

HORNBECK OFFSHORE SERVICES INC /LA

Form S-4

September 01, 2005

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As filed with the Securities and Exchange Commission on August 31, 2005

Registration No. 333-

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### Form S-4

## REGISTRATION STATEMENT

*UNDER THE SECURITIES ACT OF 1933*

# Hornbeck Offshore Services, Inc.\*

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**72-1375844**  
(I.R.S. Employer  
Identification Number)  
103 Northpark Boulevard, Suite 300

**4424**  
(Primary Standard Industrial  
Classification Code Number)

Covington, Louisiana 70433

(985) 727-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Todd M. Hornbeck**

**Chairman, President, Chief Executive Officer and Secretary**

103 Northpark Boulevard, Suite 300

Covington, Louisiana 70433

(985) 727-2000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*With Copies to:*

**R. Clyde Parker, Jr., Esq.**

**Ricardo Garcia-Moreno, Esq.**

**Winstead Sechrest & Minick P.C.**

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2400 Bank One Center

910 Travis Street

Houston, Texas 77002

(713) 650-8400

**Approximate date of commencement of proposed sale to the public:** From time to time after this Registration Statement becomes effective.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Proposed Maximum Aggregate Offering Price (1)(2)(3)</b>	<b>Amount of Registration Fee</b>
Primary Offering:		
Common Stock (including attached preferred share purchase rights)		
Debt Securities, including additional 6.125% Senior Notes due 2014 (4)(5)		
Guarantees of Debt Securities (6)		
Preferred Stock		
Warrants		
Total	\$ 150,000,000	\$ 17,655(7)

(1) Rule 457(o) under the Securities Act of 1933, permits the registration fee to be calculated on the basis of the maximum offering price of all of the securities listed and, therefore, the table does not specify by each class information as to the amount to be registered or the proposed maximum offering price per security.

(2) This registration statement also covers an indeterminate amount of securities that may be issued in exchange for, or upon conversion or exercise of, as the case may be, any securities registered hereunder that provide for conversion, exercise or exchange. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder.

(3) An indeterminate principal amount or number of debt securities, preferred stock, common stock and warrants may be issued from time to time at indeterminate prices, with an aggregate offering price not to exceed \$150,000,000.

(4) If any debt securities are issued at an original issue discount, then the offering price of those debt securities shall be in an amount that will result in an aggregate initial offering price not to exceed \$150,000,000, less the dollar amount of any registered securities previously issued.

(5) Excluding accrued interest and distributions, if any.

(6) If a series of debt securities of Hornbeck Offshore is issued, certain subsidiaries of Hornbeck Offshore may fully, irrevocably and unconditionally guarantee on an unsecured basis such debt securities. Pursuant to rule 457(n) under the Securities Act of 1933, no separate fee is payable with respect to the guarantees of the debt securities being registered.

(7) Calculated pursuant to Rule 457(o) at the statutory rate of \$117.70 per \$1,000,000 of securities registered.

**The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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\* Includes existing domestic significant restricted subsidiaries that may guarantee debt securities being registered hereby, which are also registrants. Information about these additional registrants appears below.

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<b>(Exact name of Additional Registrant as Specified in its Charter)(1)</b>	<b>(State or Other Jurisdiction of Incorporation)</b>	<b>(Primary Standard Industrial Classification Code Number)</b>	<b>I.R.S. Employer Identification Number</b>
Hornbeck Offshore Services, LLC	Delaware	4424	72-1375844
Hornbeck Offshore Operators, LLC	Delaware	4424	72-1375844
Hornbeck Offshore Transportation, LLC	Delaware	4424	72-1375844
Hornbeck Offshore Trinidad & Tobago, LLC	Delaware	4424	72-1375844
HOS-IV, LLC	Delaware	4424	72-1375844
Energy Services Puerto Rico, LLC	Delaware	4424	72-1375844

(1) The address for each subsidiary guarantor registrant is 103 Northpark Boulevard, Suite 300, Covington, Louisiana 70433.

**EXPLANATORY NOTE**

This Registration Statement contains a prospectus to be used in connection with offerings of debt securities, guarantees of debt securities (if any) by certain of our subsidiaries, common stock, preferred stock and warrants offered by us, and resales of our securities in the public market without registration by persons to whom we issue securities under this prospectus, as set forth in the section entitled *Reselling Securities* of the prospectus. We may offer any combination of the securities described in the prospectus from time to time, in one or more offerings, up to \$150,000,000 in connection with our acquisition of the assets, businesses or securities of other companies, whether by purchase, merger, or any other form of business combination.

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**The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion. Dated August 31, 2005.**

**PROSPECTUS**

**\$150,000,000**

**Hornbeck Offshore Services, Inc.**

**Common Stock**

**Preferred Stock**

**Debt Securities**

**Warrants**

By this prospectus from time to time, Hornbeck Offshore Services, Inc. may offer and sell up to \$150,000,000 in the form of one or more of the securities listed above in one or more classes or series and in amounts, at prices and on terms that we will determine at the time of our acquisition of assets, businesses or securities of other companies, whether by purchase, merger, or any other form of business combination. Our subsidiaries may guarantee any debt securities that we issue under this prospectus. This prospectus provides you with a general description of these securities.

