          | (7,096)         | 267           | 73,576                    |
| <b>Decommissioning cost</b>                         |                              |                                      |                    |                 |               |                           |
| Nuclear plants                                      | 10,195,928                   | 2,818,033                            | (6,733)            |                 |               | 13,007,228                |
| Spent fuel  | 1,374,225                    | 307,682                              | (342,861)          |                 |               | 1,339,046                 |
| Radioactive waste                                   | 1,479,502                    | 222,632                              | (63,763)           |                 |               | 1,638,371                 |
| PCBs  | 191,744                      | 5,309                                | (14,266)           | (2,700)         |               | 180,087                   |
| Other recovery provisions                           | 507                          | 5,939                                |                    |                 | 213           | 6,659                     |
| <b>Others</b>                                       |                              |                                      |                    |                 |               |                           |
| Power plant regional support program                | 152,851                      | 94,039                               | (103,889)          |                 | 10,755        | 153,756                   |
| Transmission regional support program               | 282,608                      | 143,178                              | (182,421)          |                 |               | 243,365                   |
| Provisions for tax                                  | 242                          |                                      | (25)               | (136)           | (20)          | 61                        |
| Provisions for financial guarantee                  | 29,665                       | 3,760                                |                    | (9,945)         | (5)           | 23,475                    |
| Provisions for RPS                                  | 417,404                      | 242,946                              | (388,726)          |                 |               | 271,624                   |
| Provisions for greenhouse gas emissions obligations | 249,644                      | 422,666                              | (256,758)          | (1,300)         |               | 414,252                   |
| Others (*)  | 43,975                       | 6,639                                | (3,348)            | (26,477)        | 76,136        | 96,925                    |
|   | <b>₩ 15,427,139</b>          | <b>5,292,348</b>                     | <b>(2,395,506)</b> | <b>(49,115)</b> | <b>87,346</b> | <b>18,362,212</b>         |

(\*) As described in note 49.(1), the Company believes that the possibility of economic outflow is probable on the cost of construction suspension of Shin-Kori unit 5 and 6 for three months. For this reason, the Company recognized ₩77,261 million of provision as addition to construction-in-progress.

**27. Government Grants****(1) Government grants as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                   | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---|----------------------|--------------------------|
| Land  | ₩ (21,968)           | (21,968)                 |
| Buildings                                   | (62,122)             | (63,539)                 |
| Structures                                  | (197,473)            | (196,414)                |
| Machinery                                   | (175,988)            | (183,188)                |
| Vehicles                                    | (5,248)              | (6,322)                  |
| Equipment                                   | (572)                | (761)                    |
| Tools                                       | (873)                | (1,027)                  |
| Construction-in-progress                    | (52,430)             | (49,084)                 |
| Finance lease assets                        | (27)                 | (27)                     |
| Investment properties                       | (16)                 | (83)                     |
| Software                                    | (345)                | (486)                    |
| Development expenditures                    | (2,731)              | (3,702)                  |
| Intangible assets under development         | (10,995)             | (10,540)                 |
| Usage rights of donated assets and other    | (5)                  | (11)                     |
| Other intangible assets other than goodwill |                      |                          |
|   | ₩ (530,793)          | (537,152)                |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**27. Government Grants, Continued****(2) Changes in government grants for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:***In millions of won*

|   | Beginning<br>balance | Receipt  | Acquisition | June 30, 2018<br>Offset<br>the<br>items of<br>depreciation<br>expense<br>and<br>others | Disposal | Others   | Ending<br>balance |
|---|----------------------|----------|-------------|--|----------|----------|-------------------|
| Cash  | ₩                    | (15,007) |             |  |          | 15,007   |                   |
| Land  | (21,968)             |          |             |  |          |          | (21,968)          |
| Buildings                                   | (63,539)             |          |             | 2,996  |          | (1,579)  | (62,122)          |
| Structures                                  | (196,414)            |          |             | 5,419  | 1,129    | (7,607)  | (197,473)         |
| Machinery                                   | (183,188)            |          |             | 8,950  | 248      | (1,998)  | (175,988)         |
| Vehicles                                    | (6,322)              |          |             | 1,074  |          |          | (5,248)           |
| Equipment                                   | (761)                |          |             | 194  |          | (5)      | (572)             |
| Tools                                       | (1,027)              |          |             | 229  |          | (75)     | (873)             |
| Construction-in-progress                    | (49,084)             |          | 10,862      |  |          | (14,208) | (52,430)          |
| Finance lease assets                        | (27)                 |          |             | 1  |          | (1)      | (27)              |
| Investment properties                       | (83)                 |          |             | 1  |          | 66       | (16)              |
| Software                                    | (486)                |          |             | 125  |          | 16       | (345)             |
| Development expenditures                    | (3,702)              |          |             | 970  |          | 1        | (2,731)           |
| Intangible assets under<br>development      | (10,540)             |          |             |  |          | (455)    | (10,995)          |
| Usage rights of donated assets<br>and other | (11)                 |          |             | 5  |          | 1        | (5)               |
| Others                                      |                      |          |             |  |          |          |                   |
|   | ₩ (537,152)          | (15,007) | 10,862      | 19,964   | 1,377    | (10,837) | (530,793)         |

*In millions of won*

**December 31, 2017**

Receipt    Acquisition                      Disposal    Others

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|   | <b>Beginning<br/>balance</b> |           | <b>Offset<br/>the<br/>items of<br/>depreciation<br/>expense<br/>and<br/>others</b> |         |        | <b>Ending<br/>balance</b> |           |           |
|---|------------------------------|-----------|--|---------|--------|---------------------------|-----------|-----------|
| Cash  | ₩                            | (55,533)  |  |         |        | 55,533                    |           |           |
| Land  |                              | (3,204)   |  |         | 5      | (18,769)                  | (21,968)  |           |
| Buildings                                   |                              | (61,188)  |  | 5,996   | 28     | (8,375)                   | (63,539)  |           |
| Structures                                  |                              | (197,641) |  | 10,011  | 1,905  | (10,689)                  | (196,414) |           |
| Machinery                                   |                              | (111,064) |  | 17,390  | 489    | (90,003)                  | (183,188) |           |
| Vehicles                                    |                              | (107)     |  | 1,070   | 14     | (7,299)                   | (6,322)   |           |
| Equipment                                   |                              | (732)     |  | 454     |        | (483)                     | (761)     |           |
| Tools                                       |                              | (430)     |  | 354     |        | (951)                     | (1,027)   |           |
| Construction-in-progress                    |                              | (135,807) | 129,451  |         |        | (42,728)                  | (49,084)  |           |
| Finance lease assets                        |                              |           |  |         | 1      | (28)                      | (27)      |           |
| Investment properties                       |                              | (64)      |  |         | 2      | (21)                      | (83)      |           |
| Software                                    |                              | (595)     |  |         | 255    | (146)                     | (486)     |           |
| Development expenditures                    |                              | (5,152)   |  |         | 2,811  | (1,361)                   | (3,702)   |           |
| Intangible assets under<br>development      |                              | (11,090)  |  |         |        | 550                       | (10,540)  |           |
| Usage rights of donated assets<br>and other |                              | (21)      |  |         | 10     |                           | (11)      |           |
| Others                                      |                              |           |  |         |        |                           |           |           |
|   | ₩                            | (527,095) | (55,533)   | 129,451 | 38,354 | 2,441                     | (124,770) | (537,152) |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**28. Deferred Revenues**

Deferred revenue related to the Company's construction contracts for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows which included in current and non-current non-financial liabilities in the consolidated statements of financial position:

| <i>In millions of won</i>                              | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|--|----------------------|--------------------------|
| Beginning balance                                      | ₩ 8,325,181          | 7,825,765                |
| Increase during the current year / period              | 416,721              | 978,389                  |
| Recognized as revenue during the current year / period | (308,521)            | (478,973)                |
| Ending balance   | ₩ 8,433,381          | 8,325,181                |

**29. Non-financial Liabilities**

Non-financial liabilities as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i> | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---------------------------|----------------------|--------------------|--------------------------|--------------------|
|                           | <b>Current</b>       | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| Advance received          | ₩ 3,990,028          | 196,779            | 3,772,713                | 181,612            |
| Unearned revenue          | 67,912               | 8,612              | 41,593                   | 19,718             |
| Deferred revenue          | 543,329              | 7,890,052          | 476,631                  | 7,848,550          |
| Withholdings              | 269,652              | 10,564             | 164,370                  | 10,529             |
| Others                    | 1,013,480            | 21,721             | 1,129,001                | 12,025             |
|                           | ₩ 5,884,401          | 8,127,728          | 5,584,308                | 8,072,434          |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**30. Contributed Capital****(1) Details of shares issued as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won except share information*

|               | Shares<br>authorized | Shares<br>issued | June 30, 2018          |                            |                    | Total     |
|---------------|----------------------|------------------|------------------------|----------------------------|--------------------|-----------|
|               |                      |                  | Par value<br>per share | Owned by<br>government (*) | Owned by<br>others |           |
| Common shares | 1,200,000,000        | 641,964,077      | ₩ 5,000                | 1,640,385                  | 1,569,435          | 3,209,820 |

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

*In millions of won except share information*

|               | Shares<br>authorized | Shares<br>issued | December 31, 2017      |                            |                    | Total     |
|---------------|----------------------|------------------|------------------------|----------------------------|--------------------|-----------|
|               |                      |                  | Par value<br>per share | Owned by<br>government (*) | Owned by<br>others |           |
| Common shares | 1,200,000,000        | 641,964,077      | ₩ 5,000                | 1,640,385                  | 1,569,435          | 3,209,820 |

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

**(2) Details in number of outstanding capital stock for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>Number of shares</i> | June 30, 2018 | December 31, 2017 |
|-------------------------|---------------|-------------------|
| Beginning balance       | 641,964,077   | 641,964,077       |
| Ending balance          | 641,964,077   | 641,964,077       |

**(3) Details of share premium as of June 30, 2018 and December 31, 2017 are as follows:**

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| <i>In millions of won</i> | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---------------------------|----------------------|--------------------------|
| Share premium             | ₩ 843,758            | 843,758                  |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**31. Retained Earnings and Dividends Paid****(1) Details of retained earnings as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>               | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---|----------------------|--------------------------|
| Legal reserve (*)                       | ₩ 1,604,910          | 1,604,910                |
| Voluntary reserves                      | 35,906,267           | 34,833,844               |
| Retained earnings before appropriations | 14,155,305           | 16,931,804               |
| Retained earnings                       | ₩ 51,666,482         | 53,370,558               |

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

**(2) Details of voluntary reserves as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>                         | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|---|----------------------|--------------------------|
| Reserve for investment on social overhead capital | ₩ 5,277,449          | 5,277,449                |
| Reserve for research and human development (*)    | 330,000              | 330,000                  |
| Reserve for business expansion                    | 30,088,818           | 29,016,395               |
| Reserve for equalizing dividends                  | 210,000              | 210,000                  |
|   | ₩ 35,906,267         | 34,833,844               |

(\*) 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 Restriction of Special Taxation Act of Korea.

**(3) Changes in retained earnings for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i>                                    | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|--|----------------------|--------------------------|
| Beginning balance  | ₩ 53,370,558         | 53,173,871               |
| Effect of change in accounting policy                        | 71,928               |                          |
| Net profit for the period attributed to owner of the Company | (1,226,489)          | 1,298,720                |
| Changes in equity method retained earnings                   | 8,900                | 10,065                   |
| Remeasurement of defined benefit liability, net of tax       | (51,263)             | 158,991                  |
| Dividends paid   | (507,152)            | (1,271,089)              |
| Ending balance   | ₩ 51,666,482         | 53,370,558               |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**31. Retained Earnings and Dividends Paid, Continued****(4) Dividends paid for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i> | Number of<br>shares<br>issued | Number of<br>treasury stocks | June 30, 2018                                 |  | Dividends paid<br>per share<br>( <i>In won</i> ) | Dividends<br>paid |
|---------------------------|-------------------------------|------------------------------|---|--|--|-------------------|
|                           |                               |                              | Number of<br>shares eligible for<br>dividends |  |  |                   |
| Common shares             | 641,964,077                   |                              | 641,964,077                                   |  | ₩ 790  | 507,152           |

| <i>In millions of won</i> | Number of<br>shares<br>issued | Number of<br>treasury stocks | December 31, 2017                             |  | Dividends paid<br>per share<br>( <i>In won</i> ) | Dividends<br>paid |
|---------------------------|-------------------------------|------------------------------|---|--|--|-------------------|
|                           |                               |                              | Number of<br>shares eligible for<br>dividends |  |  |                   |
| Common shares             | 641,964,077                   |                              | 641,964,077                                   |  | ₩ 1,980  | 1,271,089         |

**(5) Changes in retained earnings of investments in associates and joint ventures for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows :**

| <i>In millions of won</i> | June 30, 2018 | December 31, 2017 |
|---------------------------|---------------|-------------------|
| Beginning balance         | ₩ 5,122       | (4,943)           |
| Changes                   | 8,900         | 10,065            |
| Ending balance            | ₩ 14,022      | 5,122             |

**(6) Changes in remeasurement components related to defined benefit liability for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows :**

| <i>In millions of won</i> | June 30, 2018 | December 31, 2017 |
|---------------------------|---------------|-------------------|
| Beginning balance         | ₩ (43,513)    | (222,997)         |
| Changes                   | (84,719)      | 239,636           |

|  |             |          |
|--|-------------|----------|
| Income tax effect                          | 33,456      | (80,645) |
| Transfer to reserve for business expansion | (75,373)    | 20,493   |
| Ending balance                             | ₩ (170,149) | (43,513) |

### 32. Hybrid Bonds

Hybrid bonds classified as equity (non-controlling interest) as of June 30, 2018 and December 31, 2017 are as follows:

*In millions of won*

| Issuer                           | Hybrid bond     | Issued date | Maturity   | Yield (%) | June 30,<br>2018 | December 31,<br>2017 |
|----------------------------------|-----------------|-------------|------------|-----------|------------------|----------------------|
| Korea South-East Power Co., Ltd. | 1st hybrid bond | 2012.12.07  | 2042.12.06 | 4.38      | ₩ 170,000        | 170,000              |
| Korea South-East Power Co., Ltd. | 2nd hybrid bond | 2012.12.07  | 2042.12.06 | 4.44      | 230,000          | 230,000              |
| Expense of issuance              |                 |             |            |           | (1,090)          | (1,090)              |
|                                  |                 |             |            |           | ₩ 398,910        | 398,910              |

Although these instruments have contractual maturity dates, the contractual agreements allow these subsidiaries to indefinitely extend the maturity dates and defer the payment of interest without modification to the other terms of the instruments. When the Company decides not to 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.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**33. Other Components of Equity****(1) Other components of equity as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>            | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|--------------------------------------|----------------------|--------------------------|
| Other capital surplus                | ₩ 1,233,815          | 1,233,793                |
| Accumulated other comprehensive loss | (276,307)            | (271,457)                |
| Other equity                         | 13,294,973           | 13,294,973               |
|                                      | ₩ 14,252,481         | 14,257,309               |

**(2) Changes in other capital surplus for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i>               | <b>June 30, 2018</b>                       |               |                 | <b>December 31, 2017</b>                   |               |                 |
|---|--|---------------|-----------------|--|---------------|-----------------|
|   | <b>Gain on disposal of treasury stocks</b> | <b>Others</b> | <b>Subtotal</b> | <b>Gain on disposal of treasury stocks</b> | <b>Others</b> | <b>Subtotal</b> |
| Beginning balance                       | ₩ 387,524                                  | 846,269       | 1,233,793       | 387,524                                    | 847,622       | 1,235,146       |
| Issuance of share capital of subsidiary |  | 22            | 22              |  | (1,378)       | (1,378)         |
| Others                                  |  |               |                 |  | 25            | 25              |
| Ending balance                          | ₩ 387,524                                  | 846,291       | 1,233,815       | 387,524                                    | 846,269       | 1,233,793       |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**33. Other Components of Equity, Continued****(3) Changes in accumulated other comprehensive income (loss) for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:***In millions of won*

|   | <b>June 30, 2018</b>  |   |  |   |              |
|---|---|---|--|---|--------------|
|   | <b>Available-for-sale<br/>financial<br/>asset<br/>valuation<br/>reserve</b> | <b>Shares in other<br/>comprehensive<br/>income of<br/>investments<br/>in<br/>associates and joint<br/>ventures</b> | <b>Reserve for<br/>overseas<br/>operations<br/>translation</b> | <b>Reserve for<br/>loss on<br/>valuation of<br/>derivatives</b> | <b>Total</b> |
| Beginning balance   | ₩ 29,268  | 66,464  | (318,159)  | (49,030)  | (271,457)    |
| Effect of change in accounting policy   | (76,851)  |   |  |   | (76,851)     |
| Changes in the unrealized fair value of available-for-sale financial assets, net of tax             | (6,544)   |   |  |   | (6,544)      |
| Shares in other comprehensive income of associates and joint ventures, net of tax                   |   | 93,961  |  |   | 93,961       |
| Foreign currency translation of foreign operations, net of tax                                      |   |   | 19,616   |   | 19,616       |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |   |   |  | (35,032)  | (35,032)     |
| Ending balance  | ₩ (54,127)  | 160,425   | (298,543)  | (84,062)  | (276,307)    |

*In millions of won*

|  | <b>December 31, 2017</b>  |   |  |   |              |
|--|---|---|--|---|--------------|
|  | <b>Available-for-sale<br/>financial<br/>asset<br/>valuation<br/>reserve</b> | <b>Shares in other<br/>comprehensive<br/>income of<br/>investments in<br/>associates and joint<br/>ventures</b> | <b>Reserve for<br/>overseas<br/>operations<br/>translation</b> | <b>Reserve for<br/>loss on<br/>valuation of<br/>derivatives</b> | <b>Total</b> |

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|   |          |           |           |          |           |
|---|----------|-----------|-----------|----------|-----------|
| Beginning balance   | ₩ 36,370 | 221,455   | (223,056) | (68,644) | (33,875)  |
| Changes in the unrealized fair value of available-for-sale financial assets, net of tax             | (7,102)  |           |           |          | (7,102)   |
| Shares in other comprehensive income of associates and joint ventures, net of tax                   |          | (154,991) |           |          | (154,991) |
| Foreign currency translation of foreign operations, net of tax                                      |          |           | (95,103)  |          | (95,103)  |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax |          |           |           | 19,614   | 19,614    |
| Ending balance  | ₩ 29,268 | 66,464    | (318,159) | (49,030) | (271,457) |

(4) Details of changes in other equity for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:

| <i>In millions of won</i>     | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|-------------------------------|--------------------------|--------------------------|
| Statutory revaluation reserve | ₩ 13,295,098             | 13,295,098               |
| Changes in other equity       | (125)                    | (125)                    |
|                               | ₩ 13,294,973             | 13,294,973               |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**34. Sales**

Details of sales for the three and six-month periods ended June 30, 2018 and 2017 are as follows:

*In millions of won*

|  | Domestic                 |                        | Overseas                 |                        | Total                    |                        |
|--|--------------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|
|  | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| <b>[Type of goods and services]</b>                  |                          |                        |                          |                        |                          |                        |
| Sales of goods                                       | ₩ 12,568,817             | 27,525,572             | 86,012                   | 187,234                | 12,654,829               | 27,712,806             |
| Electricity  | 12,413,292               | 27,131,074             |                          |                        | 12,413,292               | 27,131,074             |
| Heat supply  | 13,759                   | 142,618                |                          |                        | 13,759                   | 142,618                |
| Others   | 141,766                  | 251,880                | 86,012                   | 187,234                | 227,778                  | 439,114                |
| Sales of service                                     | 36,093                   | 70,120                 | 37,023                   | 77,162                 | 73,116                   | 147,282                |
| Sales of construction services                       | 37,788                   | 54,658                 | 386,645                  | 819,936                | 424,433                  | 874,594                |
| Revenue related to transfer of assets from customers | 184,780                  | 308,521                |                          |                        | 184,780                  | 308,521                |
|  | ₩ 12,827,478             | 27,958,871             | 509,680                  | 1,084,332              | 13,337,158               | 29,043,203             |
| <b>[Timing of revenue recognition]</b>               |                          |                        |                          |                        |                          |                        |
| Performance obligations satisfied at a point in time | ₩ 12,568,817             | 27,525,572             | 86,012                   | 187,234                | 12,654,829               | 27,712,806             |
| Performance obligations satisfied over time          | 258,661                  | 433,299                | 423,668                  | 897,098                | 682,329                  | 1,330,397              |
|  | ₩ 12,827,478             | 27,958,871             | 509,680                  | 1,084,332              | 13,337,158               | 29,043,203             |

*In millions of won*

|                                     | Domestic                 |                        | Overseas                 |                        | Total                    |                        |
|-------------------------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                     | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| <b>[Type of goods and services]</b> |                          |                        |                          |                        |                          |                        |

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|  |              |            |         |           |            |            |
|--|--------------|------------|---------|-----------|------------|------------|
| Sales of goods                                       | ₩ 11,844,219 | 26,046,449 | 87,836  | 185,072   | 11,932,055 | 26,231,521 |
| Electricity  | 11,705,437   | 25,648,787 |         |           | 11,705,437 | 25,648,787 |
| Heat supply  | 11,751       | 132,609    |         |           | 11,751     | 132,609    |
| Others   | 127,031      | 265,053    | 87,836  | 185,072   | 214,867    | 450,125    |
| Sales of service                                     | 52,629       | 92,628     | 35,300  | 67,206    | 87,929     | 159,834    |
| Sales of construction services                       | 24,620       | 41,598     | 761,871 | 1,403,985 | 786,491    | 1,445,583  |
| Revenue related to transfer of assets from customers | 119,064      | 235,210    |         |           | 119,064    | 235,210    |
|  | ₩ 12,040,532 | 26,415,885 | 885,007 | 1,656,263 | 12,925,539 | 28,072,148 |

**[Timing of revenue recognition]**

|  |              |            |         |           |            |            |
|--|--------------|------------|---------|-----------|------------|------------|
| Performance obligations satisfied at a point in time | ₩ 11,844,219 | 26,046,449 | 87,836  | 185,072   | 11,932,055 | 26,231,521 |
| Performance obligations satisfied over time          | 196,313      | 369,436    | 797,171 | 1,471,191 | 993,484    | 1,840,627  |
|  | ₩ 12,040,532 | 26,415,885 | 885,007 | 1,656,263 | 12,925,539 | 28,072,148 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**35. Selling and Administrative Expenses**

Selling and administrative expenses for the three and six-month periods ended June 30, 2018 and 2017 are as follows:

| <i>In millions of won</i>         | <b>June 30, 2018</b>            |                               | <b>June 30, 2017</b>            |                               |
|-----------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                                   | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Salaries                          | ₩ 187,024                       | 376,145                       | 171,093                         | 348,225                       |
| Retirement benefit expense        | 12,788                          | 31,359                        | 16,738                          | 33,260                        |
| Welfare and benefit expense       | 28,540                          | 55,600                        | 29,146                          | 55,676                        |
| Insurance expense                 | 2,814                           | 7,441                         | 3,545                           | 7,027                         |
| Depreciation                      | 50,680                          | 106,560                       | 45,505                          | 94,613                        |
| Amortization of intangible assets | 12,407                          | 26,184                        | 11,230                          | 21,290                        |
| Bad debt expense (reversal)       | (314)                           | 18,068                        | 4,668                           | 8,635                         |
| Commission                        | 189,284                         | 346,096                       | 178,190                         | 321,689                       |
| Advertising expense               | 6,761                           | 13,348                        | 8,186                           | 17,100                        |
| Training expense                  | 2,080                           | 3,613                         | 1,936                           | 3,233                         |
| Vehicle maintenance expense       | 2,666                           | 5,038                         | 2,539                           | 4,837                         |
| Publishing expense                | 726                             | 1,528                         | 703                             | 1,796                         |
| Business development expense      | 740                             | 1,540                         | 1,115                           | 2,033                         |
| Rent expense                      | 9,404                           | 17,348                        | 8,808                           | 15,931                        |
| Telecommunication expense         | 6,042                           | 11,736                        | 6,416                           | 12,739                        |
| Transportation expense            | 98                              | 225                           | 107                             | 238                           |
| Taxes and dues                    | 30,018                          | 34,244                        | 25,338                          | 29,467                        |
| Expendable supplies expense       | 1,426                           | 2,641                         | 1,512                           | 3,319                         |
| Water, light and heating expense  | 3,175                           | 6,836                         | 2,329                           | 5,754                         |
| Repairs and maintenance expense   | 20,991                          | 31,863                        | 15,934                          | 23,741                        |
| Ordinary development expense      | 42,513                          | 84,603                        | 48,053                          | 88,131                        |
| Travel expense                    | 3,477                           | 6,964                         | 4,504                           | 8,884                         |
| Clothing expense                  | 2,178                           | 2,771                         | 525                             | 830                           |
| Survey and analysis expense       | 150                             | 335                           | 156                             | 330                           |
| Membership fee                    | 370                             | 669                           | 289                             | 767                           |
| Others                            | 28,421                          | 61,396                        | 40,862                          | 72,864                        |
|                                   | ₩ 644,459                       | 1,254,151                     | 629,427                         | 1,182,409                     |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**36. Other Non-operating Income and Expense****(1) Other non-operating income for the three and six-month periods ended June 30, 2018 and 2017 are as follows:***In millions of won*

|                                      | June 30, 2018            |                        | June 30, 2017            |                        |
|--------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                      | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Reversal of other provisions         | ₩ 895                    | 1,477                  | 1,183                    | 2,393                  |
| Gains on government grants           | 67                       | 145                    | 469                      | 505                    |
| Gains on assets contributed          | 394                      | 418                    | 1,106                    | 1,112                  |
| Gains on liabilities exempted        | 97                       | 7,021                  | 116                      | 621                    |
| Compensation and reparations revenue | 22,945                   | 42,755                 | 24,431                   | 48,611                 |
| Revenue from research contracts      | 1,750                    | 2,844                  | 904                      | 2,879                  |
| Rental income                        | 49,675                   | 93,339                 | 48,303                   | 94,728                 |
| Others                               | 18,003                   | 30,653                 | 30,734                   | 41,813                 |
|                                      | ₩ 93,826                 | 178,652                | 107,246                  | 192,662                |

**(2) Other non-operating expense for the three and six-month periods ended June 30, 2018 and 2017 are as follows:***In millions of won*

|  | June 30, 2018            |                        | June 30, 2017            |                        |
|--|--------------------------|------------------------|--------------------------|------------------------|
|  | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Compensation and reparations expenses          | ₩ 19,258                 | 19,288                 |                          |                        |
| Accretion expenses of other provisions         | 61                       | 190                    | 70                       | 6,816                  |
| Depreciation expenses on investment properties | 218                      | 508                    | 138                      | 546                    |
| Depreciation expenses on idle assets           | 1,637                    | 3,274                  | 1,650                    | 3,313                  |
| Other bad debt expense                         | 8,957                    | 11,453                 | 2,303                    | 6,291                  |
| Donations                                      | 13,671                   | 18,958                 | 12,976                   | 32,583                 |

|            |          |        |        |        |
|------------|----------|--------|--------|--------|
| Others (*) | 36,817   | 43,850 | 11,927 | 15,949 |
|            | ₩ 80,619 | 97,521 | 29,064 | 65,498 |

(\*) Others include ₩33,869 million of impairment loss on construction-in-progress of Cheonji unit 1 and 2 and Daejin unit 1 and 2 as described in note 2.



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**37. Other Gains (Losses)**

Composition of other gains (losses) for the three and six-month periods ended June 30, 2018 and 2017 are as follows:

| <i>In millions of won</i>                              | <b>June 30, 2018</b>            |                               | <b>June 30, 2017</b>            |                               |
|--|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|  | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Other gains  |                                 |                               |                                 |                               |
| Gains on disposal of property, plant and equipment     | ₩ 11,997                        | 26,363                        | 8,990                           | 20,018                        |
| Gains on disposal of intangible assets                 | 3                               | 3                             | 21                              | 484                           |
| Gains on foreign currency translation                  | 4,060                           | 8,161                         | 2,672                           | 9,810                         |
| Gains on foreign currency transaction                  | 9,701                           | 23,206                        | 12,429                          | 56,619                        |
| Gains on insurance proceeds                            |                                 |                               |                                 | 383                           |
| Others   | 44,031                          | 106,818                       | 56,076                          | 163,669                       |
| Other losses   |                                 |                               |                                 |                               |
| Losses on disposal of property, plant and equipment    | (9,971)                         | (13,400)                      | (12,330)                        | (20,196)                      |
| Losses on disposal of intangible assets                | (2)                             | (6)                           | (78)                            | (78)                          |
| Losses on impairment of property, plant, and equipment | (701,317)                       | (701,317)                     |                                 |                               |
| Losses on foreign currency translation                 | (12,005)                        | (15,353)                      | (11,006)                        | (15,184)                      |
| Losses on foreign currency transaction                 | (18,666)                        | (33,373)                      | (10,778)                        | (22,188)                      |
| Others   | (13,159)                        | (32,375)                      | (22,007)                        | (40,336)                      |
|  | ₩ (685,328)                     | (631,273)                     | 23,989                          | 153,001                       |

**38. Finance Income**

(1) Finance Income for the three and six-month periods ended June 30, 2018 and 2017 are as follows:

| <i>In millions of won</i> | <b>June 30, 2018</b>      |                               | <b>June 30, 2017</b>      |                               |
|---------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|                           | <b>Three-month period</b> | <b>Six-month period ended</b> | <b>Three-month period</b> | <b>Six-month period ended</b> |

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|   | <b>ended</b> |         | <b>ended</b> |         |
|---|--------------|---------|--------------|---------|
| Interest income                                 | ₩ 57,438     | 108,116 | 53,897       | 108,353 |
| Dividends income                                | 3,704        | 11,811  | 1,294        | 10,971  |
| Gains on valuation of available-for-sale assets | 1,556        | 2,947   |              |         |
| Gains on disposal of financial assets           | 672          | 672     | 14           | 508     |
| Gains on valuation of financial assets at FVTPL | 733          | 2,063   |              |         |
| Gains on valuation of derivatives               | 700,794      | 301,494 | 332,525      | 11,501  |
| Gains on transaction of derivatives             | 17,924       | 37,367  | 7,487        | 15,351  |
| Gains on foreign currency translation           | 43,402       | 89,543  | 2,354        | 550,289 |
| Gains on foreign currency transaction           | 10,940       | 14,169  | 60,392       | 82,721  |
|   | ₩ 837,163    | 568,182 | 457,963      | 779,694 |

- (2) Interest income included in finance income for the three and six-month periods ended June 30, 2018 and 2017 are as follows:

*In millions of won*

|   | <b>June 30, 2018</b>            |                               | <b>June 30, 2017</b>            |                               |
|---|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|   | <b>Three-month period ended</b> | <b>Six-month period ended</b> | <b>Three-month period ended</b> | <b>Six-month period ended</b> |
| Cash and cash equivalents                             | ₩ 10,150                        | 21,010                        | 10,242                          | 18,614                        |
| Financial assets at fair value through profit or loss | 145                             | 290                           |                                 |                               |
| Held-to-maturity investments                          | 21                              | 41                            | 13                              | 43                            |
| Loans and receivables                                 | 11,112                          | 16,796                        | 8,950                           | 14,495                        |
| Short-term financial instrument                       | 13,319                          | 22,905                        | 4,747                           | 10,980                        |
| Long-term financial instrument                        | 3,892                           | 4,004                         | 2,212                           | 3,000                         |
| Trade and other receivables                           | 18,799                          | 43,070                        | 27,733                          | 61,221                        |
|   | ₩ 57,438                        | 108,116                       | 53,897                          | 108,353                       |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**39. Finance Expenses****(1) Finance expenses for the three and six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>  | <b>June 30, 2018</b>                    |                                   | <b>June 30, 2017</b>                    |                                   |
|--|---|-----------------------------------|---|-----------------------------------|
|  | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> |
| Interest expense   | ₩ 464,925                               | 927,308                           | 436,422                                 | 877,376                           |
| Losses on sale of financial assets   |   |                                   | 54                                      | 1,092                             |
| Losses on valuation of financial assets at fair value through profit or loss | 5,427                                   | 3,410                             | 451                                     | 451                               |
| Impairment of available-for-sale financial assets                            |   |                                   | 118                                     | 118                               |
| Losses on valuation of derivatives   | 350,562                                 | 24,253                            | 103                                     | 382,554                           |
| Losses on transaction of derivatives   | 5,376                                   | 13,885                            | 71,342                                  | 118,820                           |
| Losses on foreign currency translation                                       | 414,977                                 | 452,024                           | 255,859                                 | 105,935                           |
| Losses on foreign currency transaction                                       | 7,757                                   | 16,413                            | 4,017                                   | 15,610                            |
| Losses on repayments of financial liabilities                                |   |                                   | 5                                       | 5                                 |
| Others   |   | 392                               | 280                                     | 591                               |
|  | ₩ 1,249,024                             | 1,437,685                         | 768,651                                 | 1,502,552                         |

**(2) Interest expense included in finance expenses for the three and six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>   | <b>June 30, 2018</b>                |                                   | <b>June 30, 2017</b>                    |                                   |
|-----------------------------|-------------------------------------|-----------------------------------|---|-----------------------------------|
|                             | <b>Three-month<br/>period ended</b> | <b>Six-month<br/>period ended</b> | <b>Three-month<br/>period<br/>ended</b> | <b>Six-month<br/>period ended</b> |
| Trade and other payables    | ₩ 10,888                            | 22,980                            | 14,661                                  | 28,110                            |
| Short-term borrowings       | 9,995                               | 15,929                            | 13,971                                  | 20,008                            |
| Long-term borrowings        | 26,023                              | 52,576                            | 15,166                                  | 38,686                            |
| Debt securities             | 438,237                             | 860,774                           | 422,221                                 | 850,587                           |
| Other financial liabilities | 126,619                             | 254,534                           | 124,373                                 | 247,989                           |

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|                                   |           |           |           |           |
|-----------------------------------|-----------|-----------|-----------|-----------|
|                                   | 611,762   | 1,206,793 | 590,392   | 1,185,380 |
| Less: capitalized borrowing costs | (146,837) | (279,485) | (153,970) | (308,004) |
|                                   | ₩ 464,925 | 927,308   | 436,422   | 877,376   |

Capitalization rates for the six-month periods ended June 30, 2018 and 2017 are 2.64%~3.65% and 2.28%~3.58% respectively.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**40. Income Taxes****(1) Income tax expense (benefit) for the six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>  | <b>June 30,<br/>2018</b> | <b>June 30, 2017</b> |
|--|--------------------------|----------------------|
| <b>Current income tax expense</b>  |                          |                      |
| Payment of income tax  | ₩ 331,670                | 561,882              |
| Adjustment in respect of prior years due to change in estimate                             | (133,876)                | (13,886)             |
| Current income tax directly recognized in equity   | 62,638                   | 51,012               |
| Effect of change in accounting policy  | 1,846                    |                      |
|  | 262,278                  | 599,008              |
| <b>Deferred income tax expense</b>   |                          |                      |
| Generation and realization of temporary differences  | (585,366)                | 125,846              |
| Changes of unrecognized tax losses, tax credit and temporary differences for prior periods | (32,906)                 | (11,028)             |
| Changes in deferred tax on tax losses carryforwards  | (437,407)                |                      |
| Tax credit carryforwards   | 29                       |                      |
|  | (1,055,650)              | 114,818              |
| <b>Income tax expense (benefit)</b>  | <b>₩ (793,372)</b>       | <b>713,826</b>       |

**(2) Reconciliation between actual income tax expense and amount computed by applying the statutory tax rate to income before income taxes for the six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>       | <b>June 30,<br/>2018</b> | <b>June 30, 2017</b> |
|---------------------------------|--------------------------|----------------------|
| Income (loss) before income tax | ₩ (1,962,430)            | 1,972,778            |

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|   |                    |                |
|---|--------------------|----------------|
| Income tax expense (benefit) computed at applicable tax rate (*1)         | (539,668)          | 477,412        |
| <b>Adjustments</b>  |                    |                |
| Effect of applying gradual tax rate                                       | (6,911)            | (2,251)        |
| Effect of non-taxable income  | (268)              | (14,914)       |
| Effect of non-deductible expenses   | 4,810              | 2,592          |
| Effect of tax losses that are not recognized as deferred tax asset        | 11,126             |                |
| Effects of tax credits and deduction                                      | (20,852)           | (106,922)      |
| Reversal of unrecognized deferred tax asset, net                          | (32,906)           | (11,028)       |
| Effect of change in deferred tax due to change in tax rate                | 9,458              |                |
| Deferred income tax related to investments in subsidiaries and associates | (68,788)           | 376,624        |
| Others, net   | (15,497)           | 6,199          |
|   | (119,828)          | 250,300        |
| Adjustment in respect of prior years due to change in estimate            | (133,876)          | (13,886)       |
| <b>Income tax expense (benefit)</b>                                       | <b>₩ (793,372)</b> | <b>713,826</b> |
| Effective tax rate  | (*2)               | 36.20%         |

(\*1) Applicable tax rate is 27.5% and 24.2% as of June 30, 2018 and 2017, respectively.

(\*2) The effective tax rate for the six-month period ended June 30, 2018 is not calculated with income tax benefit.