The amount and type of consideration we will offer and the other specific terms of each acquisition will be determined by negotiations with the owners or the persons who control the businesses, assets or securities we may acquire. We may structure business acquisitions in a variety of ways, including acquiring stock, other equity interests or assets of the acquired businesses, merging the acquired businesses with us or one of our subsidiaries or acquiring the acquired businesses through one of our subsidiaries. We expect that the price of the securities we issue will be related to their market price, either when we tentatively or finally agree to the particular terms of the acquisition, when we issue the securities, when the acquisition is completed or during some other negotiated period. We may issue securities at fixed offering prices, which may be changed, or at other negotiated prices. If necessary, we may be required to provide you further information by means of a post-effective amendment to the registration statement or a supplement to this prospectus once we know the actual information concerning a specific acquisition.

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We will pay all expenses of this offering. We do not expect to pay any underwriting discounts or commissions in connection with issuing these shares, although we may pay finder's fees in connection with certain acquisitions and, in some cases, we may issue securities under this prospectus in full or partial payment of such fees. Any person receiving a finder's fee may be deemed an underwriter within the meaning of the Securities Act of 1933.

We may also permit individuals or entities who have received or will receive our securities in connection with the acquisitions described above to use this prospectus to cover resales of those securities. See "Reselling Securities" for information relating to resales of our securities pursuant to this prospectus.

Our common stock is listed for trading on the New York Stock Exchange under the symbol HOS. On August 30, 2005, the last reported sales price of our shares of common stock was \$33.95.

**Neither the Securities and Exchange Commission, nor any state securities commission, has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

Prospectus dated \_\_\_\_\_, 200 .

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You should rely only on the information included or incorporated by reference in this prospectus and any accompanying prospectus supplement. Neither we nor the selling security holders have authorized any dealer, salesman or other person to provide you with additional or different information. This prospectus and any accompanying prospectus supplement are not an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate and are not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. You should not assume that the information in this prospectus or any accompanying prospectus supplement or in any document incorporated by reference in this prospectus or any accompanying prospectus supplement is accurate as of any date other than the date of the document containing the information.

**This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. We will provide you without charge upon your request, a copy of any documents that we incorporate by reference, other than exhibits to those documents that are not specifically incorporated by reference into those documents. You may request a copy a document by writing to Hornbeck Offshore Services, Inc., 103 Northpark Boulevard, Suite 300, Covington, Louisiana 70433, attention: James O. Harp, Jr., Executive Vice President and Chief Financial Officer, or by calling Mr. Harp at (985) 727-2000. To insure timely delivery, you must request the information no later than five (5) business days before you make your investment decision.**

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**ABOUT THIS PROSPECTUS**

In this prospectus, including documents incorporated by reference (except to the extent otherwise specified in such documents), Company, we, us and our refers to Hornbeck Offshore Services, Inc. and its subsidiaries, unless otherwise indicated. References in this prospectus and in such incorporated documents to OSVs mean offshore supply vessels; to deepwater mean offshore areas, generally 1,000 to 5,000 in depth, and ultra-deepwater areas, generally more than 5,000 in depth; to deep well mean a well drilled to a true vertical depth of 15,000 or greater; and to new generation, when referring to OSVs, mean modern, deepwater-capable vessels subject to the regulations promulgated under the International Convention on Tonnage Measurement of Ships, 1969, which was adopted by the United States and made effective for all U.S.-flagged vessels in 1992 and foreign-flagged equivalent OSVs.

This prospectus is part of a registration statement on Form S-4 that we filed with the Securities and Exchange Commission, or Commission, using a shelf registration process. Under this shelf process, we may, over time, sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$150,000,000 in connection with the acquisition of various businesses. We may issue these securities in connection with our acquisition of the assets, businesses or securities of other companies, whether by purchase, merger, or any other form of business combination.

The amount and type of consideration we will offer and the other specific terms of each acquisition will be determined by negotiations with the owners or the persons who control the businesses, assets or securities we may acquire. We may structure business acquisitions in a variety of ways, including acquiring stock, other equity interests or assets of the acquired businesses, merging the acquired businesses with us or one of our subsidiaries or acquiring the acquired businesses through one of our subsidiaries. We expect that the price of the securities we issue will be related to their market price, either when we tentatively or finally agree to the particular terms of the acquisition, when we issue the securities, when the acquisition is completed or during some other negotiated period. We may issue securities at fixed offering prices, which may be changed, or at other negotiated prices. If necessary, we may be required to provide you further information by means of a post-effective amendment to the registration statement or a supplement to this prospectus once we know the actual information concerning a specific acquisition.

We will pay all expenses of each offering. We will not pay underwriting discounts or commissions, although we may pay finders fees with respect to specific acquisitions and, in some cases, we may issue securities under this prospectus in full or partial payment of such fees. Any person who receives such fees may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended, or Securities Act.