**(3) Income tax directly adjusted to shareholders' equity (except for accumulated other comprehensive income (loss)) for the six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b> | <b>June 30, 2017</b> |
|---------------------------|----------------------|----------------------|
| Dividends of hybrid bond  | <b>₩ 2,137</b>       | <b>2,621</b>         |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**40. Income Taxes, Continued****(4) Income tax recognized as other comprehensive income (loss) for the six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In millions of won</i>   | <b>June 30, 2018</b> | <b>June 30, 2017</b> |
|---|----------------------|----------------------|
| Income tax recognized as other comprehensive income (loss)  |                      |                      |
| Gain (loss) on valuation of available-for-sale financial assets                                     | ₩ 13,851             | (3,618)              |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | 31,285               | 38                   |
| Remeasurement of defined benefit obligations  | 33,456               | 27,381               |
| Investments in associates   | 188                  | 5,018                |
| Others  | (18,279)             | 19,572               |
|   | ₩ 60,501             | 48,391               |

**(5) Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:**

| <i>In millions of won</i>                           | <b>June 30, 2018</b>     |   |   |  |                       |
|---|--------------------------|---|---|--|-----------------------|
|   | <b>Beginning balance</b> | <b>Amounts recognized in profit or loss</b> | <b>Amount recognized in other comprehensive income (loss)</b> | <b>Amounts recognized directly in equity</b> | <b>Ending balance</b> |
| <b>Deferred income tax on temporary differences</b> |                          |   |   |  |                       |
| Employee benefits                                   | ₩ 498,694                | 60,109                                      | 33,456  |  | 592,259               |
| Cash flow hedge                                     | 65,445                   | (53,831)                                    | 31,285  |  | 42,899                |
| Investments in associates or subsidiaries           | (8,668,016)              | (5,526)                                     | 188   |  | (8,673,354)           |
| Property, plant and equipment                       | (6,860,440)              | 291,959                                     |   |  | (6,568,481)           |
| Finance lease                                       | (426,949)                | (14,136)                                    |   |  | (441,085)             |

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|  |                     |                |               |              |                    |
|--|---------------------|----------------|---------------|--------------|--------------------|
| Intangible assets  | 7,648               | (2,776)        |               |              | 4,872              |
| Financial assets at fair value through profit or loss          | 890                 | (487)          |               |              | 403                |
| Available-for-sale financial assets                            | (8,843)             | (661)          | 13,851        |              | 4,347              |
| Deferred revenue   | 230,711             | (9,349)        |               |              | 221,362            |
| Provisions   | 4,822,833           | 81,226         |               |              | 4,904,059          |
| Doubtful receivables   | 59                  |                |               |              | 59                 |
| Other finance liabilities                                      | 32,755              | 3,274          |               | 2,137        | 38,166             |
| Gains or losses on foreign exchange translation                | (1,354)             | 47,977         |               |              | 46,623             |
| Allowance for doubtful accounts                                | 42,931              | 11,963         |               |              | 54,894             |
| Accrued income   | (1,825)             | (567)          |               |              | (2,392)            |
| Special deduction for property, plant and equipment            | (200,927)           | (468)          |               |              | (201,395)          |
| Reserve for research and human development                     | (3,041)             | 1,642          |               |              | (1,399)            |
| Others   | 952,754             | 145,285        | (18,279)      |              | 1,079,760          |
|  | (9,516,675)         | 555,634        | 60,501        | 2,137        | (8,898,403)        |
| <b>Deferred income tax on unused tax losses and tax credit</b> |                     |                |               |              |                    |
| Unused tax losses  |                     | 437,407        |               |              | 437,407            |
| Tax credit   | 20,431              | (29)           |               |              | 20,402             |
|  | 20,431              | 437,378        |               |              | 457,809            |
|  | <b>₩(9,496,244)</b> | <b>993,012</b> | <b>60,501</b> | <b>2,137</b> | <b>(8,440,594)</b> |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**40. Income Taxes, Continued****(5) Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows, continued:***In millions of won*

|   |                          | <b>December 31, 2017</b>                    |   |  |                       |
|---|--------------------------|---|---|--|-----------------------|
|   | <b>Beginning balance</b> | <b>Amounts recognized in profit or loss</b> | <b>Amount recognized in other comprehensive income (loss)</b> | <b>Amounts recognized directly in equity</b> | <b>Ending balance</b> |
| <b>Deferred income tax on temporary differences</b>   |                          |   |   |  |                       |
| Employee benefits                                     | ₩ 493,331                | 86,008                                      | (80,645)  |  | 498,694               |
| Cash flow hedge                                       | (53,583)                 | 130,044                                     | (11,016)  |  | 65,445                |
| Investments in associates or subsidiaries             | (7,166,345)              | (1,510,295)                                 | 8,649   | (25)   | (8,668,016)           |
| Property, plant and equipment                         | (5,527,318)              | (1,333,122)                                 |   |  | (6,860,440)           |
| Finance lease   | (345,431)                | (81,518)                                    |   |  | (426,949)             |
| Intangible assets                                     | 8,987                    | (1,339)                                     |   |  | 7,648                 |
| Financial assets at fair value through profit or loss | (62)                     | 952   |   |  | 890                   |
| Available-for-sale financial assets                   | (68,347)                 | 62,055                                      | (2,551)   |  | (8,843)               |
| Deferred revenue                                      | 213,859                  | 16,852                                      |   |  | 230,711               |
| Provisions  | 3,583,371                | 1,239,462                                   |   |  | 4,822,833             |
| Doubtful receivables                                  | 2,696                    | (2,637)                                     |   |  | 59                    |
| Other finance liabilities                             | 30,249                   | (2,742)                                     |   | 5,248  | 32,755                |
| Gains or losses on foreign exchange translation       | 138,938                  | (140,292)                                   |   |  | (1,354)               |
| Allowance for doubtful accounts                       | 17,252                   | 25,679                                      |   |  | 42,931                |
| Accrued income  | (5,367)                  | 3,542                                       |   |  | (1,825)               |
| Special deduction for property, plant and equipment   | (194,309)                | (6,618)                                     |   |  | (200,927)             |
| Reserve for research and human development            | (12,883)                 | 9,842                                       |   |  | (3,041)               |
| Others  | 695,870                  | 232,642                                     | 24,242  |  | 952,754               |

|             |             |          |       |             |
|-------------|-------------|----------|-------|-------------|
| (8,189,092) | (1,271,485) | (61,321) | 5,223 | (9,516,675) |
|-------------|-------------|----------|-------|-------------|

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

|            |              |             |          |        |             |
|------------|--------------|-------------|----------|--------|-------------|
| Tax credit | 35,703       | (15,272)    |          | 20,431 |             |
|            | 35,703       | (15,272)    |          | 20,431 |             |
|            | ₩(8,153,389) | (1,286,757) | (61,321) | 5,223  | (9,496,244) |

**(6) Deferred income tax assets (liabilities) recognized in the statements of financial position as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>       | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|---------------------------------|--------------------------|--------------------------|
| Deferred income tax assets      | ₩ 1,226,803              | 919,153                  |
| Deferred income tax liabilities | (9,667,397)              | (10,415,397)             |
|                                 | ₩(8,440,594)             | (9,496,244)              |

**(7) Details of deductible temporary differences, tax losses and unused tax credits for which no deferred income tax assets were recognized as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>        | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|----------------------------------|----------------------|--------------------------|
| Deductible temporary differences | ₩ 442,551            | 444,426                  |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**41. Assets Held-for-Sale****Assets held-for-sale as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>            | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|--------------------------------------|----------------------|--------------------------|
| Land (*1)                            | ₩ 2,765              | 2,765                    |
| Building (*1)                        | 19,369               | 19,369                   |
| Investments in associates (*2, 3, 4) |                      | 5,837                    |
|                                      | ₩ 22,134             | 27,971                   |

- (\*1) The board of directors of KEPCO Engineering & Construction Company, Inc., a subsidiary of the Company, determined to dispose the office building in Yongin as part of the government's plan to relocate state-run companies for balanced national development and moved the head office to Kimchun, Kyung-sangbukdo, in 2015. As the Company believes the book value of Yongin office will be recovered by a disposal transaction rather than continuous operation, it reclassified buildings, land and structures as assets held-for-sale.
- (\*2) Korea Western Power Co., Ltd., a subsidiary of the Company, planned to dispose certain portion of its investment in Dongducheon Dream Power Co., Ltd. and had classified the relevant book value as non-current assets held-for-sale. However, due to uncertainty of sale, it reclassified the relevant book value to investments in associates during the year ended December 31, 2017.
- (\*3) Korea Hydro & Nuclear Power Co., Ltd., a subsidiary of the Company, initiated efforts to sell its shares in Yeongwol Energy Station Co., Ltd. during the year ended December 31, 2016. KHNP won the first trial of the lawsuit against the counterparty on November 2, 2017 and sold its shares in Yeongwol Energy Station Co. during the six-month period ended June 30, 2018 accordingly.
- (\*4) KEPCO Engineering & Construction Company, Inc., a subsidiary of the Company, exercised a put option to sell the shares of DS POWER Co., Ltd. on December 11, 2017 and the shares were sold on February 28, 2018.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**42. Expenses Classified by Nature**

Expenses classified by nature for the six-month periods ended June 30, 2018 and 2017 are as follows:

| <i>In millions of won</i>         | <b>June 30, 2018</b>                               |                          |              |
|-----------------------------------|--|--------------------------|--------------|
|                                   | <b>Selling and<br/>administrative<br/>expenses</b> | <b>Cost of<br/>sales</b> | <b>Total</b> |
| Raw materials used                | ₩  | 9,477,774                | 9,477,774    |
| Salaries                          | 376,145  | 1,731,556                | 2,107,701    |
| Retirement benefit expense        | 31,359   | 181,032                  | 212,391      |
| Welfare and benefit expense       | 55,600   | 202,073                  | 257,673      |
| Insurance expense                 | 7,441  | 48,069                   | 55,510       |
| Depreciation                      | 106,560  | 4,878,477                | 4,985,037    |
| Amortization of intangible assets | 26,184   | 33,504                   | 59,688       |
| Bad debt expense                  | 18,068   |                          | 18,068       |
| Commission                        | 346,096  | 203,874                  | 549,970      |
| Advertising expense               | 13,348   | 3,949                    | 17,297       |
| Training expense                  | 3,613  | 5,009                    | 8,622        |
| Vehicle maintenance expense       | 5,038  | 3,610                    | 8,648        |
| Publishing expense                | 1,528  | 1,563                    | 3,091        |
| Business promotion expense        | 1,540  | 2,101                    | 3,641        |
| Rent expense                      | 17,348   | 77,532                   | 94,880       |
| Telecommunication expense         | 11,736   | 39,570                   | 51,306       |
| Transportation expense            | 225  | 2,137                    | 2,362        |
| Taxes and dues                    | 34,244   | 247,660                  | 281,904      |
| Expendable supplies expense       | 2,641  | 14,409                   | 17,050       |
| Water, light and heating expense  | 6,836  | 17,187                   | 24,023       |
| Repairs and maintenance expense   | 31,863   | 983,398                  | 1,015,261    |
| Ordinary development expense      | 84,603   | 243,328                  | 327,931      |
| Travel expense                    | 6,964  | 33,647                   | 40,611       |
| Clothing expense                  | 2,771  | 2,044                    | 4,815        |
| Survey and analysis expense       | 335  | 1,796                    | 2,131        |
| Membership fee                    | 669  | 5,692                    | 6,361        |
| Power purchase                    |  | 9,012,749                | 9,012,749    |
| Others                            | 61,396   | 1,150,043                | 1,211,439    |
|                                   | ₩ 1,254,151  | 28,603,783               | 29,857,934   |



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

Expenses classified by nature for the six-month periods ended June 30, 2018 and 2017 are as follows, continued:

*In millions of won*

|                                   | <b>June 30, 2017</b>                               |                          |              |
|-----------------------------------|--|--------------------------|--------------|
|                                   | <b>Selling and<br/>administrative<br/>expenses</b> | <b>Cost of<br/>sales</b> | <b>Total</b> |
| Raw materials used                | ₩  | 7,309,898                | 7,309,898    |
| Salaries                          | 348,225  | 1,641,886                | 1,990,111    |
| Retirement benefit expense        | 33,260   | 190,236                  | 223,496      |
| Welfare and benefit expense       | 55,676   | 198,457                  | 254,133      |
| Insurance expense                 | 7,027  | 46,610                   | 53,637       |
| Depreciation                      | 94,613   | 4,666,634                | 4,761,247    |
| Amortization of intangible assets | 21,290   | 40,039                   | 61,329       |
| Bad debt expense                  | 8,635  |                          | 8,635        |
| Commission                        | 321,689  | 224,489                  | 546,178      |
| Advertising expense               | 17,100   | 4,071                    | 21,171       |
| Training expense                  | 3,233  | 4,987                    | 8,220        |
| Vehicle maintenance expense       | 4,837  | 3,493                    | 8,330        |
| Publishing expense                | 1,796  | 1,621                    | 3,417        |
| Business promotion expense        | 2,033  | 3,649                    | 5,682        |
| Rent expense                      | 15,931   | 67,428                   | 83,359       |
| Telecommunication expense         | 12,739   | 36,522                   | 49,261       |
| Transportation expense            | 238  | 2,709                    | 2,947        |
| Taxes and dues                    | 29,467   | 237,337                  | 266,804      |
| Expendable supplies expense       | 3,319  | 16,236                   | 19,555       |
| Water, light and heating expense  | 5,754  | 15,850                   | 21,604       |
| Repairs and maintenance expense   | 23,741   | 921,471                  | 945,212      |
| Ordinary development expense      | 88,131   | 229,828                  | 317,959      |
| Travel expense                    | 8,884  | 34,989                   | 43,873       |
| Clothing expense                  | 830  | 2,041                    | 2,871        |
| Survey and analysis expense       | 330  | 1,640                    | 1,970        |
| Membership fee                    | 767  | 3,643                    | 4,410        |
| Power purchase                    |  | 6,943,839                | 6,943,839    |
| Others                            | 72,864   | 1,730,458                | 1,803,322    |

|             |            |            |
|-------------|------------|------------|
| ₩ 1,182,409 | 24,580,061 | 25,762,470 |
|-------------|------------|------------|

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

- (1) **Basic earnings (loss) per share for the three and six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In won</i> | Type                            | June 30, 2018            |                        | June 30, 2017            |                        |
|---------------|---------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|               |                                 | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
|               | Basic earnings (loss) per share | ₩(1,479)                 | (1,911)                | 510                      | 1,860                  |

- (2) **Net profit (loss) for the period and weighted average number of common shares used in the calculation of basic earnings per share for the three and six-month periods ended June 30, 2018 and 2017 are as follows**

*In millions of won except number of shares*

| Type  | June 30, 2018            |                        | June 30, 2017            |                        |
|---|--------------------------|------------------------|--------------------------|------------------------|
|   | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Net profit (loss) attributable to controlling interest                  | ₩ (949,219)              | (1,226,489)            | 327,166                  | 1,194,079              |
| Profit (loss) used in the calculation of total basic earnings per share | (949,219)                | (1,226,489)            | 327,166                  | 1,194,079              |
| Weighted average number of common shares                                | 641,964,077              | 641,964,077            | 641,964,077              | 641,964,077            |

- (3) **Weighted average number of common shares used in the calculation of basic earnings (loss) per share for the three and six-month periods ended June 30, 2018 and 2017 are as follows:**

| <i>In number of shares</i> | Type | June 30, 2018 |           | June 30, 2017 |           |
|----------------------------|------|---------------|-----------|---------------|-----------|
|                            |      | Three-month   | Six-month | Three-month   | Six-month |



|   | <b>period<br/>ended</b> | <b>period<br/>ended</b> | <b>period<br/>ended</b> | <b>period<br/>ended</b> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| The number of common shares issued at beginning of the year | 641,964,077             | 641,964,077             | 641,964,077             | 641,964,077             |
| Weighted average number of common shares                    | 641,964,077             | 641,964,077             | 641,964,077             | 641,964,077             |

- (4) There are no potential dilutive instruments and diluted earnings (loss) per share are same as basic earnings (loss) per share for the six-month periods ended June 30, 2018 and 2017.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**44. Risk Management****(1) Capital risk management**

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

Details of the Company's capital management accounts as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i>            | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|--------------------------------------|--------------------------|--------------------------|
| Total borrowings and debt securities | ₩ 60,587,359             | 54,747,392               |
| Cash and cash equivalents            | 2,389,664                | 2,369,739                |
| Net borrowings and debt securities   | 58,197,695               | 52,377,653               |
| Total shareholder's equity           | ₩ 71,278,391             | 72,964,641               |
| Debt to equity ratio                 | 81.65%                   | 71.78%                   |

**(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 hedge certain risk exposures. The Company's overall financial risk management strategy remains consistent with 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 significant credit risk as customers of the Company are diverse and are from various industries and areas. The Company uses publicly available information and its own internal data related to trade receivables, to rate its major customers and to measure the credit risk that a counter party will default on a contractual obligation. For the incurred but not recognized loss, it is measured considering overdue period.

#### Impairment and allowance account

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

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(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 June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i>                             | <b>June 30,<br/>2018</b> | <b>December 31, 2017</b> |
|---|--------------------------|--------------------------|
| Cash and cash equivalents                             | ₩ 2,389,664              | 2,369,739                |
| Financial assets at fair value through profit or loss | 166,942                  | 111,512                  |
| Derivative assets (trading)                           | 53,891                   | 22,020                   |
| Available-for-sale financial assets                   | 737,984                  | 699,833                  |
| Held-to-maturity investments                          | 3,441                    | 3,144                    |
| Loans and receivables                                 | 679,669                  | 905,641                  |
| Long-term/short-term financial instruments            | 3,565,761                | 2,244,514                |
| Derivative assets (applying hedge accounting)         | 85,903                   | 10,606                   |
| Trade and other receivables                           | 8,865,571                | 9,683,769                |
| Financial guarantee contracts (*)                     | 1,254,404                | 1,154,862                |

(\*) Maximum exposure associated with the financial guarantee contracts is the maximum amounts of the obligation. 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.

**(iii) Sensitivity analysis**

Significant assets and liabilities with uncertainties in underlying assumptions

## Defined benefit obligation

A sensitivity analysis of defined benefit obligation assuming a 1% increase and decrease movements in the actuarial valuation assumptions as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i> |                               | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|---------------------------|-------------------------------|----------------------|--------------------|--------------------------|--------------------|
| <b>Type</b>               | <b>Accounts</b>               | <b>1% Increase</b>   | <b>1% Decrease</b> | <b>1% Increase</b>       | <b>1% Decrease</b> |
| Future                    | Increase (decrease)           |                      |                    |                          |                    |
| salary                    | in defined benefit obligation |                      |                    |                          |                    |
| increases                 |                               | ₩ 383,475            | (335,660)          | 354,852                  | (305,494)          |
| Discount                  | Increase (decrease)           |                      |                    |                          |                    |
| rate                      | in defined benefit obligation | (332,197)            | 390,166            | (313,597)                | 377,148            |

Changes of employee benefits assuming a 1% increase and decrease movements in discount rate on plan asset for the six-month periods ended June 30, 2018 and 2017 are ₩7,357 million and ₩5,879 million, respectively.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

## Provisions

Changes in provisions due to movements in underlying assumptions as of June 30, 2018 and December 31, 2017 are as follows:

| Type           | Accounts       | June 30, 2018 | December 31, 2017 |
|----------------|----------------|---------------|-------------------|
| PCBs           | Inflation rate | 1.23%         | 1.23%             |
|                | Discount rate  | 2.55%         | 2.55%             |
| Nuclear plants | Inflation rate | 1.21%         | 1.21%             |
|                | Discount rate  | 2.94%         | 2.94%             |
| Spent fuel     | Inflation rate | 2.93%         | 2.93%             |
|                | Discount rate  | 4.49%         | 4.49%             |

A sensitivity analysis of provisions assuming a 0.1% increase and decrease movements in the underlying assumptions as of June 30, 2018 and December 31, 2017 are as follows:

| Type           | Accounts       | June 30, 2018 |               | December 31, 2017 |               |
|----------------|----------------|---------------|---------------|-------------------|---------------|
|                |                | 0.1% Increase | 0.1% Decrease | 0.1% Increase     | 0.1% Decrease |
| Discount rate  | PCBs           | ₩ (732)       | 736           | (811)             | 816           |
|                | Nuclear plants | (259,128)     | 266,366       | (262,949)         | 270,370       |
|                | Spent fuel     | (51,015)      | 52,997        | (51,015)          | 52,997        |
| Inflation rate | PCBs           | 837           | (833)         | 826               | (822)         |
|                | Nuclear plants | 290,739       | (282,977)     | 287,926           | (280,249)     |
|                | Spent fuel     | 53,763        | (51,823)      | 53,763            | (51,823)      |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

Management judgment effected by uncertainties in underlying assumptions

## Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In thousands of foreign currencies</i> | Assets        |                   | Liabilities   |                   |
|---|---------------|-------------------|---------------|-------------------|
|   | June 30, 2018 | December 31, 2017 | June 30, 2018 | December 31, 2017 |
| <b>Type</b>                               |               |                   |               |                   |
| AED                                       | 8,021         | 5,693             | 3,856         | 2,049             |
| AUD                                       | 143           | 145               | 684,085       | 652,259           |
| BDT                                       | 69,577        | 60,208            | 669           | 1,001             |
| BWP                                       | 1,624         | 797               | 287           |                   |
| CAD                                       | 150           | 82                | 2,052         | 171               |
| CHF                                       |               |                   | 700,000       | 400,004           |
| CNY                                       | 13,023        | 13,007            | 26,140        | 26,140            |
| EUR                                       | 6,226         | 5,708             | 68,444        | 68,003            |
| GBP                                       |               | 3                 |               | 2,327             |
| HKD                                       |               |                   | 1,650,000     |                   |
| IDR                                       | 140,881       | 167,775           |               |                   |
| INR                                       | 1,157,719     | 1,228,259         | 107,716       | 227,078           |
| JOD                                       | 2,292         | 1,624             | 38            | 5                 |
| JPY                                       | 86,022        | 799,501           | 20,179,734    | 21,624,128        |
| KZT                                       | 1,624         | 359               |               |                   |
| MGA                                       | 4,886,524     | 2,762,572         | 88,946        | 319,581           |
| NOK                                       |               |                   |               | 482               |
| PHP                                       | 429,670       | 189,261           | 24,148        | 125,431           |
| PKR                                       | 278,639       | 251,190           | 3,041         | 4,676             |
| SAR                                       | 2,338         | 1,191             |               | 44                |
| SEK                                       |               |                   | 449,022       | 449,002           |

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|     |           |           |           |           |
|-----|-----------|-----------|-----------|-----------|
| USD | 1,604,093 | 1,653,858 | 8,438,621 | 8,321,335 |
| UYU | 44,069    | 12,955    | 4,861     | 10,586    |
| ZAR | 122       | 361       | 4         | 4         |

A sensitivity analysis on the Company's income for the period assuming a 10% increase and decrease in currency exchange rates as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i><br>Type               | June 30, 2018 |              | December 31, 2017 |              |
|---|---------------|--------------|-------------------|--------------|
|   | 10% Increase  | 10% Decrease | 10% Increase      | 10% Decrease |
| Increase (decrease) of profit before income tax | ₩ (955,940)   | 955,940      | (844,122)         | 844,122      |
| Increase (decrease) of shareholder's equity (*) | (955,940)     | 955,940      | (844,122)         | 844,122      |

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

The 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 June 30, 2018 and December 31, 2017.

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.



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(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 June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i> |                 |  |                          |
|---------------------------|-----------------|--|--------------------------|
| <b>Type</b>               | <b>June 30,</b> |  | <b>December 31, 2017</b> |
|                           | <b>2018</b>     |  |                          |
| Short-term borrowings     | ₩ 307,466       |  | 290,873                  |
| Long-term borrowings      | 1,759,441       |  | 1,743,252                |
| Debt securities           | 112,170         |  | 685,700                  |
|                           | ₩ 2,179,077     |  | 2,719,825                |

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 six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:

| <i>In millions of won</i>                       |                      |                    |                          |                    |
|---|----------------------|--------------------|--------------------------|--------------------|
| <b>Type</b>                                     | <b>June 30, 2018</b> |                    | <b>December 31, 2017</b> |                    |
|   | <b>1% Increase</b>   | <b>1% Decrease</b> | <b>1% Increase</b>       | <b>1% Decrease</b> |
| Increase (decrease) of profit before income tax | ₩ (10,895)           | 10,895             | (27,198)                 | 27,198             |
| Increase (decrease) of shareholder's equity (*) | (10,895)             | 10,895             | (27,198)                 | 27,198             |

(\*) 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 six-month periods ended June 30, 2018 and 2017 are as follows:

| <i>In millions of won</i><br><b>Type</b>        | <b>June 30, 2018</b> |                    | <b>June 30, 2017</b> |                    |
|---|----------------------|--------------------|----------------------|--------------------|
|   | <b>1% Increase</b>   | <b>1% Decrease</b> | <b>1% Increase</b>   | <b>1% Decrease</b> |
| Increase (decrease) of profit before income tax | ₩ 271,311            | (271,311)          | 256,488              | (256,488)          |
| Increase (decrease) of shareholder's equity (*) | 271,311              | (271,311)          | 256,488              | (256,488)          |

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

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(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 June 30, 2018 and December 31, 2017. This table, based on the undiscounted cash flows of the non-derivative financial liabilities including estimated interests, has been prepared based on the respective liabilities' earliest maturity date.

*In millions of won*

| Type                              | June 30, 2018    |            |            |                   | Total      |
|-----------------------------------|------------------|------------|------------|-------------------|------------|
|                                   | Less than 1 year | 1~2 Years  | 2~5 Years  | More than 5 years |            |
| Borrowings and debt securities    | ₩ 13,741,973     | 10,042,714 | 24,482,713 | 23,406,638        | 71,674,038 |
| Finance lease liabilities         | 131,122          | 87,709     | 163,179    | 86,999            | 469,009    |
| Trade and other payables          | 5,740,328        | 294,070    | 708,431    | 1,935,836         | 8,678,665  |
| Financial guarantee contracts (*) | 14,925           | 893,678    | 345,801    |                   | 1,254,404  |
|                                   | ₩ 19,628,348     | 11,318,171 | 25,700,124 | 25,429,473        | 82,076,116 |

*In millions of won*

| Type                           | December 31, 2017 |           |            |                   | Total      |
|--------------------------------|-------------------|-----------|------------|-------------------|------------|
|                                | Less than 1 year  | 1~2 Years | 2~5 Years  | More than 5 years |            |
| Borrowings and debt securities | ₩ 10,748,437      | 7,948,320 | 21,331,394 | 22,694,867        | 62,723,018 |
| Finance lease liabilities      | 174,534           | 87,709    | 185,284    | 108,749           | 556,276    |
| Trade and other payables       | 5,867,729         | 301,165   | 698,289    | 1,937,558         | 8,804,741  |

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|                                   |              |           |            |            |            |
|-----------------------------------|--------------|-----------|------------|------------|------------|
| Financial guarantee contracts (*) | 7,081        | 18,054    | 1,049,667  | 80,060     | 1,154,862  |
|                                   | ₩ 16,797,781 | 8,355,248 | 23,264,634 | 24,821,234 | 73,238,897 |

(\*) This represents the total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of June 30, 2018 and December 31, 2017 are ₩19,119 million ₩23,475 million, respectively.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

The expected maturities for non-derivative financial assets as of June 30, 2018 and December 31, 2017 in detail are as follows:

*In millions of won*

| Type                                   | June 30, 2018    |           |                   |           | Total      |
|--|------------------|-----------|-------------------|-----------|------------|
|  | Less than 1 year | 1~5 Years | More than 5 years | Other (*) |            |
| Cash and cash equivalents              | ₩ 2,389,664      |           |                   |           | 2,389,664  |
| Available-for-sale financial assets    |                  |           | 157,124           | 580,860   | 737,984    |
| Held-to-maturity investments           | 957              | 2,483     | 1                 |           | 3,441      |
| Loans and receivables                  | 70,035           | 281,329   | 359,422           | 9,971     | 720,757    |
| Long-term/short-term financial         |                  |           |                   |           |            |
| Instruments                            | 2,998,474        | 164,884   | 402,142           | 261       | 3,565,761  |
| Financial assets at fair value through |                  |           |                   |           |            |
| profit or loss                         |                  |           | 166,942           |           | 166,942    |
| Trade and other receivables            | 7,080,246        | 947,328   | 796,710           | 50,545    | 8,874,829  |
|  | ₩ 12,539,376     | 1,396,024 | 1,882,341         | 641,637   | 16,459,378 |

*In millions of won*

| Type                                | December 31, 2017 |           |                   |           | Total     |
|-------------------------------------|-------------------|-----------|-------------------|-----------|-----------|
|                                     | Less than 1 year  | 1~5 Years | More than 5 years | Other (*) |           |
| Cash and cash equivalents           | ₩ 2,369,739       |           |                   |           | 2,369,739 |
| Available-for-sale financial assets |                   |           | 214,156           | 485,677   | 699,833   |
| Held-to-maturity investments        | 5                 | 3,139     |                   |           | 3,144     |
| Loans and receivables               | 244,309           | 261,672   | 429,628           | 10,821    | 946,430   |
| Long-term/short-term financial      | 1,702,084         | 201,821   | 340,304           | 305       | 2,244,514 |

## Instruments

Financial assets at fair value through

|                             |              |           |           |         |            |
|-----------------------------|--------------|-----------|-----------|---------|------------|
| profit or loss              |              |           | 111,512   |         | 111,512    |
| Trade and other receivables | 7,930,715    | 920,539   | 788,795   | 52,031  | 9,692,080  |
|                             | ₩ 12,246,852 | 1,387,171 | 1,884,395 | 548,834 | 16,067,252 |

(\*) The maturities cannot be presently determined.

Derivative liabilities classified by maturity periods which from reporting date to maturity date of contract as of June 30, 2018 and December 31, 2017 are as follows:

*In millions of won*

| Type             | June 30, 2018    |           |           |                   |  | Total     |
|------------------|------------------|-----------|-----------|-------------------|--|-----------|
|                  | Less than 1 year | 1~2 Years | 2~5 Years | More than 5 years |  |           |
| Gross settlement |                  |           |           |                   |  |           |
| - Trading        | ₩ (19,035)       | 8,116     | (5,721)   | 66,939            |  | 50,299    |
| - Hedging        | (6,845)          | (22,433)  | (136,682) | (46,072)          |  | (212,032) |
|                  | ₩ (25,880)       | (14,317)  | (142,403) | 20,867            |  | (161,733) |

*In millions of won*

| Type             | December 31, 2017 |           |           |                   |  | Total     |
|------------------|-------------------|-----------|-----------|-------------------|--|-----------|
|                  | Less than 1 year  | 1~2 Years | 2~5 Years | More than 5 years |  |           |
| Net settlement   |                   |           |           |                   |  |           |
| - Trading        | ₩ (774)           |           |           |                   |  | (774)     |
| Gross settlement |                   |           |           |                   |  |           |
| - Trading        | (51,496)          | (19,887)  | (16,597)  | (4,967)           |  | (92,947)  |
| - Hedging        | (17,547)          | (28,977)  | (192,205) | (44,137)          |  | (282,866) |
|                  | ₩ (69,817)        | (48,864)  | (208,802) | (49,104)          |  | (376,587) |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

The fair value of the Company's actively-traded financial instruments (i.e. short-term financial assets held for trading, available-for-sale financial assets, etc.) is based on the traded market-price as of the reporting period end. The fair value of the Company's financial assets is the amount which the asset could be exchanged for or the amount a liability could be settled for.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Company uses that technique.

For trade receivables and payables, the Company considers the carrying value net of impairment as fair value. While for disclosure purposes, the fair value of financial liabilities is estimated by discounting a financial instruments with similar contractual cash flows based on the effective interest method.

(i) Fair value and book value of financial assets and liabilities as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i>                             | <b>June 30, 2018</b> |                   | <b>December 31, 2017</b> |                   |                   |
|---|----------------------|-------------------|--------------------------|-------------------|-------------------|
|   | <b>Type</b>          | <b>Book value</b> | <b>Fair value</b>        | <b>Book value</b> | <b>Fair value</b> |
| <b>Assets recognized at fair value</b>                |                      |                   |                          |                   |                   |
| Available-for-sale financial assets (*1)              | ₩                    | 737,984           | 737,984                  | 699,833           | 699,833           |
| Derivative assets (trading)                           |                      | 53,891            | 53,891                   | 22,020            | 22,020            |
| Derivative assets (applying hedge accounting)         |                      | 85,903            | 85,903                   | 10,606            | 10,606            |
| Long-term financial instruments                       |                      | 364,414           | 364,414                  | 542,430           | 542,430           |
| Short-term financial instruments                      |                      | 1,091,905         | 1,091,905                | 1,702,084         | 1,702,084         |
| Financial assets at fair value through profit or loss |                      | 166,942           | 166,942                  | 111,512           | 111,512           |
|   | ₩                    | 2,501,039         | 2,501,039                | 3,088,485         | 3,088,485         |

| <b>Assets carried at amortized cost</b>            |   |            |            |            |            |
|--|---|------------|------------|------------|------------|
| Held-to-maturity investments                       | ₩ | 3,441      | 3,441      | 3,144      | 3,144      |
| Loans and receivables                              |   | 679,669    | 679,669    | 905,641    | 905,641    |
| Long-term financial instruments                    |   | 202,873    | 202,873    |            |            |
| Short-term financial instruments                   |   | 1,906,569  | 1,906,569  |            |            |
| Trade and other receivables                        |   | 8,865,571  | 8,865,571  | 9,683,769  | 9,683,769  |
| Cash and cash equivalents                          |   | 2,389,664  | 2,389,664  | 2,369,739  | 2,369,739  |
|  | ₩ | 14,047,787 | 14,047,787 | 12,962,293 | 12,962,293 |
| <b>Liabilities recognized at fair value</b>        |   |            |            |            |            |
| Derivative liabilities (trading)                   | ₩ | 110,311    | 110,311    | 150,929    | 150,929    |
| Derivative liabilities (applying hedge accounting) |   | 209,448    | 209,448    | 277,130    | 277,130    |
|  | ₩ | 319,759    | 319,759    | 428,059    | 428,059    |
| <b>Liabilities carried at amortized cost</b>       |   |            |            |            |            |
| Secured borrowings                                 | ₩ | 698,025    | 698,025    | 1,055,554  | 1,055,554  |
| Unsecured bond                                     |   | 53,917,987 | 55,697,910 | 51,146,783 | 53,436,659 |
| Finance lease liabilities                          |   | 350,573    | 350,573    | 418,260    | 418,260    |
| Unsecured borrowings                               |   | 5,961,351  | 5,959,234  | 2,476,196  | 2,477,055  |
| Trade and other payables (*2)                      |   | 8,678,665  | 8,678,665  | 8,804,741  | 8,804,741  |
| Bank overdraft                                     |   | 9,996      | 9,996      | 68,859     | 68,859     |
|  | ₩ | 69,616,544 | 71,394,403 | 63,970,393 | 66,261,128 |

(\*1) Book values of equity securities held by the Company that were measured at cost as of December 31, 2017 are ₩37,926 million, 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.



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(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 June 30, 2018 and December 31, 2017 are as follows:

| Type                           | June 30, 2018  | December 31, 2017 |
|--------------------------------|----------------|-------------------|
| Derivatives                    | 0.03% ~ 4.16%  | 0.03% ~ 4.16%     |
| Borrowings and debt securities | 0.09% ~ 10.90% | 0.08% ~ 4.38%     |
| Finance lease                  | 4.04% ~ 10.83% | 9.00% ~ 10.83%    |

(iii) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Fair values of financial instruments by hierarchy level as of June 30, 2018 and December 31, 2017 are as follows:

| <i>In millions of won</i><br>Type                     | June 30, 2018 |         |         | Total   |
|---|---------------|---------|---------|---------|
|   | Level 1       | Level 2 | Level 3 |         |
| <b>Financial assets at fair value</b>                 |               |         |         |         |
| Available-for-sale financial assets                   | ₩ 254,522     | 270,192 | 213,269 | 737,983 |
| Derivative assets                                     |               | 138,511 | 1,283   | 139,794 |
| Financial assets at fair value through profit or loss |               | 166,942 |         | 166,942 |

|  |           |         |         |           |
|--|-----------|---------|---------|-----------|
|  | ₩ 254,522 | 575,645 | 214,552 | 1,044,719 |
|--|-----------|---------|---------|-----------|

**Financial liabilities at fair value**

|                        |   |         |  |         |
|------------------------|---|---------|--|---------|
| Derivative liabilities | ₩ | 319,759 |  | 319,759 |
|------------------------|---|---------|--|---------|

*In millions of won*

| Type  | December 31, 2017 |         |         | Total   |
|---|-------------------|---------|---------|---------|
|   | Level 1           | Level 2 | Level 3 |         |
| <b>Financial assets at fair value</b>                 |                   |         |         |         |
| Available-for-sale financial assets                   | ₩ 274,453         | 214,156 | 173,298 | 661,907 |
| Derivative assets                                     |                   | 18,466  | 14,160  | 32,626  |
| Financial assets at fair value through profit or loss |                   | 111,512 |         | 111,512 |
|   | ₩ 274,453         | 344,134 | 187,458 | 806,045 |

**Financial liabilities at fair value**

|                        |   |         |  |         |
|------------------------|---|---------|--|---------|
| Derivative liabilities | ₩ | 428,059 |  | 428,059 |
|------------------------|---|---------|--|---------|

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.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

Changes of financial assets and liabilities which are classified as level 3 for the six-month period ended June 30, 2018 and for the year ended December 31, 2017 are as follows:

*In millions of won*

|                                       | <b>June 30, 2018</b>         |  |  |                  |                 |  |
|---------------------------------------|------------------------------|--|--|------------------|-----------------|--|
|                                       | <b>Beginning<br/>balance</b> | <b>Effect of<br/>change<br/>in<br/>accounting<br/>policy</b> | <b>Reclassified<br/>Acquisition<br/>category</b> | <b>Valuation</b> | <b>Disposal</b> | <b>Foreign<br/>currency<br/>translation<br/>Ending<br/>balance</b> |
| <b>Financial assets at fair value</b> |                              |  |  |                  |                 |  |
| Available-for-sale financial assets   |                              |  |  |                  |                 |  |
| Unlisted securities                   | ₩ 173,298                    | 29,191   | 2,415  | 1                |                 | 204,905  |
| Beneficiary securities                |                              | 8,735  |  |                  | (371)           | 8,364  |

*In millions of won*

|                                       | <b>December 31, 2017</b>     |  |                  |                 |   |                           |
|---------------------------------------|------------------------------|--|------------------|-----------------|---|---------------------------|
|                                       | <b>Beginning<br/>balance</b> | <b>Reclassified<br/>Acquisition<br/>category</b> | <b>Valuation</b> | <b>Disposal</b> | <b>Foreign<br/>currency<br/>translation</b> | <b>Ending<br/>balance</b> |
| <b>Financial assets at fair value</b> |                              |  |                  |                 |   |                           |
| Available-for-sale financial assets   |                              |  |                  |                 |   |                           |
| Unlisted securities                   | ₩ 269,461                    | (92,128)   | (6,201)          |                 | 2,166                                       | 173,298                   |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**45. Service Concession Arrangements****(1) Gas Complex Thermal Power Plant at Ilijan, Philippines (BOT)**

(i) 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 from 2002 to 2022 after building, rehabilitating, and operating the power plant.

(ii) 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.

(iii) The Company's expected future collections of service concession arrangements as of June 30, 2018 are as follows:

| <i>In millions of won</i> |                |
|---------------------------|----------------|
| <b>Type</b>               | <b>Amounts</b> |
| Less than 1 year          | ₩ 117,166      |
| 1~ 2 years                | 117,166        |
| 2~ 3 years                | 117,166        |
| Over 3 years              | 107,402        |
|                           | ₩ 458,900      |

**(2) Hydroelectric Power Generation at Semangka, Indonesia (BOT)**

(i) Significant terms and concession period of the arrangement

The Company has entered into a contract with PT. Perusahaan Listrik Negara (the PLN) whereby the Company provides electricity generated and charge tariff rates designed to recover capital cost, fixed O&M cost, water usage cost, variable O&M cost and special facilities cost during the concession period after building, rehabilitating, and operating the power plant for approximately 30 years (2018~2048) subsequent to the completion of plant construction.

(ii) Rights and classification of the arrangement

The Company has the rights to use and own the power plant during the concession period from 2018 to 2048. At the end of the concession period, PNL has an option to take over the ownership of the power plant from the Company.