With our consent, persons who have received or will receive securities under this prospectus in connection with acquisitions may use this prospectus to sell such securities at a later date. We refer to these persons in the prospectus as selling security holders. Please see the information described under the heading Reselling Securities to find out more information about resales of the securities by the selling security holders.

This prospectus provides you with a general description of the securities that may be offered pursuant to this prospectus. If necessary, each time securities are offered for sale, we will provide one or more prospectus supplements that will contain specific information about the terms of that offering. A prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any accompanying prospectus supplement together with the additional information described under the following heading.



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The registration statement that contains this prospectus (including the exhibits) contains additional important information about us and the securities offered under this prospectus. Specifically, we have filed certain legal documents that control the terms of the securities offered by this prospectus as exhibits to the registration statement. We will file certain other legal documents that control the terms of certain of the securities offered by this prospectus as exhibits to reports we file with the Commission. The registration statement and those other reports can be read at the Commission website or at the Commission offices mentioned below under the following heading.

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**WHERE YOU CAN FIND MORE INFORMATION**

We are subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended, or Exchange Act, under which we file annual, quarterly and current reports, proxy statements and other information with the Commission. You may read and copy this information at the following location of the Commission at prescribed rates at Public Reference Room, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Please call the Commission at (800) 732-0330 for further information about the Public Reference Room. In addition, our reports and other information concerning us can be inspected at The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, where our common stock is listed.

The Commission also maintains an Internet website that contains reports, proxy statements and other information about issuers that file electronically with the Commission. The address of that website is [www.sec.gov](http://www.sec.gov). Commission filings may also be accessed free of charge through our Internet website at [www.hornbeckoffshore.com](http://www.hornbeckoffshore.com) (click on Investors and then SEC Filings ). Information contained on our website, other than documents specifically incorporated by reference into this prospectus, is not intended to be incorporated by reference into this prospectus, and you should not consider that information as part of this prospectus.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

We are incorporating by reference into this prospectus certain information that we file with the Commission, which means that we are disclosing important information to you by referring you to those documents. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus. This prospectus incorporates by reference the documents set forth below that we have previously filed with the Commission (excluding such documents or portions thereof that are not deemed filed under the Exchange Act in accordance with the Exchange Act and applicable Commission rules and regulations). These documents contain important information about us and our finances.

<u>Commission Filings (No. 001-32108)</u>	<u>Period</u>
Annual Report on Form 10-K	Year Ended December 31, 2004 (as amended by Amendment No. 1 on Form 10-K/A filed on August 11, 2005)
Quarterly Reports on Form 10-Q	Quarters Ended March 31, 2005 (as amended by Amendment No. 1 on Form 10-Q/A filed on August 11, 2005) and June 30, 2005
Current Reports on Form 8-K	Filed on January 21, 2005, February 8, 2005, February 25, 2005, March 18, 2005, May 4, 2005, May 5, 2005, July 22, 2005, August 5, 2005 and August 31, 2005
Registration Statement on Form 8-A/A	Filed on September 3, 2004, and any future amendment or report updating that description

All documents that we file with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding such documents or portions thereof that are not deemed filed under the Exchange Act in accordance with the Exchange Act and applicable Commission rules and regulations) from the date of this prospectus and prior to the termination of the offering of the securities under this prospectus shall also be deemed to be incorporated herein by reference. Any statement contained in



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this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We will provide without charge to each person to whom this prospectus is delivered, upon written or oral request of such person, a copy of any or all documents incorporated by reference in this prospectus. Requests for such copies should be directed to James O. Harp, Jr., Executive Vice President and Chief Financial Officer, Hornbeck Offshore Services, Inc., 103 Northpark Boulevard, Suite 300, Covington, Louisiana 70433, by mail, or if by telephone at (985) 727-2000. Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this prospectus.

Information contained on our website, other than documents filed with the Commission that are specifically incorporated by reference into this prospectus, is not intended to be incorporated by reference in this prospectus and you should not consider that information a part of this prospectus.

You should rely only on the information incorporated by reference or provided in this prospectus and the applicable prospectus supplement. No one else is authorized to provide you with any other information or any different information. We are not making an offer of securities in any state where an offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of this prospectus.

## **SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference into this prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. These statements include certain discussions relating to our earnings and projected business, among other things. We have based these forward-looking statements on our current views and assumptions about future events and our future financial performance. You can generally identify forward-looking statements by the appearance in such a statement of words like anticipate, believe, continue, could, estimate, expect, intend, plan, potential, predict, project, should or will or other comparable words or the negative of these words. When you consider forward-looking statements, you should keep in mind the risks we describe and other cautionary statements we make in this prospectus and in any accompanying prospectus supplement. For a further discussion of risk factors affecting our business, please reference the risk factors described in the reports we file with the Commission under the Exchange Act. For discussion of risk factors affecting the securities offered by us, please reference the section entitled Risk Factors in the accompanying prospectus supplement.