(iii) The Company's expected future collections of service concession arrangements as of June 30, 2018 are as follows:

| <i>In millions of won</i> |                |
|---------------------------|----------------|
| <b>Type</b>               | <b>Amounts</b> |
| Less than 1 year          | ₩ 28,151       |
| 1~ 2 years                | 28,151         |
| 2~ 3 years                | 28,151         |
| Over 3 years              | 609,990        |
|                           | ₩ 694,443      |

(iv) Accumulated contract costs and profits related to the Company's contract in process for the six-month period ended June 30, 2018 are ₩153,227 million and ₩9,644 million, respectively. There are no amount due from customers and advance receipts in progress.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties****(1) Related parties of the Company as of June 30, 2018 are as follows:**

| Type                                  | Related party  |
|---------------------------------------|--|
| Parent                                | Republic of Korea government   |
| Subsidiaries<br>(101<br>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., Garolim Tidal Power Plant Co., Ltd., Gyeonggi Green Energy Co., Ltd., Korea Offshore Wind Power Co., Ltd., KOSEP Material Co., Ltd., KEPCO International HongKong Ltd., KEPCO International Philippines Inc., KEPCO Philippines Corporation, KEPCO Ilijan Corporation, KEPCO Gansu International Ltd., KEPCO Philippines Holdings Inc., KEPCO Lebanon SARL, KEPCO Neimenggu International Ltd., KEPCO Australia Pty., Ltd., KEPCO Shanxi International Ltd., KOMIPO Global Pte Ltd., KOSEP Australia Pty., Ltd., KOMIPO Australia Pty., Ltd., KOWEPO Australia Pty., Ltd., KOSPO Australia Pty., Ltd., KEPCO Netherlands B.V., KOREA Imouraren Uranium Investment Corp., KEPCO Middle East Holding Company, Qatrana Electric Power Company, Korea Electric Power Nigeria Ltd., KOWEPO International Corporation, KOSPO Jordan LLC, Korea Waterbury Uranium Limited Partnership, PT. Cirebon Power Service, EWP America Inc., KHNP Canada Energy, Ltd., KEPCO Bylong Australia Pty., Ltd., KNF Canada Energy Limited, KEPCO Holdings de Mexico, KST Electric Power Company, KEPCO Energy Service Company, KEPCO Netherlands S3 B.V., PT. KOMIPO Pembangunan Jawa Bali, PT KEPCO Resource Indonesia, EWP (Barbados) 1 SRL, PT. Tanggamus Electric Power, KOMIPO America Inc, KOSEP USA, INC., PT. EWP Indonesia, KEPCO Netherlands J3 B.V., Global One Pioneer B.V., Global Energy Pioneer B.V., Mira Power Limited, EWP Philippines Corporation, KEPCO Singapore Holdings Pte., Ltd., KOWEPO India Private Limited, KEPCO KPS Philippines Corp., KOSPO Chile SpA, PT. KOWEPO Sumsel Operation And Maintenance Services, Commerce and Industry Energy Co., Ltd., Gyeongju Wind Power Co., Ltd., California Power Holdings, LLC, DG Fairhaven Power, LLC, DG Whitefield, LLC, EWP Renewable Corporation, EWPRC Biomass Holdings, LLC, Springfield Power, LLC, HeeMang Sunlight Power Co., Ltd., Fujeij Wind Power Company, KOSPO Youngnam Power Co., Ltd., HI Carbon Professional Private Special Asset Investment Trust 1 (formerly, Global One Carbon Private Equity Investment Trust 2), Chitose Solar Power Plant LLC., Solar School Plant Co., Ltd., KEPCO Energy Solution Co. Ltd., KOSPO Power Services Limitada, KOEN Bylong Pty., Ltd., KOWEPO Bylong Pty., Ltd., KOSPO Bylong Pty., Ltd., EWP Bylong Pty., Ltd., KOWEPO Lao International, KOMIPO Bylong Pty Ltd., Energy New Industry Specialized Investment Private |

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Investment Trust., KEPCO US Inc., KEPCO Alamosa LLC, KEPCO Solar of Alamosa, LLC (formerly, Cogentrix of Alamosa, LLC), KEPCO-LG CNS Mangilao Holdings LLC, Mangilao Investment LLC, KEPCO-LG CNS Mangilao Solar, LLC Jeju Hanlim Offshore Wind Co., Ltd., PT, Siborpa Eco Power, e-New Industry LB Fund 1, Songhyun e-New Industry Fund, BSK E-New Industry Fund VII, PT. Korea Energy Indonesia, KOLAT SpA, KEPCO California, LLC, KEPCO Mojave Holdings, LLC

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued**

| <b>Type</b>                               | <b>Related party</b>   |
|---|--|
| Associates<br><br>(56 associates)         | Dongducheon Dream Power Co., Ltd., Korea Gas Corporation, SE Green Energy Co., Ltd., Daegu Photovoltaic Co., Ltd., Jeongam Wind Power Co., Ltd., Korea Power Engineering Service Co., Ltd., Heang Bok Do Si Photovoltaic Power Co., Ltd., Korea Electric Power Industrial Development Co., Ltd., Goseong Green Energy Co., Ltd., Gangneung Eco Power Co., Ltd., Shin Pyeongtaek Power Co., Ltd., Naepo Green Energy Co., Ltd., Noeul Green Energy Co., Ltd., YTN Co., Ltd., Cheongna Energy Co., Ltd., Samcheok Eco Materials Co., Ltd., Gangwon Wind Power Co., Ltd., Gwangyang Green Energy Co., Ltd., Hyundai Green Power Co., Ltd., Korea Power Exchange, AMEC Partners Korea Ltd., Hyundai Energy Co., Ltd., Ecollite Co., Ltd., Taebaek Wind Power Co., Ltd., Taebaek Guinemi Wind Power Co., Ltd., Pyeongchang Wind Power Co., Ltd., Daeryun Power Co., Ltd., Changjuk Wind Power Co., Ltd., KNH Solar Co., Ltd., S-Power Co., Ltd., Hadong Mineral Fiber Co., Ltd., Green Biomass 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., PT Wampu Electric Power, PT. Bayan Resources TBK, Nepal Water & Energy Development Company Private Limited, Pioneer Gas Power Limited, Eurasia Energy Holdings, Xe-Pian Xe-Namnoy Power Co., Ltd., PT. Mutiara Jawa, Jinbhuvish Power Generation Pvt. Ltd., Busan Green Energy Co., Ltd., Gunsan Bio Energy Co., Ltd., Korea Electric Vehicle Charging Service, Ulleungdo Natural Energy Co., Ltd., Korea Nuclear Partners Co., Ltd., Tamra Offshore Wind Power Co., Ltd., Korea Electric Power Corporation Fund, Energy Infra Asset Management Co., Ltd., Daegu clean Energy Co., Ltd., YaksuESS Co., Ltd, PND solar., Ltd |
| Joint ventures<br><br>(50 joint ventures) | Daegu Green Power Co., Ltd., KEPCO SPC Power Corporation, Daejung Offshore Wind Power Co., Ltd., KAPES, Inc., Dangjin Eco Power Co., Ltd., Honam Wind Power Co., Ltd., Seokmun Energy Co., Ltd., Incheon New Power Co., Ltd., Chun-cheon Energy Co., Ltd., Yeonggwangbaeksu Wind Power Co., Ltd., KW Nuclear Components Co., Ltd., KEPCO-Uhde Inc., GS Donghae Electric Power Co., Ltd., Busan Shinho Solar Power Co., Ltd., Global Trade Of Power System Co., Ltd., Expressway Solar-light Power Generation Co., Ltd., Gansu Datang Yumen Wind Power Co., Ltd., Datang Chifeng Renewable Power Co., Ltd., Rabigh Electricity Company, Eco Biomass Energy Sdn. Bhd., Rabigh Operation & Maintenance Company Limited, Datang KEPCO 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, Jamaica Public Service Company Limited, KV Holdings, Inc., Amman Asia Electric Power Company, Kelar S.A, PT. Tanjung Power Indonesia, Nghi Son 2 Power Ltd., Daehan Wind Power PSC, MOMENTUM, Barakah One Company, Nawah Energy Company, Yeonggwang Wind Power Co., Ltd., Chester Solar IV SpA, Chester Solar V SpA, Diego de Almagro Solar SpA, South Jamaica Power Company Limited, Daesan Green Energy  |



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Co., Ltd., RE Holiday Holdings LLC, RE Pioneer Holdings LLC, RE Barren Ridge 1 Holdings LLC, RE Astoria 2 LandCo LLC, RE Barren Ridge LandCo LLC, Laurel SpA, KIAMCO KOWEPO Bannerton Hold Co Pty Ltd

Others (1  
others) Korea Development Bank

(2) Transactions between the Company and its subsidiaries are eliminated during the consolidation and are not disclosed in notes.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued**

**(3) Related party transactions for the six-month periods ended June 30, 2018 and 2017 are as follows:**  
**<Sales and Others>**

| <i>In millions of won</i>                             |                         | <b>Sales and others</b> |                      |
|---|-------------------------|-------------------------|----------------------|
| <b>Company name</b>                                   | <b>Transaction type</b> | <b>June 30, 2018</b>    | <b>June 30, 2017</b> |
| <b>&lt;Associates&gt;</b>                             |                         |                         |                      |
| Dongducheon Dream Power Co., Ltd.                     | Electricity sales       | ₩ 3,522                 | 8,058                |
| Korea Gas Corporation                                 | Electricity sales       | 48,475                  | 43,390               |
| Daegu Photovoltaic Co., Ltd.                          | Electricity sales       | 128                     | 349                  |
| Jeongam Wind Power Co., Ltd.                          | Electricity sales       | 27                      | 13                   |
| Korea Power Engineering Service Co., Ltd.             | Service                 | 550                     | 191                  |
| KS Solar Co., Ltd.                                    | Electricity sales       |                         | 5                    |
| Heang Bok Do Si Photovoltaic Power Co., Ltd.          | Electricity sales       | 1                       | 1                    |
| Korea Electric Power Industrial Development Co., Ltd. | Service                 | 8,459                   | 7,110                |
| Goseong Green Energy Co., Ltd.                        | Electricity sales       | 5,561                   | 18,772               |
| Gangneung Eco Power Co., Ltd.                         | Service                 | 1,137                   | 871                  |
| Shin Pyeongtaek Power Co., Ltd.                       | Electricity sales       | 3,643                   | 5,991                |
| Naepo Green Energy Co., Ltd.                          | Electricity sales       | 90                      | 91                   |
| Noeul Green Energy Co., Ltd.                          | Electricity sales       | 15                      | 15                   |
| Samcheok Eco Materials Co., Ltd.                      | Electricity sales       | 194                     | 118                  |
| YTN Co., Ltd.   | Electricity sales       | 1,080                   | 1,026                |
| Busan Green Energy Co., Ltd.                          | Electricity sales       | 10                      | 75                   |
| Gunsan Bio Energy Co., Ltd.                           | Electricity sales       | 1,949                   |                      |
| Korea Electric Vehicle Charging Service               | Electricity sales       | 135                     | 232                  |
| Ulleungdo Natural Energy Co., Ltd.                    | Service                 | 338                     | 207                  |
| Tamra Offshore Wind Power Co., Ltd.                   | Electricity sales       | 28                      | 24                   |
| Daegu clean Energy Co., Ltd.                          | Electricity sales       | 223                     |                      |
| Cheongna Energy Co., Ltd.                             | Service                 | 7,324                   | 4,584                |
| Gangwon Wind Power Co., Ltd.                          | Electricity sales       | 2,323                   | 905                  |
| Hyundai Green Power Co., Ltd.                         | Design service          | 11,684                  | 11,347               |
| Korea Power Exchange                                  | Service                 | 3,100                   | 2,932                |
| Hyundai Energy Co., Ltd.                              | Service                 | 805                     | 9,869                |

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|   |                   |        |       |
|---|-------------------|--------|-------|
| Taebaek Wind Power Co., Ltd.                                | Service           | 600    | 403   |
| Pyeongchang Wind Power Co., Ltd.                            | Design service    | 583    | 594   |
| Daeryun Power Co., Ltd.                                     | Electricity sales | 865    | 882   |
| Changjuk Wind Power Co., Ltd.                               | Electricity sales | 752    | 551   |
| KNH Solar Co., Ltd.   | Electricity sales | 8      | 8     |
| S-Power Co., Ltd.   | Service           | 4,403  | 3,204 |
| SPC Power Corporation                                       | Dividend          |        |       |
|   | income            | 4,727  | 5,562 |
| PT. Cirebon Electric Power                                  | Dividend          |        |       |
|   | income            | 2,825  |       |
| PT. Bayan Resources TBK                                     | Service           | 33,651 | 138   |
| Nepal Water & Energy Development<br>Company Private Limited | Service           | 175    | 107   |
| Xe-Pian Xe-Namnoy Power Co., Ltd.                           | Service           | 326    | 278   |
| PT. Mutiara Jawa  | Service           | 10     |       |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(3) Related party transactions for the six-month periods ended June 30, 2018 and 2017 are as follows, continued:**

| <i>In millions of won</i><br>Company name      | Transaction type     | Sales and others |               |
|--|----------------------|------------------|---------------|
|  |                      | June 30, 2018    | June 30, 2017 |
| <b>&lt;Joint ventures&gt;</b>                  |                      |                  |               |
| Daegu Green Power Co., Ltd.                    | Electricity sales    | ₩ 471            | 468           |
| KEPCO SPC Power Corporation                    | Service              | 23,222           | 26,839        |
| KAPES, Inc.                                    | Commission           | 484              | 382           |
| Dangjin Eco Power Co., Ltd.                    | Technical fee        | 3,483            | 461           |
| Honam Wind Power Co., Ltd.                     | Electricity sales    | 379              | 517           |
| Seokmun Energy Co., Ltd.                       | Service              | 922              | 1,029         |
| Incheon New Power Co., Ltd.                    | Construction revenue | 265              | 277           |
| Chun-cheon Energy Co., Ltd.                    | Electricity sales    | 593              | 2,821         |
| Yeonggwangbaeksu Wind Power Co., Ltd.          | Electricity sales    | 689              | 812           |
| KW Nuclear Components Co., Ltd.                | Service              | 522              | 611           |
| KEPCO-Uhde Inc.                                | Service              | 17               | 12            |
| GS Donghae Electric Power Co., Ltd.            | Electricity sales    | 5,098            | 5,617         |
| Busan Shinho Solar Power Co., Ltd.             | Electricity sales    | 351              | 76            |
| Datang Chifeng Renewable Power Co., Ltd.       | Interest income      | 115              | 293           |
| Rabigh Electricity Company                     | Service              | 16,250           | 323           |
| Rabigh Operation & Maintenance Company Limited | Service              | 1,235            | 197           |
| Shuweihat Asia Power Investment B.V.           | Dividend income      | 388              | 1,007         |
| Shuweihat Asia Operation & Maintenance Company | Service              | 92               | 65            |
| ASM-BG Investicii AD                           | Service              | 1,049            | 87            |
| KV Holdings, Inc.                              | Dividend income      | 484              |               |
| Amman Asia Electric Power Company              | Service              | 8,345            | 7,356         |
| Kelar S.A                                      | Service              |                  | 216           |
| Nghi Son 2 Power Ltd.                          | Service              | 34               |               |
| Barakah One Company                            | Service              | 3,827            | 3,416         |
| Nawah Energy Company                           | Service              | 22,607           |               |
| RE Holiday Holdings LLC                        | Dividend income      | 112              |               |

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|                                   |                   |       |       |
|-----------------------------------|-------------------|-------|-------|
| RE Pioneer Holdings LLC           | Dividend income   | 542   |       |
| RE Barren Ridge 1 Holdings LLC    | Dividend income   | 984   |       |
| RE Astoria 2 LandCo LLC           | Dividend income   | 421   |       |
| RE Barren Ridge LandCo LLC        | Dividend income   | 168   |       |
| <b>&lt;Others&gt;</b>             |                   |       |       |
| Yeongwol Energy Station Co., Ltd. | Service           | 373   | 414   |
| DS POWER Co., Ltd.                | Service           | 565   | 3,660 |
| Korea Development Bank            | Electricity sales | 1,527 | 1,482 |
|                                   | Interest income   | 2,868 | 664   |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(3) Related party transactions for the six-month periods ended June 30, 2018 and 2017 are as follows, continued:****<Purchase and Others>***In millions of won*

| Company name  | Transaction type                  | Purchase and others |               |
|---|-----------------------------------|---------------------|---------------|
|   |                                   | June 30, 2018       | June 30, 2017 |
| <b>&lt;Associates&gt;</b>                             |                                   |                     |               |
| Dongducheon Dream Power Co., Ltd.                     | Electricity purchase              | ₩ 408,864           | 438,454       |
| Korea Gas Corporation                                 | Purchase of power generation fuel | 2,725,083           | 1,443,521     |
| Daegu Photovoltaic Co., Ltd.                          | REC purchase                      | 1,893               | 1,875         |
| Korea Power Engineering Service Co., Ltd.             | Services                          | 756                 | 397           |
| KS Solar Co., Ltd.                                    | REC purchase                      |                     | 900           |
| Heang Bok Do Si Photovoltaic Power Co., Ltd.          | Rental fee and others             | 224                 | 189           |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering service fee  | 144,966             | 121,286       |
| Noeul Green Energy Co., Ltd.                          | Services                          | 6,194               | 6,528         |
| Samcheok Eco Materials Co., Ltd.                      | Electricity purchase              | 384                 |               |
| YTN Co., Ltd.   | Advertisement fee                 | 197                 | 187           |
| Busan Green Energy Co., Ltd.                          | Services                          | 11,418              |               |
| Korea Electric Vehicle Charging Service               | Services                          | 353                 | 11            |
| Ulleungdo Natural Energy Co., Ltd.                    | Electricity purchase              | 49                  | 36            |
| Tamra Offshore Wind Power Co., Ltd.                   | Electricity purchase              | 5,471               |               |
| Cheongna Energy Co., Ltd.                             | Services                          | 58                  | 58            |
| Gangwon Wind Power Co., Ltd.                          | Electricity purchase              | 15,089              | 12,945        |
| Hyundai Green Power Co., Ltd.                         | Electricity purchase              | 222,951             | 226,156       |
| Korea Power Exchange                                  | Trading fees                      | 106,553             | 54,129        |
| Hyundai Energy Co., Ltd.                              | Electricity purchase              | 1,476               | 8,098         |
| Taebaek Wind Power Co., Ltd.                          | REC purchase                      | 4,321               | 3,842         |
| Pyeongchang Wind Power Co., Ltd.                      | Services                          | 2,170               | 1,434         |
| Daeryun Power Co., Ltd.                               | Electricity purchase              | 80,642              | 77,692        |

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|   |                      |         |         |
|---|----------------------|---------|---------|
| Changjuk Wind Power Co., Ltd.                     | Electricity purchase | 3,839   | 3,572   |
| KNH Solar Co., Ltd.                               | Electricity purchase | 1,535   | 1,748   |
| S-Power Co., Ltd.                                 | Electricity purchase | 230,253 | 251,229 |
| Green Biomass Co., Ltd.                           | Woodchip purchase    | 440     | 881     |
| <b>&lt;Joint ventures&gt;</b>                     |                      |         |         |
| Daegu Green Power Co., Ltd.                       | Electricity purchase | 156,390 | 133,911 |
| KAPES, Inc.                                       | Service              | 75,047  | 62,686  |
| Honam Wind Power Co., Ltd.                        | Electricity purchase | 3,374   | 3,016   |
| Seokmun Energy Co., Ltd.                          | REC purchase         | 11,599  | 10,433  |
| Chun-cheon Energy Co., Ltd.                       | REC purchase         | 174,479 | 19,596  |
| Yeonggwangbaeksu Wind Power Co., Ltd.             | Electricity purchase | 5,658   | 5,603   |
| GS Donghae Electric Power Co., Ltd.               | Electricity purchase | 387,820 | 95,834  |
| Busan Shinho Solar Power Co., Ltd.                | REC purchase         | 4,110   | 4,357   |
| Global Trade Of Power System Co., Ltd.            | Service              | 77      | 260     |
| Expressway Solar-light Power Generation Co., Ltd. | Electricity purchase | 422     | 1,306   |
| Jamaica Public Service Company Limited            | Service              | 102     | 161     |
| Barakah One Company                               | Service              | 635     |         |
| <b>&lt;Others&gt;</b>                             |                      |         |         |
| Yeongwol Energy Station Co., Ltd.                 | REC purchase         | 4,019   | 9,490   |
| Korea Development Bank                            | Interest expense     | 2,322   | 3,971   |
|   | Dividends paid       | 166,880 | 418,346 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

| Company name  | Type                             | Receivables   |                   | Payables      |                   |
|---|----------------------------------|---------------|-------------------|---------------|-------------------|
|   |                                  | June 30, 2018 | December 31, 2017 | June 30, 2018 | December 31, 2017 |
| <b>&lt;Associates&gt;</b>                             |                                  |               |                   |               |                   |
| Dongducheon Dream Power Co., Ltd.                     | Trade receivables                | ₩ 435         | 2,230             |               |                   |
|   | Non-trade receivables and others |               | 655               |               |                   |
|   | Trade payables                   |               |                   | 59,806        | 77,817            |
| Korea Gas Corporation                                 | Trade receivables                | 7,211         | 9,833             |               |                   |
|   | Non-trade receivables and others | 360           | 339               |               |                   |
|   | Trade payables                   |               |                   | 418,925       | 524,881           |
|   | Non-trade payables and others    |               |                   | 74            | 569               |
| Daegu Photovoltaic Co., Ltd.                          | Trade payables                   |               |                   | 77            | 71                |
| Jeongam Wind Power Co., Ltd.                          | Non-trade payables and others    |               |                   | 6             | 4                 |
| Korea Power Engineering Service Co., Ltd.             | Trade receivables                | 365           |                   |               |                   |
|   | Non-trade payables and others    |               |                   | 61            |                   |
| Korea Electric Power Industrial Development Co., Ltd. | Trade receivables                | 36            | 333               |               |                   |
|   | Non-trade receivables and others | 45            | 42                |               |                   |
|   | Non-trade payables and others    |               |                   | 15,917        | 18,006            |
| Goseong Green Energy Co., Ltd.                        | Trade receivables                | 1             |                   |               |                   |
|   | Non-trade receivables and others |               | 19                |               |                   |
|   | Non-trade payables and others    |               |                   | 43,020        | 7,140             |



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|   |                                  |       |       |        |        |
|---|----------------------------------|-------|-------|--------|--------|
| Gangneung Eco Power Co., Ltd.           | Trade receivables                | 275   | 1     |        |        |
|   | Non-trade receivables and others |       |       | 4,747  |        |
| Shin Pyeongtaek Power Co., Ltd.         | Non-trade receivables and others | 1     | 210   |        |        |
|   | Non-trade payables and others    |       |       | 137    | 52     |
| Naepo Green Energy Co., Ltd.            | Trade receivables                | 7     | 17    |        |        |
| Noeul Green Energy Co., Ltd.            | Trade receivables                | 3     | 3     |        |        |
|   | Non-trade payables and others    |       |       | 5,870  | 2,041  |
| Samcheok Eco Materials Co., Ltd.        | Trade receivables                | 49    | 20    |        |        |
| YTN Co., Ltd.                           | Trade receivables                | 153   | 98    |        |        |
|   | Non-trade payables and others    |       |       |        | 209    |
| Busan Green Energy Co., Ltd.            | Trade receivables                | 1     | 7     |        |        |
|   | Non-trade receivables and others |       |       | 1,691  |        |
|   | Non-trade payables and others    |       |       | 2,552  |        |
| Korea Electric Vehicle Charging Service | Trade receivables                | 46    | 23    |        |        |
|   | Non-trade receivables and others | 41    |       |        |        |
|   | Trade payables                   |       |       |        | 45     |
| Ulleungdo Natural Energy Co., Ltd.      | Non-trade receivables and others | 123   |       |        |        |
| Daegu Clean Energy Co., Ltd.            | Non-trade receivables and others | 60    |       |        |        |
| Cheongna Energy Co., Ltd.               | Trade receivables                | 129   | 182   |        |        |
|   | Non-trade payables and others    |       |       | 995    | 1      |
| Gangwon Wind Power Co., Ltd.            | Trade receivables                | 12    | 6     |        |        |
|   | Trade payables                   |       |       | 1,074  | 3,033  |
| Hyundai Green Power Co., Ltd.           | Trade receivables                | 447   | 946   |        |        |
|   | Trade payables                   |       |       | 41,863 | 32,589 |
| Korea Power Exchange                    | Trade receivables                | 844   | 463   |        |        |
|   | Non-trade receivables and others | 77    | 128   |        |        |
|   | Non-trade payables and others    |       |       | 1,186  | 1,142  |
| Hyundai Energy Co., Ltd.                | Trade receivables                | 118   | 49    |        |        |
|   | Non-trade receivables and others | 7,707 | 6,598 |        |        |
|   | Trade payables                   |       |       | 33     | 223    |
|   | Non-trade payables and others    |       |       | 14,657 | 13,796 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of June 30, 2018 and December 31, 2017 are as follows, continued:***In millions of won*

| Company name   | Type                             | Receivables   |                   | Payables      |                   |
|--|----------------------------------|---------------|-------------------|---------------|-------------------|
|  |                                  | June 30, 2018 | December 31, 2017 | June 30, 2018 | December 31, 2017 |
| <b>&lt;Associates&gt;</b>                                |                                  |               |                   |               |                   |
| Ecollite Co., Ltd.                                       | Non-trade receivables and others | ₩             | 210               |               |                   |
| Taebaek Wind Power Co., Ltd.                             | Trade receivables                | 100           | 116               |               |                   |
|  | Trade payables                   |               |                   | 113           | 533               |
|  | Non-trade payables and others    |               |                   |               | 121               |
| Pyeongchang Wind Power Co., Ltd.                         | Trade receivables                | 5             | 3                 |               |                   |
|  | Non-trade payables and others    |               |                   | 28            | 163               |
| Daeryun Power Co., Ltd.                                  | Trade receivables                | 143           | 162               |               |                   |
|  | Trade payables                   |               |                   | 12,471        | 15,706            |
| Changjuk Wind Power Co., Ltd.                            | Trade receivables                | 91            | 101               |               |                   |
|  | Trade payables                   |               |                   | 101           | 515               |
|  | Non-trade payables and others    |               |                   |               | 546               |
| KNH Solar Co., Ltd.                                      | Trade receivables                | 1             | 1                 |               |                   |
|  | Non-trade payables and others    |               |                   |               | 193               |
| S-Power Co., Ltd.  | Trade receivables                | 693           | 117               |               |                   |
|  | Non-trade receivables and others | 524           | 5,183             |               |                   |
|  | Trade payables                   |               |                   | 39,372        | 25,061            |
|  | Non-trade payables and others    |               |                   | 17            |                   |
| Green Biomass Co., Ltd.                                  | Non-trade payables and others    |               |                   | 78            | 85                |
| SPC Power Corporation                                    | Non-trade receivables and others | 10            | 76                |               |                   |
| Nepal Water & Energy Development Company Private Limited | Non-trade receivables and others | 364           | 227               |               |                   |
| Xe-Pian Xe-Namnoy Power Co., Ltd.                        | Non-trade receivables and others | 56            | 53                |               |                   |
| <b>&lt;Joint ventures&gt;</b>                            |                                  |               |                   |               |                   |
| Daegu Green Power Co., Ltd.                              | Trade receivables                | 116           | 98                |               |                   |
|  | Non-trade receivables and others | 2             | 10                |               |                   |
|  | Trade payables                   |               |                   | 21,332        | 25,257            |
| KAPES, Inc.  | Non-trade receivables and others | 170           |                   |               |                   |
|  | Trade payables                   |               |                   |               | 55                |

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|                             |                                  |     |       |        |        |
|-----------------------------|----------------------------------|-----|-------|--------|--------|
|                             | Non-trade payables and others    |     |       | 7      |        |
| Dangjin Eco Power Co., Ltd. | Non-trade receivables and others | 207 | 1,211 |        |        |
|                             | Non-trade payables and others    |     |       |        | 41     |
| Honam Wind Power Co., Ltd.  | Trade payables                   |     |       | 94     | 381    |
|                             | Non-trade payables and others    |     |       | 4,506  | 3,013  |
| Seokmun Energy Co., Ltd.    | Trade receivables                | 75  | 93    |        |        |
|                             | Non-trade receivables and others | 205 | 276   |        |        |
|                             | Non-trade payables and others    |     |       | 5,141  | 3,052  |
| Incheon New Power Co., Ltd. | Trade receivables                | 128 | 128   |        |        |
| Chun-cheon Energy Co., Ltd. | Trade receivables                | 22  | 129   |        |        |
|                             | Non-trade receivables and others | 183 | 252   |        |        |
|                             | Trade payables                   |     |       | 21,852 | 29,676 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of June 30, 2018 and December 31, 2017 are as follows, continued:***In millions of won*

| Company name                                      | Type                             | Receivables   |                   | Payables      |                   |
|---|----------------------------------|---------------|-------------------|---------------|-------------------|
|   |                                  | June 30, 2018 | December 31, 2017 | June 30, 2018 | December 31, 2017 |
| <b>&lt;Joint ventures&gt;</b>                     |                                  |               |                   |               |                   |
| Yeonggwangbaeksu Wind Power Co., Ltd.             | Trade receivables                | ₩ 8           | 7                 |               |                   |
|   | Non-trade receivables and others | 145           | 144               |               |                   |
|   | Trade payables                   |               |                   | 183           | 619               |
|   | Non-trade payables and others    |               |                   | 620           | 1,300             |
| KW Nuclear Components Co., Ltd.                   | Trade receivables                | 3             | 4                 |               |                   |
|   | Non-trade receivables and others | 2             |                   |               |                   |
| KEPCO-Uhde Inc.                                   | Non-trade payables and others    |               |                   |               | 4                 |
| GS Donghae Electric Power Co., Ltd.               | Trade receivables                | 2,225         | 450               |               |                   |
|   | Non-trade receivables and others | 196           | 1,892             |               |                   |
|   | Trade payables                   |               |                   | 54,264        | 73,570            |
|   | Non-trade payables and others    |               |                   | 38            |                   |
| Busan Shinho Solar Power Co., Ltd.                | Trade receivables                | 2             | 2                 |               |                   |
|   | Trade payables                   |               |                   | 183           | 159               |
|   | Non-trade payables and others    |               |                   | 971           | 811               |
| Expressway Solar-light Power Generation Co., Ltd. | Non-trade receivables and others | 837           |                   |               |                   |
|   | Trade payables                   |               |                   | 11            |                   |
| Datang Chifeng Renewable Power                    | Trade receivables                | 48            | 82                |               |                   |

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Co., Ltd.

|  |                                  |         |         |        |        |
|--|----------------------------------|---------|---------|--------|--------|
| Rabigh Operation & Maintenance Company Limited | Non-trade receivables and others | 655     | 869     |        |        |
| ASM-BG Investicii AD                           | Non-trade receivables and others | 33      | 37      |        |        |
| Jamaica Public Service Company Limited         | Non-trade payables and others    |         |         | 3      |        |
| Amman Asia Electric Power Company              | Trade receivables                | 2,707   | 2,675   |        |        |
| Nghi Son 2 Power Ltd.                          | Trade receivables                | 36      |         |        |        |
| Nawah Energy Company                           | Trade receivables                | 27,333  | 10,419  |        |        |
| South Jamaica Power Company Limited            | Non-trade payables and others    |         |         | 68     |        |
| <b>&lt;Others&gt;</b>                          |                                  |         |         |        |        |
| Yeongwol Energy Station Co., Ltd.              | Trade receivables                |         | 7,068   |        |        |
| DS POWER Co., Ltd.                             | Trade receivables                |         | 340     |        |        |
| Korea Development Bank                         | Accrued interest income          | 1,107   | 204     |        |        |
|  | Non-trade receivables and others | 120,857 | 501,029 |        |        |
|  | Non-trade payables and others    |         |         | 184    | 200    |
|  | Derivatives                      | 7,910   | 569     | 26,691 | 22,398 |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(5) Loans and others arising from related party transactions as of June 30, 2018 and December 31, 2017 are as follows:***In millions of won*

| Type           | Company name                             | Beginning balance | Loans | Collection | Others  | Ending balance |
|----------------|--|-------------------|-------|------------|---------|----------------|
| Associates     | KNOC Nigerian East Oil Co., Ltd.,        |                   |       |            |         |                |
|                | KNOC Nigerian West Oil Co., Ltd.         | ₩ 26,341          | 65    |            | 1,147   | 27,553         |
|                | (Allowance for doubtful accounts)        | (16,551)          |       |            | (602)   | (17,153)       |
| Associates     | PT. Cirebon Electric Power               | 15,436            | 611   | (4,235)    | 642     | 12,454         |
| Associates     | Xe-Pian Xe-Namnoy Power Co., Ltd.        | 1,413             |       |            |         | 1,413          |
| Associates     | PT Wampu Electric Power                  | 13,288            | 470   |            | 669     | 14,427         |
| Associates     | Gunsan Bio Energy Co., Ltd.              | 9,396             |       |            |         | 9,396          |
| Associates     | Hyundai Energy Co., Ltd.                 | 2,465             |       |            |         | 2,465          |
|                | (Allowance for doubtful accounts)        | (2,465)           |       |            |         | (2,465)        |
| Joint ventures | KEPCO SPC Power Corporation              | 17,249            |       | (17,314)   | 65      |                |
| Joint ventures | Datang Chifeng Renewable Power Co., Ltd. | 7,245             |       | (3,636)    | 184     | 3,793          |
| Joint ventures | Nghi Son 2 Power Ltd.                    |                   | 4,463 |            | 192     | 4,655          |
| Joint ventures | KODE NOVUS II LLC (*)                    | 4,018             |       |            | (4,018) |                |
|                | (Allowance for doubtful accounts) (*)    | (4,018)           |       |            | 4,018   |                |
| Joint ventures | Kelar S.A                                | 46,620            |       |            | (173)   | 46,447         |
| Joint ventures | Daehan Wind Power PSC                    | 1,211             |       | (605)      | (606)   |                |
| Joint ventures | Chester Solar IV SpA                     | 4,607             |       | (4,607)    |         |                |
|                |  | ₩ 126,255         | 5,609 | (30,397)   | 1,518   | 102,985        |

(\*) The loans of KODE NOVUS II LLC is eliminated because the Company sold all of its shares of KODE NOVUS II LLC during the six-month period ended June 30, 2018 as described in Note 17.

(6) Borrowings arising from related party transactions as of June 30, 2018 and December 31, 2017 are as follows:

*In millions of won*

| Related parties        | Type            | Beginning balance | Borrowings | Repayment | Others | Ending balance |
|------------------------|-----------------|-------------------|------------|-----------|--------|----------------|
| Korea Development Bank | Facility        | ₩ 93,883          |            | (26,354)  |        | 67,529         |
|                        | Others          | 4,909             |            | (204)     |        | 4,705          |
|                        | Operating funds | 61,000            | 32,000     | (12,000)  |        | 81,000         |
|                        | Syndicated Loan | 16,301            |            |           | 1,128  | 17,429         |

(7) Guarantees provided to associates or joint ventures as of June 30, 2018 and December 31, 2017 are as follows:

*In millions of won and thousands of foreign currencies*

| Primary guarantor                | Principal obligor   | Type of guarantees                | Credit limit | Guarantee  |
|----------------------------------|---|-----------------------------------|--------------|--|
| Korea Electric Power Corporation | Shuweiha Asia Operation & Maintenance Company                         | Performance guarantees            | USD 11,000   | SAPCO  |
| 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 | Rabigh Operation & Maintenance Company                                | Performance guarantees and others | USD 1,387    | RABEC  |
| Korea Electric Power Corporation | Limited Nghi Son 2 Power Ltd.   | Bidding guarantees                | USD 10,000   | SMBC Ho Chi Minh                                     |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of June 30, 2018 are as follows, continued:***In millions of won and thousands of foreign currencies*

| <b>Primary guarantor</b>         | <b>Principal obligor</b>          | <b>Type of guarantees</b>                           | <b>Credit limit</b> | <b>Guarantee</b>  |
|----------------------------------|-----------------------------------|---|---------------------|---|
| Korea Electric Power Corporation | Barakah One Company               | Debt guarantees                                     | USD 900,000         | Export-Import Bank of Korea and others                  |
|                                  |                                   | Performance guarantees and others                   | USD 3,404,275       |   |
| Korea Electric Power Corporation | RE Holiday Holdings LLC           | Performance guarantees                              | USD 223,000         | EPS Renewables Holdings, LLC, Santander Bank and others |
| Korea Electric Power Corporation | RE Pioneer Holdings LLC           | Performance guarantees                              | USD 170,000         | EPS Renewables Holdings, LLC, Santander Bank and others |
| Korea Electric Power Corporation | RE Barren Ridge 1 Holdings LLC    | Performance guarantees                              | USD 149,000         | Firststar Development, LLC, Santander Bank and others   |
| Korea Western Power Co., Ltd.    | Cheongna Energy Co., Ltd.         | Collateralized money invested                       | KRW 27,211          | KEB Hana Bank and others                                |
|                                  |                                   | Guarantees for supplemental funding and others (*1) |                     |   |
| Korea Western Power Co., Ltd.    | Xe-Pian Xe-Namnoy Power Co., Ltd. | Payment guarantees for business reserve             | USD 2,500           | Krung Thai Bank   |
|                                  |                                   | Collateralized money invested                       | USD 68,381          | Krung Thai Bank   |
|                                  |                                   | Impounding bonus guarantees                         | USD 5,000           | SK E&C  |
|                                  |                                   |   | SAR 5,600           |   |



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|                                 |  |  |            |                                   |
|---------------------------------|--|--|------------|-----------------------------------|
| Korea Western Power Co., Ltd.   | Rabigh Operation & Maintenance Company Limited | Performance guarantees and others        |            | Saudi Arabia British Bank         |
| Korea Western Power Co., Ltd.   | Daegu Photovoltaic Co., Ltd.                   | Collateralized money invested            | KRW 1,230  | Korea Development Bank            |
| Korea Western Power Co., Ltd.   | Dongducheon Dream Power Co., Ltd.              | Collateralized money invested            | KRW 53,233 | Kookmin Bank and others           |
| Korea Western Power Co., Ltd.   | PT. Mutiara Jawa                               | Collateralized money invested            | USD 2,610  | Woori Bank                        |
| Korea Western Power Co., Ltd.   | Heang Bok Do Si Photovoltaic Power Co., Ltd.   | Collateralized money invested            | KRW 194    | Nonghyup Bank                     |
| Korea Western Power Co., Ltd.   | Shin Pyeongtaek Power Co., Ltd.                | Collateralized money invested            | KRW 72,000 | Kookmin Bank                      |
|                                 |  | Guarantees for supplemental funding (*1) |            |                                   |
| Korea East-West Power Co., Ltd. | Busan Shinho Solar Power Co., Ltd.             | Collateralized money invested            | KRW 2,100  | Korea Development Bank and others |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of June 30, 2018 are as follows, continued:***In millions of won and thousands of foreign currencies*

| Primary guarantor               | Principal obligor                     | Type of guarantees   | Credit limit   | Guarantee                                       |
|---------------------------------|---------------------------------------|--|----------------|---|
| Korea East-West Power Co., Ltd. | Seokmun Energy Co., Ltd.              | Collateralized money invested                                      | KRW<br>15,370  | Kookmin Bank and others                         |
| Korea East-West Power Co., Ltd. | Chun-cheon Energy Co., Ltd.           | Collateralized money invested                                      | KRW<br>52,700  | Kookmin Bank and others                         |
|                                 |                                       | Guarantees for supplemental funding (*1)                           | KRW<br>60,270  | Kookmin Bank and others                         |
| Korea East-West Power Co., Ltd. | Honam Wind Power Co., Ltd.            | Collateralized money invested                                      | KRW<br>3,480   | Shinhan Bank and others                         |
| Korea East-West Power Co., Ltd. | GS Donghae Electric Power Co., Ltd.   | Collateralized money invested                                      | KRW<br>204,000 | Korea Development Bank and others               |
| Korea East-West Power Co., Ltd. | Yeonggwangbaeksu Wind Power Co., Ltd. | Collateralized money invested                                      | KRW<br>3,000   | Kookmin Bank and others                         |
| Korea East-West Power Co., Ltd. | Yeonggwang Wind Power Co., Ltd.       | Collateralized money invested                                      | KRW<br>15,375  | KDB Capital Corporation and others              |
| Korea East-West Power Co., Ltd. | PT. Tanjung Power Indonesia           | Debt guarantees  | USD<br>46,983  | The Bank of Tokyo-Mitsubishi and others         |
|                                 |                                       | Other guarantees   | USD<br>3,150   | PT Adaro Indonesia                              |
| Korea East-West Power Co., Ltd. | South Jamaica Power Company Limited   | Performance guarantees   | USD<br>14,400  | Societe Generale                                |
| EWP Barbados 1 SRL              |                                       | Guarantees for supplemental funding and others (*1, 3)             | USD<br>28,700  | JCSD Trustee Services Limited and others        |
| Korea Southern Power Co., Ltd.  | KNH Solar Co., Ltd.                   | Collateralized money invested                                      | KRW<br>1,296   | Shinhan Bank and Kyobo Life Insurance Co., Ltd. |
|                                 |                                       | Performance guarantees and guarantees for supplemental funding and |                |   |