Among the risks, uncertainties and assumptions to which these forward-looking statements may be subject are:

activity levels in the energy markets;

changes in oil and natural gas prices;

increases in supply of vessels in our markets;

the mandated retirement of single-hulled tank barges prior to anticipated retirement dates;

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the effects of competition;

our ability to complete vessels under construction or conversion without significant delays or cost overruns;

our ability to integrate acquisitions successfully;

our ability to maintain adequate levels of insurance;

demand for refined petroleum products or in methods of delivery;

loss of existing customers and our ability to attract new customers;

changes in laws;

changes in international economic and political conditions;

changes in foreign currency exchange rates;

adverse domestic or foreign tax consequences;

uncollectible foreign accounts receivable or longer collection periods on such accounts;

financial stability of our customers;

retention of skilled employees and our management;

laws governing the health and safety of our employees working offshore;

catastrophic marine disasters;

adverse weather and sea conditions;

oil and hazardous substance spills;

war and terrorism;

acts of God;

our ability to finance our operations on acceptable terms and access the debt and equity markets to fund our capital requirements, which may depend on general market conditions and our financial condition at the time;

our ability to charter our vessels on acceptable terms; and

our success at managing these risks.

Our forward-looking statements are only predictions based on expectations that we believe are reasonable. Actual events or results may differ materially from those described in any forward-looking statement. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. To the extent these risks, uncertainties and assumptions give rise to events that vary from our expectations, the forward-looking events discussed in this prospectus may not occur.

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**ABOUT HORNBECK OFFSHORE SERVICES, INC.**

We are a leading provider of technologically advanced, new generation OSVs serving the offshore oil and gas industry, primarily in the U.S. Gulf of Mexico and in select international markets. The focus of our OSV business is on complex exploration and production activities, which include deepwater, deep well and other logistically demanding projects. We are also a leading transporter of petroleum products through our tug and tank barge segment serving the energy industry, primarily in the northeastern United States and Puerto Rico. We currently own and operate a fleet of over 50 U.S.-flagged vessels serving the energy industry.

We were formed as a Delaware corporation in 1997. Our principal executive offices are located at 103 Northpark Boulevard, Suite 300, Covington, Louisiana 70433, and our telephone number is (985) 727-2000. Our website address is [www.hornbeckoffshore.com](http://www.hornbeckoffshore.com). Information on our website, other than documents filed with the Commission that are specifically incorporated by reference into this prospectus, does not constitute part of this prospectus.

**RECENT DEVELOPMENTS**

On or about the date of this prospectus, we also filed a registration statement on Form S-3 with the Commission using a shelf registration process to register the issuance of common stock, preferred stock, debt securities and warrants, or any combination thereof, for cash. Under that registration statement, we may, over time offer and sell any combination of the referenced securities up to a total dollar amount of \$350,000,000, in addition to the \$150,000,000 contemplated by this prospectus.

**USE OF PROCEEDS**

This prospectus relates to securities that may be offered and issued by us from time to time in connection with the acquisition of various assets, businesses or securities. Other than the assets, businesses, or securities acquired, there usually will be no proceeds to us from these offerings. When this prospectus is used by a selling security holder in a public reoffering or resale of securities acquired pursuant to this prospectus, we will usually not receive any proceeds from such sale by the selling security holder. However, any proceeds received by us from the offering of securities pursuant to this prospectus or upon any resale of securities acquired pursuant to this prospectus will be used for general corporate purposes.



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The ratio of earnings to fixed charges is computed by dividing fixed charges into earnings. For purposes of determining the ratios of earnings to fixed charges, earnings are defined as income from continuing operations plus fixed charges, excluding capitalized interest. Fixed charges consist of interest (whether expensed or capitalized) and amortization of debt expenses. As of the date of this prospectus, we do not have any preferred stock outstanding. The table below sets forth the calculation of the ratio of earnings to fixed charges for the periods indicated (in thousands, except for ratio data).

	Year Ended December 31,				Six Months Ended June 30,	
	2001	2002	2003	2004	2004	2005
Total Interest Cost						
Interest Expense	\$ 16,646	\$ 16,207	\$ 18,523	\$ 17,698	\$ 9,801	\$ 5,438
Capitalized Interest	3,075	3,867	2,734	3,004	911	2,110
Total Interest Cost (fixed charges)	19,721	20,074	21,257	20,702	10,712	7,548
Pre-tax Income	12,756	18,786	18,048	(3,803)	6,768	20,576
Interest Expense	16,646	16,207	18,523	17,698	9,801	5,438
Earnings	29,402	34,993	36,571	13,895	16,569	26,014
Ratio of earnings to fixed charges(1)(2)	1.49x	1.74x	1.72x	0.67x	1.55x	3.45x

- (1) We have authority to issue up to 5,000 shares of preferred stock, par value \$.01 per share; however, there are currently no such shares outstanding and we do not have a preferred stock dividend obligation. Therefore, the ratio of earnings to fixed charges and preferred stock dividends is equal to the ratio of earnings to fixed charges and is not disclosed separately.
- (2) If we adjust earnings to exclude the impact of loss on the early extinguishment of debt incurred in the 2001, 2004 and 2005 periods reflected above, the ratio of earnings to fixed charges, as so adjusted, would be 1.64x and 1.76x for the years ended December 31, 2001 and 2004, respectively, and 1.55x and 3.67x for the six-month periods ended June 30, 2004 and 2005, respectively.

**DESCRIPTION OF THE SECURITIES WE MAY OFFER****General**

We may issue, in one or more offerings, any combination of common stock, preferred stock, senior or subordinated debt securities, or warrants.

This prospectus contains a summary of the general terms of the various securities that we or the selling security holders may offer. The prospectus supplement to be attached to the front of this prospectus relating to any particular securities offered will describe

the specific terms of the securities, which may be in addition to or different from the general terms summarized in this prospectus. The summary in this prospectus and in any prospectus supplement does not describe every aspect of the securities and is subject to and qualified in its entirety by reference to all applicable provisions of the documents relating to the securities offered. These documents are or will be filed as exhibits to or incorporated by reference in the registration statement.

In addition, the prospectus supplement will set forth the terms of the offering, the initial public offering price and net proceeds to us (if any) or the selling security holders, as the case may be. Where applicable, the prospectus supplement will also describe any material United States federal income tax considerations relating to the securities offered and indicate whether the securities offered are or will be listed on any securities exchange.

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### **Book-Entry System**

Except as otherwise indicated in a prospectus supplement or in the section entitled "Description of the 6.125% Senior Notes Due 2014" with respect to the 6.125% Senior Notes, certain of the securities we may offer will be issued in the form of one or more fully registered global securities. These global securities will be deposited with, or on behalf of, the Depository Trust Company, or DTC, and registered in the name of its nominee. Except as described below, the global securities may be transferred, in whole and not in part, only to DTC or to another nominee of DTC.

DTC has advised us that it is:

- a limited purpose trust company organized under the New York Banking Law;
- a banking organization within the meaning of the New York Banking Law;
- a member of the United States Federal Reserve System;
- a clearing corporation within the meaning of the New York Uniform Commercial Code; and
- a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for institutions that have accounts with DTC ( "participants" ) and to facilitate the clearance and settlement of securities transactions among its participants through electronic book-entry changes in participants' accounts. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. Access to DTC's book-entry system is also available to others that clear through or maintain a custodial relationship with a participant, either directly or indirectly. DTC administers its book-entry system in accordance with its rules and bylaws and legal requirements.

Upon issuance of a global security representing certain of the offered securities, DTC will credit on its book-entry registration and transfer system the principal amount to participants' accounts. Ownership of beneficial interests in a global security will be limited to participants or to persons that hold interests through participants. Ownership of interests in a global security will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC (with respect to participants' interests) and the participants (with respect to the owners of beneficial interests in a global security). The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of those securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in a global security.

So long as DTC (or its nominee) is the registered holder and owner of a global security, DTC (or its nominee) will be considered, for all purposes under the applicable indenture, the sole owner and holder of the related offered securities. Except as described below, owners of beneficial interests in a global security will not:

be entitled to have the offered securities registered in their names; or

receive or be entitled to receive physical delivery of certificated offered securities in definitive form.

Each person owning a beneficial interest in a global security must rely on DTC's procedures (and, if that person holds through a participant, on the participant's procedures) to exercise any rights of a holder of offered securities under the global security or any applicable indenture, or otherwise. The indentures incorporated by reference as exhibits to the registration statement of which this prospectus is a part provide that DTC may grant proxies and otherwise authorize participants to take any action which it (as the holder of a global security) is entitled to take under such indentures or the global security. We understand that under existing industry practice, if we request any action of holders or an owner of a beneficial interest in a global security desires to take any action that DTC (as the holder of

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the global security) is entitled to take, DTC would authorize the participants to take that action and the participants would authorize their beneficial owners to take the action or would otherwise act upon the instructions of their beneficial owners.

We will make payments with respect to offered securities represented by a global security to DTC. We expect that DTC, upon receipt of any payments, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests. We also expect that payments by participants to owners of beneficial interests in a global security held through them will be governed by standing instructions and customary practices (as is the case with securities held for customers accounts in street name) and will be the responsibility of the participants. We will not have any responsibility or liability for:

any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a global security for any securities;

maintaining, supervising, or reviewing any records relating to any beneficial ownership interests;

any other aspect of the relationship between DTC and its participants; or

the relationship between the participants and the owners of beneficial interests in a global security.

Unless and until they are exchanged in whole or in part for certificated securities in definitive form, the global securities may not be transferred except as a whole by DTC to its nominee or by its nominee to DTC or another nominee.

The securities of any series represented by a global security may be exchanged for certificated securities in definitive form if:

DTC notifies us that it is unwilling or unable to continue as depositary for the global security or if at any time it ceases to be a clearing agency registered under the Exchange Act;

we decide at any time not to have the securities of that series represented by a global security and so notify DTC; or

in the case of debt securities, upon notice from DTC to the applicable indenture's trustee if an event of default has occurred and is continuing with respect to such debt securities.