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|                                |                               | others (*1)   |               |   |
|--------------------------------|-------------------------------|---|---------------|---|
| Korea Southern Power Co., Ltd. | Daeryun Power Co., Ltd.       | Collateralized money invested                       | KRW<br>25,477 | Korea Development Bank and others           |
|                                |                               | Guarantees for supplemental funding and others (*1) |               |   |
| Korea Southern Power Co., Ltd. | Changjuk Wind Power Co., Ltd. | Collateralized money invested                       | KRW<br>3,801  | Shinhan Bank                                |
|                                |                               | Guarantees for supplemental funding (*1)            |               |   |
| Korea Southern Power Co., Ltd. | Daegu Green Power Co., Ltd.   | Collateralized money invested                       | KRW<br>46,226 | Shinhan Bank                                |
| Korea Southern Power Co., Ltd. | Kelar S.A                     | Performance guarantees                              | USD<br>63,707 | KEB Hana Bank, SMBC, Mizuho Bank and others |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of June 30, 2018 are as follows, continued:***In millions of won and thousands of foreign currencies*

| <b>Primary guarantor</b>       | <b>Principal obligor</b>         | <b>Type of guarantees</b>  | <b>Credit limit</b> | <b>Guarantee</b>                               |
|--------------------------------|----------------------------------|--|---------------------|--|
| Korea Southern Power Co., Ltd. | Pyeongchang Wind Power Co., Ltd. | Collateralized money invested<br>Performance guarantees                              | KRW 3,875           | Woori Bank and Shinhan Bank                    |
| Korea Southern Power Co., Ltd. | Taebaek Wind Power Co., Ltd.     | Guarantees for supplemental funding and others (*1)                                  |                     | Shinhan Bank and others                        |
| Korea Southern Power Co., Ltd. | Jeongam Wind Power Co., Ltd.     | Collateralized money invested<br>Guarantees for supplemental funding and others (*1) | KRW 5,580           | SK Securities Co., Ltd.                        |
| Korea Southern Power Co., Ltd. | Naepo Green Energy Co., Ltd.     | Collateralized money invested<br>Guarantees for supplemental funding and others (*1) | KRW 29,200          | Hana Financial Investment Co., Ltd. and others |
| Korea Midland Power Co., Ltd.  | Hyundai Green Power Co., Ltd.    | Collateralized money invested  | KRW 87,003          | Korea Development Bank and others              |
| Korea Midland Power Co., Ltd.  | PT. Cirebon Electric Power       | Debt guarantees  | USD 11,550          | Mizuho Bank                                    |
| Korea Midland Power Co., Ltd.  | PT Wampu Electric Power          | Debt guarantees  | USD 5,068           | SMBC   |
| Korea Midland Power Co., Ltd.  | YaksuESS Co., Ltd                | Collateralized money invested  | KRW 210             | Hanwha Life Insurance Co., Ltd.                |

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|                                  |   | Guarantees for supplemental funding and others (*1)                            |             |   |
|----------------------------------|---|--|-------------|---|
| Korea South-East Power Co., Ltd. | Hyundai Energy Co., Ltd.                          | Collateralized money invested  | KRW 47,067  | Korea Development Bank and others         |
|                                  |   | Performance guarantees and guarantees for supplemental funding and others (*1) | KRW 78,600  |   |
| Korea South-East Power Co., Ltd. | RES Technology AD                                 | Collateralized money invested  | KRW 15,595  | UniCredit Bulbank and others              |
| Korea South-East Power Co., Ltd. | ASM-BG Investicii AD                              | Collateralized money invested  | KRW 16,101  | UniCredit Bulbank and others              |
| Korea South-East Power Co., Ltd. | Expressway Solar-light Power Generation Co., Ltd. | Guarantees for supplemental funding (*1, 2)                                    | KRW 2,500   | Woori Bank                                |
| Korea South-East Power Co., Ltd. | S-Power Co., Ltd.                                 | Collateralized money invested  | KRW 132,300 | Korea Development Bank and others         |
| Korea South-East Power Co., Ltd. | Goseong Green Energy Co., Ltd.                    | Collateralized money invested  | KRW 2,900   | Kyobo Life Insurance Co., Ltd. and others |
| Korea South-East Power Co., Ltd. | Gangneung Eco Power Co., Ltd.                     | Collateralized money invested  | KRW 2,900   | Kyobo Life Insurance Co., Ltd. and others |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of June 30, 2018 are as follows, continued:***In millions of won and thousands of foreign currencies*

| <b>Primary guarantor</b>                    | <b>Principal obligor</b>            | <b>Type of guarantees</b>                           | <b>Credit limit</b> | <b>Guarantee</b>                             |
|---|-------------------------------------|---|---------------------|--|
| Korea South-East Power Co., Ltd.            | PND solar., Ltd.                    | Collateralized money invested                       | KRW 1,250           | IBK and others                               |
| Korea South-East Power Co., Ltd.            | Tamra Offshore Wind Power Co., Ltd. | Collateralized money invested                       | KRW 8,910           | Nonghyup Life Insurance Co., Ltd. and others |
| Korea Hydro & Nuclear Power Co., Ltd.       | Noeul Green Energy Co., Ltd.        | Collateralized money invested                       | KRW 1,740           | KEB Hana Bank and others                     |
| Korea Hydro & Nuclear Power Co., Ltd.       | Busan Green Energy Co., Ltd.        | Collateralized money invested                       | KRW 5,243           | Shinhan Bank and others                      |
| KEPCO Plant Service & Engineering Co., Ltd. | Incheon New Power Co., Ltd.         | Collateralized money invested                       | KRW 8,160           | Shinhan Bank                                 |
|   |                                     | Guarantees for supplemental funding and others (*1) |                     |  |

(\*1) The Company guarantees to provide supplemental funding for business with respect to excessive business expenses or insufficient repayment of borrowings.

(\*2) The Company has granted the right to Hana Financial Investment Co., Ltd., as an agent for the creditors to Expressway Solar-light Power Generation Co., Ltd. ( ESPG ), to the effect that in the event of acceleration of ESPG's payment obligations under certain borrowings to such creditors, Hana Financial may demand the Company to dispose of shares in ESPG held by the Company and apply the resulting proceeds to repayment of ESPG's obligations.

(\*3) This includes a guarantee for the shareholder's capital payment in connection with the business of 190MW gas complex thermal power plant in Jamaica. EWP Barbados 1 SRL's capital contribution amount is USD 12,660 thousand and the total amount of guarantees is USD 12,915 thousand which consists of USD 5,740 thousand of EWP (Barbados) 1 SRL's contribution obligation and USD 7,175 thousand of South Jamaica Energy Holding Limited's portion (50%) of contribution obligation.



## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**46. Related Parties, Continued****(8) As of June 30, 2018, there is no financial guarantee contract provided by related parties.****(9) Derivatives transactions with related parties as of June 30, 2018 are as follows:**

(i) Currency Swap

*In millions of won and thousands of foreign currencies*

| Counterparty           | Contract year | Contract Amount |             | Contract interest rate per annum |             | Contract exchange rate |
|------------------------|---------------|-----------------|-------------|----------------------------------|-------------|------------------------|
|                        |               | Pay             | Receive     | Pay (%)                          | Receive (%) |                        |
| Korea Development Bank | 2016~2019     | ₩ 105,260       | USD 100,000 | 2.48%                            | 2.38%       | ₩ 1,052.60             |
|                        | 2015~2025     | 111,190         | USD 100,000 | 2.62%                            | 3.25%       | 1,111.90               |
|                        | 2017~2027     | 111,610         | USD 100,000 | 2.31%                            | 3.13%       | 1,116.10               |
|                        | 2018~2028     | 108,600         | HKD 800,000 | 2.69%                            | 3.35%       | 135.75                 |
|                        | 2017~2020     | 114,580         | USD 100,000 | 1.75%                            | 2.38%       | 1,145.80               |
|                        | 2016~2021     | 121,000         | USD 100,000 | 2.15%                            | 2.50%       | 1,210.00               |
|                        | 2018~2023     | 320,880         | USD 300,000 | 2.03%                            | 3.75%       | 1,069.60               |
|                        | 2018~2021     | 212,960         | USD 200,000 | 2.10%                            | 3.00%       | 1,064.80               |
|                        | 2017~2022     | 113,300         | USD 100,000 | 1.94%                            | 2.63%       | 1,133.00               |

(ii) Currency forward

*In millions of won and thousands of foreign currencies*

| Counterparty           | Contract Date | Maturity date | Contract amounts |             | Contract exchange rate |
|------------------------|---------------|---------------|------------------|-------------|------------------------|
|                        |               |               | Pay              | Receive     |                        |
| Korea Development Bank | 2017.12.27    | 2021.07.12    | ₩ 104,849        | USD 100,000 | ₩ 1,048.49             |
|                        | 2018.06.25    | 2018.07.10    | 7,811            | USD 7,000   | 1,115.80               |

**(10) Salaries and other compensations to the key members of management of the Company for the three and six-month periods ended June 30, 2018 and 2017 are as follows:**



*In millions of won*

| Type              | June 30, 2018            |                        | June 30, 2017            |                        |
|-------------------|--------------------------|------------------------|--------------------------|------------------------|
|                   | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| Salaries          | ₩ 579                    | 697                    | 668                      | 873                    |
| Employee benefits | 9                        | 18                     | 14                       | 25                     |
|                   | ₩ 588                    | 715                    | 682                      | 898                    |

#### 47. Non-Cash Transactions

Significant non-cash investing and financing transactions for the six-month periods ended June 30, 2018 and 2017 are as follows:

*In millions of won*

| Transactions   | June 30, 2018 | June 30, 2017 |
|--|---------------|---------------|
| Transfer from construction-in-progress to other assets                               | ₩ 3,476,094   | 5,809,903     |
| Recognition of asset retirement cost and related provision for decommissioning costs | 180,055       | 90,827        |
| Transfer from provision for disposal of spent nuclear fuel to accrued expenses       | 248,811       | 228,824       |
| Recognition of litigation provisions as addition to property, plant and equipment    | 185,530       |               |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**48. Commitments for Expenditure****(1) The commitments for acquisition of property, plant and equipment as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i>   | <b>June 30, 2018</b> |                | <b>December 31, 2017</b> |                |
|---|----------------------|----------------|--------------------------|----------------|
|   | <b>Amounts</b>       | <b>Balance</b> | <b>Amounts</b>           | <b>Balance</b> |
| <b>Contracts</b>  |                      |                |                          |                |
| Purchase of switch (25.8kV Eco) 12,450  | ₩ 50,526             |                | 50,526                   | 35,494         |
| Purchase of cable (PVC, 1C, 2000SQ) 153,000M and others (Shin-Bupyung-Youngseo)   | 50,256               | 34,790         | 50,256                   | 42,857         |
| Purchase of cable (PVC, 1C, 2500SQ) 103,374M and others (Bukdangjin-Shintangjung) | 42,500               | 29,987         | 42,500                   | 29,987         |
| Purchase of GIS (362KV 6300A 63KA) 23CB YoungseoS/S                               | 34,500               | 34,500         | 34,500                   | 34,500         |
| Purchase of GIS (362KV 6300A 63KA) 26CB HwasungS/S                                | 40,000               | 29,051         | 40,000                   | 29,231         |
| Purchase of GIS (362KV 6300A 63KA) 27CB KwangyangS/S                              | 37,476               | 10,389         | 37,476                   | 18,044         |
| Purchase of GIS (800KV 8000A 50KA) 10CB Shin-JungbuS/S                            | 63,730               | 13,664         | 63,730                   | 44,955         |
| Purchase of transformer (765/345/23kV 666.7MVA, 2TANK) 6 units Shin-JungbuS/S     | 37,500               |                | 37,500                   | 37,500         |
| Purchase of cable (TR CNCE-W/AL, 1C, 400SQ) 4,645,000M                            | 78,076               |                | 78,076                   | 76,762         |
| Purchase of Concrete Poles (10M, 350KGF) 121,900 and 6 others                     | 133,387              | 44,001         | 133,387                  | 112,981        |
| Advanced E-Type low voltage electricity meter 1,600,000 units                     | 65,408               | 29,255         | 65,408                   | 64,592         |
| Purchase of Ground Switch (44-D-A125, 600AX4) and 1 other 4,016 units             | 56,482               | 33,524         | 56,482                   | 55,990         |
| Purchase of cable (TR CNCE-W/AL, 1C, 400SQ) 3,504,000M                            | 68,496               | 68,496         |                          |                |
| Purchase of cable (FR CNCO-W, 1C, 325SQ) 1,400,000                                | 59,914               | 59,914         |                          |                |
| Purchase of switch (Eco) 9,360 units  | 40,631               | 40,010         |                          |                |
| Construction of Shin-Kori units (#3,4)  | 7,363,514            | 74,112         | 7,363,514                | 93,637         |
| Construction of Shin-Kori units (#5,6)  | 8,625,387            | 6,360,585      | 8,625,387                | 6,757,146      |
| Construction of Shin-Hanwool units (#1,2)   | 7,982,342            | 673,767        | 7,982,342                | 1,015,813      |
| Construction of Shin-Hanwool units (#3,4) (*)                                     |                      |                | 8,261,818                | 8,097,056      |
| Other 31 contracts  | 258,741              | 56,455         | 262,400                  | 114,041        |

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|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Purchase of main machine for construction of Seoul Combined units (#1,2)   | 361,203 | 51,624  | 361,203 | 99,031  |
| Construction of Seoul Combined units (#1,2)  | 245,536 | 12,904  | 227,685 | 60,568  |
| Purchase of smoke eliminating machine for construction of Shin-Boryeong units (#1,2)                                       | 169,544 | 28,214  | 169,544 | 36,417  |
| Service of designing Shin-Boryeong units (#1,2)  | 120,199 | 2,005   | 127,810 | 16,371  |
| Purchase of main machine for construction of Shin-Boryeong units (#1,2)  | 866,065 | 4,981   | 866,065 | 4,981   |
| Construction of Shin-Boryeong units (#1,2)   | 309,466 |         | 316,190 | 23,100  |
| Purchase of furnace for construction of Shin-Seocheon thermal power plant  | 305,031 | 132,182 | 302,030 | 222,555 |
| Purchase of turbine generator for construction of Shin-Seocheon thermal power plant  | 104,402 | 74,304  | 104,402 | 83,522  |
| Electricity construction of Shin-Seocheon thermal power plant  | 200,453 | 191,790 | 200,453 | 196,993 |
| Purchase of main machine for Jeju LNG combined   | 166,287 | 13,158  | 166,287 | 15,409  |
| Purchase of coal handling machine for construction of Taeon (#9,10) and IGCC units (conditional contract for installation) | 214,265 |         | 193,375 | 5,129   |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**48. Commitments for Expenditure, Continued****(1) The commitments for acquisition of property, plant and equipment as of June 30, 2018 and December 31, 2017 are as follows, continued:**

| <i>In millions of won</i>   | <b>June 30, 2018</b> |                | <b>December 31, 2017</b> |                |
|---|----------------------|----------------|--------------------------|----------------|
| <b>Contracts</b>  | <b>Amounts</b>       | <b>Balance</b> | <b>Amounts</b>           | <b>Balance</b> |
| Purchase of furnace for construction of Taeon units (#9,10)                 | ₩ 561,523            | 8,521          | 566,945                  | 33,817         |
| Service of designing Taeon units (#9,10)                                    | 112,344              | 14,694         | 111,322                  | 13,671         |
| Purchase of turbine generator for construction of Taeon units (#9,10)       | 218,741              | 535            | 205,267                  | 550            |
| Purchase of oxygen plant for construction of Taeon IGCC units               | 96,261               |                | 94,564                   | 199            |
| Service of designing Taeon IGCC plant units                                 | 45,154               | 2,793          | 44,802                   | 2,669          |
| Purchase of furnace for construction of Samcheok units (#1,2)               | 1,095,389            | 5,309          | 1,082,641                | 5,963          |
| Purchase of coal handling machine for construction of Samcheok units (#1,2) | 307,925              | 50,705         | 304,924                  | 52,362         |
| Service of designing Samcheok units (#1,2)                                  | 103,679              | 2,791          | 114,047                  | 4,745          |
| Purchase of turbine main equipment for Samcheok units (#1,2)                | 215,333              | 1,447          | 215,333                  | 874            |
| Purchase of main equipment  | 183,773              | 10,345         | 168,076                  |                |
| Landscaping construction and other  | 52,676               | 6,104          | 63,110                   |                |

(\*) The Company recognized impairment loss in relation to Shin-Hanwool unit 3 and 4, and there are no legally binding commitments for expenditure as of June 30, 2018.

**(2) As of June 30, 2018, details of contracts for inventory purchase commitment are as follows:**

The Company imports all of its uranium ore concentrates from sources outside Korea (including the United States, United Kingdom, Kazakhstan, France, Russia, South Africa, Canada and Australia) which are paid for with currencies other than Won, primarily in U.S. dollars. In order to ensure stable supply, the Company entered into long-term and medium-term contracts with various suppliers, and supplements such supplies with purchases of fuels on spot markets. The long-term and medium-term contract periods vary among contractors and the stages of fuel manufacturing

process. Contract prices for processing of uranium are generally based on market prices. Contract periods for ore concentrates, conversion, enrichment and design and fabrication are as follows:

| <b>Type</b> | <b>Periods</b> | <b>Contracted quantity</b>               |
|-------------|----------------|--|
| Concentrate | 2018 ~ 2030    | 43,662 Ton U <sub>3</sub> O <sub>8</sub> |
| Transformed | 2018 ~ 2030    | 23,234 Ton U                             |
| Enrichment  | 2018 ~ 2030    | 25,530 Ton SWU                           |
| Molded      | 2018 ~ 2022    | 3,119 Ton U                              |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**49. Contingencies and Commitments****(1) Ongoing litigations related with contingent liabilities and contingent assets as of June 30, 2018 and December 31, 2017 are as follows:**

| <i>In millions of won</i> | <b>June 30, 2018</b>   |                     | <b>December 31, 2017</b> |                     |
|---------------------------|------------------------|---------------------|--------------------------|---------------------|
|                           | <b>Number of cases</b> | <b>Claim amount</b> | <b>Number of cases</b>   | <b>Claim amount</b> |
| As the defendant          | 588                    | ₩ 544,222           | 565                      | ₩ 477,719           |
| As the plaintiff          | 185                    | 726,475             | 185                      | 690,934             |

As of June 30, 2018, among the litigations mentioned above, there are ongoing litigations of KHNP, a subsidiary of KEPCO, against KEPCO Engineering & Construction Company, Inc., a subsidiary of KEPCO, as a co-defendant (one case amounting to ₩62,744 million).

A group of plaintiffs (consisting 2,166 individuals) filed a lawsuit against NSSC regarding NSSC's approval on May 18, 2015 of extending the operation of Wolsong unit 1 nuclear power plant. The appeal was ongoing as of June 30, 2018. In addition, on September 12, 2016, Greenpeace and others filed an administrative litigation against NSSC requesting cancelation of the construction permit of Shin-Kori unit 5 and 6 and it was also ongoing as of June 30, 2018. The Company joined these litigations as a stakeholder with the permission of the Court.

In 2017, the Company suspended the construction of Shin-Kori unit 5 and 6 starting from July 24, 2017 to October 24, 2017. The Company believed that the possibility of economic outflow was probable and recognized provisions as described in note 26.(2).

As described in note 2.(4), the board of directors of KHNP, a subsidiary of KEPCO, has decided to shut down the Wolsong unit 1. Accordingly, the Company recognized impairment loss of ₩565,181 million, which is after deducting the recoverable amount from the book value of property, plant and equipment of the Wolsong unit 1 amounting to ₩565,182 million. Also, the provision for decommissioning costs of the Wolsong unit 1 has increased by ₩28,196 million as the timing of actual cash outflows was accelerated due to the shortened operating period.