If there is such an exchange, we will issue certificated securities in authorized denominations and registered in such names as DTC directs. Subject to the foregoing, a global security is not exchangeable, except for a global security of the same aggregate denomination to be registered in DTC's or its nominee's name.

**DESCRIPTION OF CAPITAL STOCK**

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For purposes of this section entitled Description of Capital Stock, the terms we, our, us and Company refer only to Hornbeck Offshore Services, Inc. and not its subsidiaries.

### General

The following description of our capital stock is only a summary. For more complete information, you should refer to our certificate of incorporation, bylaws and stockholder rights plan and any amendments thereto, which we have filed with the Commission and incorporated by reference as

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exhibits to the registration statement of which this prospectus is a part. In addition, you should refer to the Delaware General Corporation Law, which also governs our structure, management and activities.

As of August 30, 2005, our authorized capital stock consisted of:

100,000,000 shares of common stock, par value \$.01 per share, of which 20,997,943 were outstanding and held by approximately 75 holders of record, representing approximately 3,145 beneficial owners; and

5,000,000 shares of preferred stock, par value \$.01 per share, of which 1,000,000 have been designated as Series A Junior Participating Preferred Stock in connection with the stockholder rights plan discussed below, but none are currently outstanding.

Our common stock is listed and trades on the New York Stock Exchange under the ticker symbol HOS.

## **Common Stock**

*General.* The holders of common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders. Stockholders are not permitted to cumulate their votes. With certain exceptions, which are described below, a majority of the votes entitled to be cast and represented in person or by proxy at a meeting of stockholders is required to approve any matter on which stockholders vote. The affirmative vote of holders of at least 80% of the shares entitled to vote is required to approve certain amendments to our certificate of incorporation and bylaws. See Anti-Takeover Effects of Certificate, Bylaws and Stockholder Rights Plan. The affirmative vote of holders of at least 66<sup>2</sup>/<sub>3</sub>% of the shares entitled to vote is required to approve or authorize:

a merger or consolidation with any other corporation;

the sale, lease, exchange or other disposition of all or substantially all of our assets;

a liquidation of our Company; or

any amendments to our certificate of incorporation.

KPMG Samjong Accounting Corp.

Seoul, Korea

August 14, 2013

This report is effective as of August 14, 2013, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position

As of June 30, 2013 and December 31, 2012

(Unaudited)

<i>In millions of won</i>	<i>Note</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
<b>Assets</b>			
Current assets :			
Cash and cash equivalents	5,6,7,41	2,320,168	1,954,949
Current financial assets	5,10,11,12,41	621,873	656,217
Trade and other receivables	5,8,14,20,41,43	5,791,152	7,184,625
Inventories	13	4,031,662	3,440,341
Income tax receivables	38	7,616	30,476
Current non-financial assets	15	913,799	664,047
Non-current assets held for sale			2,828
		13,686,270	13,933,483
Non-current assets :			
Non-current financial assets	5,6,9,10,11,12,41	2,189,854	1,873,676
Non-current trade and other receivables	5,8,14,41,43	1,470,152	1,254,330
Property, plant and equipment	18,45	127,067,373	122,376,140
Investment properties	19	560,794	590,223
Goodwill	16	2,582	
Intangible assets other than goodwill	21	863,085	883,814
Investments in joint ventures	4,17	987,466	908,593
Investments in associates	4,17	4,132,246	3,982,340
Deferred tax assets	38	389,406	209,783
Non-current non-financial assets	15	791,161	140,438
		138,454,119	132,219,337
<b>Total assets</b>	<b>4</b>	<b>152,140,389</b>	<b>146,152,820</b>
<b>Liabilities</b>			
Current liabilities :			
Trade and other payables	5,22,24,41,43	6,638,760	6,418,464
Short-term borrowings	5,23,41	3,149,353	689,310
Current financial liabilities	5,11,23,41,43	6,779,085	7,099,509
Income tax payables	38	384,277	334,053
Current non-financial liabilities	20,27,28	4,926,292	4,117,440

Current provisions	26,41	325,866	158,303
		22,203,633	18,817,079
<b>Non-current liabilities :</b>			
Non-current trade and other payables	5,22,24,41,43	4,173,825	4,173,691
Non-current financial liabilities	5,11,23,41,43	49,426,415	46,050,766
Non-current non-financial liabilities	27,28	6,672,682	6,298,650
Employee benefits obligations	25,41	2,263,837	2,144,334
Deferred tax liabilities	38	5,048,938	5,433,292
Non-current provisions	26,41	12,407,871	12,170,806
		79,993,568	76,271,539
<b>Total liabilities</b>	<b>4</b>	<b>102,197,201</b>	<b>95,088,618</b>

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Financial Position, Continued

## As of June 30, 2013 and December 31, 2012

(Unaudited)

<i>In millions of won</i>	<i>Note</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
<b>Equity</b>			
Contributed capital :	1,29,41		
Share capital		3,209,820	3,209,820
Share premium		843,758	843,758
		4,053,578	4,053,578
Retained earnings :	30		
Legal reserves		1,603,919	1,603,919
Voluntary reserves		22,753,161	25,961,315
Retained earnings before appropriations		6,753,442	4,999,049
		31,110,522	32,564,283
Other components of equity :	31		
Other capital surpluses		694,423	705,448
Accumulated other comprehensive income		253,263	11,957
Treasury stocks		(741,489)	(741,489)
Other equity		13,294,990	13,294,990
		13,501,187	13,270,906
Equity attributable to owners of the Company		48,665,287	49,888,767
Non-controlling interests	16	1,277,901	1,175,435
<b>Total equity</b>		<b>49,943,188</b>	<b>51,064,202</b>
<b>Total liabilities and equity</b>		<b>152,140,389</b>	<b>146,152,820</b>

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Comprehensive Loss

**For the three and six-month periods ended June 30, 2013 and 2012**

(Unaudited)

*In millions of won*

	<i>Note</i>	June 30, 2013		June 30, 2012	
		Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
<b>Sales</b>	2,4,32,41,43				
Sales of goods		10,938,507	24,172,866	9,523,349	21,806,902
Sales of services		70,332	150,704	90,235	169,765
Sales of construction services	20	587,478	993,258	385,198	888,420
Revenue related to transfer of assets from customers		79,947	158,534	73,443	147,631
		11,676,264	25,475,362	10,072,225	23,012,718
<b>Cost of sales</b>	2,13,25,39,43				
Cost of sales of goods		(11,709,575)	(23,974,344)	(11,233,259)	(23,516,779)
Cost of sales of services		(62,187)	(133,489)	(88,930)	(164,474)
Cost of sales of construction services		(552,704)	(916,318)	(360,572)	(782,629)
		(12,324,466)	(25,024,151)	(11,682,761)	(24,463,882)
<b>Gross profit (loss)</b>		(648,202)	451,211	(1,610,536)	(1,451,164)
<b>Selling and administrative expenses</b>	25,33,39,43	(445,945)	(887,589)	(449,766)	(850,912)
<b>Operating loss</b>	2,4, 48	(1,094,147)	(436,378)	(2,060,302)	(2,302,076)
<b>Other income</b>	2, 34	88,596	176,655	103,272	204,442
<b>Other expenses</b>	34	(8,933)	(26,146)	(17,472)	(39,409)
<b>Other profit</b>	35	6,645	39,528	18,187	75,372
<b>Finance income</b>	5,11,36	293,295	728,144	222,059	305,814
<b>Finance costs</b>	5,11,37	(1,023,824)	(2,083,367)	(714,155)	(1,225,486)

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

Share in income of associates and joint ventures	17	17,466	117,226	86,844	186,922
Gains on disposal of investments in associates and joint ventures	17	4	4		
Share in loss of associates and joint ventures	17	(13,678)	(42,197)		(13,653)
Losses on disposal of investments in associates and joint ventures	17	(1,134)	(1,134)	(282)	(282)
Impairment losses on investments in associates and joint ventures	17	(2,492)	(2,492)		
		166	71,407	86,562	172,987
<b>Loss before income tax</b>		(1,738,202)	(1,530,157)	(2,361,849)	(2,808,356)
<b>Income tax benefit</b>	38	(153,350)	(105,730)	(596,714)	(530,364)
<b>Loss for the period</b>		(1,584,852)	(1,424,427)	(1,765,135)	(2,277,992)

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Comprehensive Loss, Continued

**For the three and six-month periods ended June 30, 2013 and 2012**

(Unaudited)

*In millions of won, except per share information*

	<i>Note</i>	<b>June 30, 2013</b>		<b>June 30, 2012</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>
<b>Other comprehensive income (loss)</b>	5,11,25,31				
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial profits (losses), net of tax	25,30	123,714	25,497	(47,695)	(63,678)
Share in other comprehensive Income (loss) of associates and joint ventures, net of tax	30	(538)	47	(245)	279
Items that may be reclassified subsequently to profit or loss:					
Net change in the unrealized fair value of available-for-sale financial assets, net of tax	31	64,579	93,199	(104,815)	(102,443)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	5,11,31	(28,542)	(29,911)	(21,079)	(9,911)
Foreign currency translation of foreign operations, net of tax	31	40,333	100,006	(5,780)	(476)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	31	52,752	109,955	(28,332)	(43,515)
<b>Other comprehensive income (loss), net of tax</b>		252,298	298,793	(207,946)	(219,744)
<b>Total comprehensive loss for the period</b>		(1,332,554)	(1,125,634)	(1,973,081)	(2,497,736)
<b>Profit (loss) attributable to:</b>					
Owners of the Company	40	(1,613,819)	(1,480,519)	(1,784,299)	(2,322,429)
Non-controlling interests		28,967	56,092	19,164	44,437