As of June 30, 2018, the Company may be obligated to pay for the preliminary work of the main equipment manufacturer or may incur compensation obligations as a result of a lawsuit that may be filed by the main equipment manufacturer in relation to Shin-Hanwool unit 3 and 4. However, the Company believes that it will not be liable for damages to the main equipment manufacturer and that it is probable to win if a lawsuit is filed against the Company.

The long-term service contract between Gyeonggi Green Energy Co., Ltd. and its fuel cell supplier expired during the six-month period ended June 30, 2018. For this reason, the creditors has requested a renewal of the contract, and it is in process of negotiating with the fuel cell supplier. Depending on the result of this negotiation, the schedule of repayment of borrowings of Gyeonggi Green Energy Co., Ltd. may be adjusted accordingly.

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

Hyundai Engineering & Construction Co., Ltd.( Hyundai E&C ), SK Engineering & Construction Co., Ltd. and GS Engineering & Construction Co., Ltd. filed a lawsuit for increase in contract bill (formerly, amounted to ₩1,000 million) against KHNP in September 2013, in relation to the design changes on the plant construction of Shin-Hanwool 1 & 2. Hyundai Engineering & Construction Co., Ltd. and two other companies increased the contract bill to ₩133,426 million in October 2014, ₩204,040 million in November 2015, and ₩204,564 million in January 2017, respectively, and submitted an application to demand extra contract payments due to the design changes. KHNP has paid ₩217,724 million of the claim amounts in full upon the first ruling in November 2016 and recognized the amount as addition to construction-in-progress accordingly.

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. Also, the Supreme Court ruled that employees are entitled to retroactively demand certain wages based on the new ordinary wages that include regular bonuses as additional wages. However, the request may be limited to the extent of the principle of good faith.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**49. Contingencies and Commitments, Continued**

**(1) Ongoing litigations related with contingent liabilities and contingent assets as of June 30, 2018 and December 31, 2017 are as follows, continued:**

The Company believes that the possibility of economic outflow is probable on the ongoing and the expected lawsuit. For this reason, the Company recognized ₩52,624 million of other provision in relation to the lawsuit as of June 30, 2018.

Except these significant ongoing claims, there are 12 arbitration cases pertaining to the Company as of June 30, 2018 and the significant arbitration cases are as follows:

KEPCO and KEPCO KDN Co., Ltd., a subsidiary of KEPCO, have been accused of breach of contract in relation to ERP software, which is provided by SAP Korea Ltd. The litigation was filed in the International Chamber of Commerce International Court of Arbitration but the Company has not recognized any provision because the probability of economic benefit outflow is remote and the related amount cannot be reliably estimated.

Hyundai Samsung Joint Venture (HSJV), one of the subcontractors of the Company, filed an arbitration against the Company at the London Court of International Arbitration (LCIA) in 2016 due to disagreements in UAE nuclear power plant construction project, but the Company has not recognized any losses because the probability of economic benefit outflow is remote and the related amount cannot be reasonably estimated.

In 2016, Hyundai E&C, GS Engineering & Construction Corp. and Hansol SeenTec Co., Ltd. filed on arbitration against the Company to the Korea Commercial Arbitration Board in relation to the request for additional construction costs. As described in note 26.(2), the Company recognized the litigation provisions of ₩204,787 million in relation to this arbitration case.

In 2016, Halla Corporation filed on arbitration against the Company to the Korea Commercial Arbitration Board in relation to the request for additional construction costs and the Company filed on arbitration against Halla Corporation to the Korea Commercial Arbitration Board in relation to the request for a penalty payment for the delayed construction work. The Company has recognized ₩4,916 million of provision for



the best estimate of the expenditure required to fulfill its obligations in relation to this arbitration as of June 30, 2018.

Daewon Electric Corporation filed on arbitration against the Company to the Korean Commercial Arbitration Board in relation to the request for payment of royalties during the six-month period ended June 30, 2018 but the Company has not recognized any losses because the probability of economic benefit outflow is remote and the related amount cannot be reasonably estimated.

**(2) Guarantees of payments and commitments provided to other companies as of June 30, 2018 and December 31, 2017 are as follows:**

In order to secure its status as a shareholder of Navanakorn Electric Co., Ltd., the Company has signed a fund supplement contract. According to the contract, in case Navanakorn Electric Co., Ltd. does not have sufficient funds for its operation or repayment of borrowings, the Company bears a payment obligation in proportion to its ownership.

The Company has outstanding borrowings with a limit of USD 275,600 thousand from its creditors such as International Finance Corporation. Regarding the borrowing contract, the Company has guaranteed capital contribution of USD 69,808 thousand and additional contribution up to USD 19,000 thousand for contingencies, if any. Moreover, for one of the electricity purchasers, Central Power Purchasing Agency Guarantee Ltd., the Company has provided payment guarantee up to USD 2,777 thousand, in case of construction delay or insufficient contract volume after commencement of the construction.

The Company has provided PT. Perusahaan Listrik Negara performance guarantee up to USD 2,293 thousand and Mizuho bank and others investment guarantee up to USD 43,500 thousand in proportion to its ownership in the electricity purchase contract with PT. Cirebon Energi Prasarana in relation to the second electric power generation business in Cirebon, Indonesia.

The Company has provided the Bank of Tokyo Mitsubishi UFJ (BTMU) borrowing guarantee up to USD 41,258 thousand proportion to its ownership in the equity bridge loan guarantee with PT. Cirebon Energi Prasarana in relation to the second electric power generation business in Cirebon, Indonesia.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**49. Contingencies and Commitments, Continued****(2) Guarantees of payments and commitments provided to other companies as of June 30, 2018 and December 31, 2017 are as follows, continued:**

The Company has provided the Export-Import Bank of Korea, BNP Paribas and ING Bank guarantee of mutual investment of USD 2,440 thousand, which is equivalent to the ownership interest of PT BS Energy and PT Nusantara Hydro Alam, in order to guarantee the expenses related to hydroelectric power business of Tanggamus, Indonesia.

The Company has provided the Export-Import Bank of Korea and SMBC guarantee of mutual investment of USD 401 thousand, which is equivalent to the ownership interest of PT Mega Power Mandiri, in order to guarantee the expenses related to hydroelectric power business of PT Wampu Electric Power, an associate of the Company.

**(3) Credit lines provided by financial institutions as of June 30, 2018 are as follows:***In millions of won and thousands of foreign currencies*

| <b>Commitments</b>                                 | <b>Financial institutions</b>     | <b>Currency</b> | <b>Limited amount</b> |
|--|-----------------------------------|-----------------|-----------------------|
| Commitments on bank-overdraft                      | Nonghyup Bank and others          | KRW             | 1,855,000             |
| Commitments on bank-daylight overdraft             | Nonghyup Bank                     | KRW             | 280,000               |
| Limit amount available for CP                      | KEB Hana Bank and others          | KRW             | 400,000               |
| Limit amount available for card                    | KEB Hana Bank                     | KRW             | 46,733                |
|  | Banco de Oro                      | PHP             | 5,000                 |
| Loan limit   | Kookmin Bank and others           | KRW             | 699,600               |
|  | BNP Paribas and others            | USD             | 1,862,700             |
| Certification of payment on L/C                    | Shinhan Bank                      | KRW             | 54,759                |
|  | Shinhan Bank and others           | USD             | 984,514               |
| Certification of performance guarantee on contract | KEB Hana Bank                     | EUR             | 4,158                 |
|  | KEB Hana Bank and others          | INR             | 230,515               |
|  | Korea Development Bank and others | JPY             | 637,150               |

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|                                      |  |     |           |
|--------------------------------------|--|-----|-----------|
|                                      | Seoul Guarantee Insurance and others   | KRW | 69,931    |
|                                      | KEB Hana Bank and others               | USD | 717,783   |
|                                      | KEB Hana Bank                          | SAR | 102,186   |
|                                      | Bank of Kathmandu                      | NPR | 36,304    |
|                                      | KEB Hana Bank                          | CAD | 617       |
| Certification of bidding             | SMBC and others                        | USD | 60,000    |
|                                      | ABSA                                   | ZAR | 55,730    |
| Advance payment bond, Warranty bond, | Export-Import Bank of Korea and others | USD | 3,849,521 |
| Retention bond and others            | Bank of Kathmandu                      | USD | 66        |
| Others                               | KEB Hana Bank                          | INR | 143,390   |
|                                      | Shinhan Bank                           | JPY | 381,210   |
|                                      | Nonghyup Bank and others               | KRW | 506,590   |
|                                      | Export-Import Bank of Korea and others | USD | 981,187   |
|                                      | KEB Hana Bank and others               | USD | 87,163    |
| Inclusive credit                     | Shinhan Bank                           | INR | 47,489    |
|                                      | KEB Hana Bank                          | KRW | 258,000   |
|                                      | Shinhan Bank and others                | USD | 32,970    |
| Trade finance                        | BNP Paribas and others                 | USD | 800,000   |

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**49. Contingencies and Commitments, Continued**

**(4) As of June 30, 2018, 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 East-West Power Co., Ltd.       | SK Securities Co., Ltd. and others           | Shareholdings of Gyeongju Wind Power Co., Ltd.          | KRW      | 15,958  | Collateral for borrowings     |
| Korea Midland Power Co., Ltd.         | IBK and others                               | Shareholdings of Commerce and Industry Energy Co., Ltd. | KRW      | 13,605  | Collateral for borrowings     |
| Korea Southern Power Co., Ltd.        | Shinhan Bank and others                      | Shareholdings of KOSPO Youngnam Power Co., Ltd.         | KRW      | 40,000  | Collateral for borrowings     |
| Korea Southern Power Co., Ltd.        | Korea Development Bank and others            | Shareholdings of DS Power Co., Ltd.                     | KRW      | 2,900   | Collateral for borrowings     |
| Korea South-East Power Co., Ltd.      | International Finance Corporation and others | Shareholdings of Mira Power Limited                     | KRW      | 55,571  | Collateral for borrowings     |
| Korea Hydro & Nuclear Power Co., Ltd. | Korea Development Bank and others            | Shareholdings of Gyeonggi Green Energy Co., Ltd.        | KRW      | 47,000  | Collateral for borrowings     |
| Gyeonggi Green Energy Co., Ltd.       | Korea Development Bank and others            | Factory estate and others                               | KRW      | 327,080 | Collateral for borrowings (*) |
| Commerce and                          | IBK and others                               | Land, buildings, structures and machinery and others    | KRW      | 110,500 | Collateral for borrowings     |

Industry Energy  
Co., Ltd.

|                                |   |   |     |         |                           |
|--------------------------------|---|---|-----|---------|---------------------------|
|                                |   | Cash and cash equivalents   | KRW | 13,410  | Collateral for borrowings |
| Gyeongju Wind Power Co., Ltd.  | SK Securities Co., Ltd. and others      | Property, plant and equipment and others                              | KRW | 95,865  | Collateral for borrowings |
|                                |   | Existing or expected trade receivables                                |     | 9,896   | Collateral for borrowings |
|                                |   | Cash and cash equivalents   |     | 5,616   | Collateral for borrowings |
| KOSPO Youngnam Power Co., Ltd. | Shinhan Bank and others                 | Bank deposit and insurance claim                                      | KRW | 396,120 | Collateral for borrowings |
| Qatrana Electric Power Company | The Islamic Development Bank and others | Finance Lease receivable and property, plant and equipment and others | JOD | 163,706 | Collateral for borrowings |
| KST Electric Power Company     | Scotiabank Inverlat, S.A                | Finance Lease receivable and others                                   | USD | 289,026 | Collateral for borrowings |

(\*) The Company was provided with shares of Gyeonggi Green Energy Co., Ltd., one of its subsidiaries, from the investors as collateral related to long-term borrowings. Additionally, pledge for shares, pledge for transfer of rights of long-term borrowings, pledge for insurance claims and other pledges were established.

The Company has ₩1,197 million of project loans from Korea Energy Agency as of June 30, 2018. The Company has provided a blank check as repayment guarantee.

- (5) The Company temporarily suspended operations of the Gangneung hydroelectric generating plant, with a carrying amount of ₩86,810 million as of June 30, 2018, to improve the quality of water used in generating electricity. The expenses related to the suspension of operations of ₩19 million and depreciation on the utility plant of ₩3,274 million are recorded in other expenses for the six-month period ended June 30, 2018.
- (6) Due to the Korean government's announcement of suspension of operation in the Gaeseong Industrial District, it is uncertain if the Company can exercise the property rights for the Company's facility in the Gaeseong Industrial District as of June 30, 2018. The book value of facility is ₩18,123 million and the amount of trade receivables related to the companies residing in Gaeseong industrial complex is ₩2,911 million. The ultimate outcome of this event cannot be reasonably estimated.

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

**50. Subsequent Events**

Subsequent to June 30, 2018, Korea Hydro & Nuclear Power Co., Ltd., Korea South-East Power Co., Ltd. and Korea Western Power Co., Ltd. issued corporate bonds and non-guaranteed bonds for funding facilities and operations as follows:

*In millions of won and thousands of foreign currencies*

| Company Name                          | Type                                | Issue date | Maturity   | Interest rate (%) | Amount      |
|---------------------------------------|-------------------------------------|------------|------------|-------------------|-------------|
| Korea Hydro & Nuclear Power Co., Ltd. | Global fund 9                       | 2018.07.25 | 2023.07.25 | 3.75%             | USD 600,000 |
| Korea South-East Power Co., Ltd.      | #44-1 non-guaranteed corporate bond | 2018.07.26 | 2021.07.26 | 2.20%             | ₩ 100,000   |
|                                       | #44-2 non-guaranteed corporate bond | 2018.07.26 | 2038.07.26 | 2.64%             | 70,000      |
|                                       | #44-3 non-guaranteed corporate bond | 2018.07.26 | 2048.07.26 | 2.60%             | 120,000     |
| Korea Midland Power Co., Ltd.         | #44-1 corporate bond                | 2018.07.09 | 2033.07.09 | 2.66%             | 20,000      |
|                                       | #44-2 corporate bond                | 2018.07.09 | 2038.07.09 | 2.70%             | 180,000     |
| Korea Western Power Co., Ltd.         | #44 non-guaranteed corporate bond   | 2018.08.09 | 2021.08.09 | 2.19%             | 100,000     |
|                                       | #18-6 corporate bond                | 2018.07.17 | 2018.08.24 | 1.64%             | 10,000      |
|                                       | #18-6 corporate bond                | 2018.07.17 | 2018.08.24 | 1.64%             | 40,000      |
|                                       | #18-7 corporate bond                | 2018.07.19 | 2018.08.24 | 1.68%             | 70,000      |
|                                       | #18-8 corporate bond                | 2018.07.27 | 2018.09.27 | 1.76%             | 80,000      |
|                                       | #18-8 corporate bond                | 2018.07.27 | 2018.09.27 | 1.76%             | 10,000      |
|                                       | #18-8 corporate bond                | 2018.07.27 | 2018.09.27 | 1.76%             | 10,000      |
|                                       | #18-9 corporate bond                | 2018.07.31 | 2018.08.10 | 1.55%             | 50,000      |

In connection with the illegal imports of North Korean coal, etc. by certain importers, the Korea Customs Service has conducted a document investigation on Korea South-East Power Co., Ltd. and concluded that it is clear from suspicion.

In connection with the collapse accident of Xe-Namnoy hydropower dam in Laos in July 2018, although the Company owns in 25% equity investments, the Company believes that there is no significant impact on the Company's operation

or financial position since Korea Western Power Co., Ltd. is not liable for the accident.

In 2016, Hyundai E&C, GS Engineering & Construction Corp. and Hansol SeenTec Co., Ltd. filed on arbitration against Korea Southern Power Co., Ltd., a subsidiary of KEPCO, to the Korea Commercial Arbitration Board in relation to the request for additional construction costs, and the arbitration was terminated with the arbitration award on July 26, 2018. As a result of the arbitration award, the Company deposited ₩185.5 billion as quoted and ₩19.3 billion as delinquent interests, respectively, and recognized these as litigation provisions as described in note 26.(2) and note 49.(1).

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2018**

(Unaudited)

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

The operating profit (loss) in the Company's consolidated interim statements of comprehensive income (loss) prepared in accordance with K-IFRS included in this report differs from that in its consolidated interim 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 interim statements of comprehensive income (loss) prepared in accordance with K-IFRS for each of the six-month periods ended June 30, 2018 and 2017 to the operating profit or loss as presented in the Company's consolidated interim statements of comprehensive income (loss) prepared in accordance with IFRS as issued by IASB for each of the corresponding periods.

*In millions of won*

|  | June 30, 2018            |                        | June 30, 2017            |                        |
|--|--------------------------|------------------------|--------------------------|------------------------|
|  | Three-month period ended | Six-month period ended | Three-month period ended | Six-month period ended |
| <b>Operating profit (loss) on the consolidated interim statements of comprehensive income (loss)</b> | <b>₩ (687,118)</b>       | <b>(814,731)</b>       | <b>846,492</b>           | <b>2,309,678</b>       |
| <b>Add</b>   |                          |                        |                          |                        |
| Other income   |                          |                        |                          |                        |
| Reversal of other provisions   | 895                      | 1,477                  | 1,183                    | 2,393                  |
| Gains on government grants   | 67                       | 145                    | 469                      | 505                    |
| Gains on assets contributed  | 394                      | 418                    | 1,106                    | 1,112                  |
| Gains on liabilities exempted  | 97                       | 7,021                  | 116                      | 621                    |
| Compensation and reparations revenue   | 22,945                   | 42,755                 | 24,431                   | 48,611                 |
| Revenue from research contracts  | 1,750                    | 2,844                  | 904                      | 2,879                  |
| Rental income  | 49,675                   | 93,339                 | 48,303                   | 94,728                 |
| Others   | 18,003                   | 30,653                 | 30,734                   | 41,813                 |
| Other gains  |                          |                        |                          |                        |
| Gains on disposal of property, plant and equipment   | 11,997                   | 26,363                 | 8,990                    | 20,018                 |
| Gains on disposal of intangible assets   | 3                        | 3                      | 21                       | 484                    |
| Gains on foreign currency translation  | 4,060                    | 8,161                  | 2,672                    | 9,810                  |
| Gains on foreign currency transaction  | 9,701                    | 23,206                 | 12,429                   | 56,619                 |
| Gains on insurance proceeds  |                          |                        |                          | 383                    |
| Others   | 44,031                   | 106,818                | 56,076                   | 163,669                |



| <b>Deduct</b>   |                      |                    |                |                  |
|---|----------------------|--------------------|----------------|------------------|
| Other expenses  |                      |                    |                |                  |
| Compensation and reparations expense                  | (19,258)             | (19,288)           |                |                  |
| Accretion expenses of other provisions                | (61)                 | (190)              | (70)           | (6,816)          |
| Depreciation expenses on investment properties        | (218)                | (508)              | (138)          | (546)            |
| Depreciation expenses on idle assets                  | (1,637)              | (3,274)            | (1,650)        | (3,313)          |
| Other bad debt expense                                | (8,957)              | (11,453)           | (2,303)        | (6,291)          |
| Donations   | (13,671)             | (18,958)           | (12,976)       | (32,583)         |
| Others  | (36,817)             | (43,850)           | (11,927)       | (15,949)         |
| Other losses  |                      |                    |                |                  |
| Losses on disposal of property, plant and equipment   | (9,971)              | (13,400)           | (12,330)       | (20,196)         |
| Losses on disposal of intangible assets               | (2)                  | (6)                | (78)           | (78)             |
| Losses on impairment of property, plant and equipment | (701,317)            | (701,317)          |                |                  |
| Losses on foreign currency translation                | (12,005)             | (15,353)           | (11,006)       | (15,184)         |
| Losses on foreign currency transaction                | (18,666)             | (33,373)           | (10,778)       | (22,188)         |
| Others  | (13,159)             | (32,375)           | (22,007)       | (40,336)         |
| <b>Adjusted operating profit (loss)</b>               | <b>₩ (1,359,239)</b> | <b>(1,364,873)</b> | <b>948,663</b> | <b>2,589,843</b> |