	(1,584,852)	(1,424,427)	(1,765,135)	(2,277,992)
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**Total comprehensive profit (loss)**

**attributable to:**

Owners of the Company	(1,380,454)	(1,212,456)	(1,981,497)	(2,531,390)
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Non-controlling interests	47,900	86,822	8,416	33,654
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	(1,332,554)	(1,125,634)	(1,973,081)	(2,497,736)
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**Loss per share**

40

Basic and diluted loss per share	(2,590)	(2,376)	(2,864)	(3,728)
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*See accompanying notes to the consolidated interim financial statements.*



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity

**For the six-month period ended June 30, 2012**

(Unaudited)

<i>In millions of won</i>	Equity attributable to owners of the Company			Subtotal	Non-controlling interests	Total equity
	Contributed Capital	Retained earnings	Other components of equity			
<b>Balance at January 1, 2012</b>	4,053,578	35,769,094	13,447,624	53,270,296	533,654	53,803,950
<b>Total comprehensive income for the period:</b>						
Profit (loss) for the period		(2,322,429)		(2,322,429)	44,437	(2,277,992)
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial losses, net of tax		(60,345)		(60,345)	(3,333)	(63,678)
Share in other comprehensive income of associates and joint ventures, net of tax		279		279		279
Items that may be reclassified subsequently to profit or loss:						
Net changes in the unrealized fair value of available-for-sale financial assets, net of tax			(102,419)	(102,419)	(24)	(102,443)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			1,234	1,234	(11,145)	(9,911)
Foreign currency translation of foreign operations, net of tax			(4,249)	(4,249)	3,773	(476)
Share in other comprehensive loss of associates and joint ventures, net of tax			(43,461)	(43,461)	(54)	(43,515)

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

Dividends paid					(53,915)	(53,915)
Issuance of share capital					77,092	77,092
Changes in consolidation scope					7,204	7,204
Others					(726)	(726)

<b>Balance at June 30, 2012</b>	4,053,578	33,386,599	13,298,729	50,738,906	596,963	51,335,869
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*See accompanying notes to the consolidated interim financial statements.*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Changes in Equity, Continued

**For the six-month period ended June 30, 2013**

(Unaudited)

<i>In millions of won</i>	Equity attributable to owners of the Company			Non-controlling Interests	Total equity	
	Contributed Capital	Retained earnings	Other components of equity			
<b>Balance at January 1, 2013</b>	4,053,578	32,564,283	13,270,906	49,888,767	1,175,435	51,064,202
<b>Total comprehensive income for the period:</b>						
Profit (loss) for the period		(1,480,519)		(1,480,519)	56,092	(1,424,427)
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial profits (losses), net of tax		26,711		26,711	(1,214)	25,497
Share in other comprehensive income of associates and joint ventures, net of tax		47		47		47
Items that may be reclassified subsequently to profit or loss:						
Net changes in the unrealized fair value of available-for-sale financial assets, net of tax			93,273	93,273	(74)	93,199
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			(35,839)	(35,839)	5,928	(29,911)
Foreign currency translation of foreign operations, net of tax			74,067	74,067	25,939	100,006
Share in other comprehensive income of associates and joint ventures, net of tax			109,805	109,805	150	109,955

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

Dividends paid				(41,815)		(41,815)
Issuance of share capital				59,892		59,892
Changes in consolidation scope		(10,743)	(10,743)	4,882		(5,861)
Dividends paid (hybrid securities)				(8,227)		(8,227)
Others		(282)	(282)	913		631

<b>Balance at June 30, 2013</b>	4,053,578	31,110,522	13,501,187	48,665,287	1,277,901	49,943,188
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*See accompanying notes to the consolidated interim financial statements.*

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Interim Statements of Cash Flows

**For the six-month periods ended June 30, 2013 and 2012**

(Unaudited)

<i>In millions of won</i>	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Loss for the period	(1,424,427)	(2,277,992)
Adjustments for:		
Income tax expense	(105,730)	(530,364)
Depreciation	3,622,834	3,433,290
Amortization	44,044	45,489
Employee benefit expense, net	186,946	170,324
Bad debt expense	15,433	16,989
Interest expense	1,195,607	1,136,058
Losses on disposal of property, plant and equipment	24,308	22,595
Losses on abandonment of property, plant, and equipment	130,807	121,706
Impairment losses on property, plant and equipment	1,161	
Impairment losses on intangible assets	2	18
Accretion expense to provisions, net	248,771	79,994
Losses on foreign currency translation, net	692,571	2,745
Valuation and transaction gains on derivative instruments, net	(503,688)	(86,005)
Share in income of associates and joint ventures, net	(75,029)	(173,269)
Gain on sale of financial assets		(189)
Gain on sale of property, plant and equipment	(22,180)	(18,789)
Losses on disposal of investments in associates and joint ventures, net	1,138	282
Impairment losses on investments in associates and joint ventures	2,492	
Interest income	(97,198)	(89,048)
Dividends income	(9,784)	(23,277)
Impairment losses on available-for-sale financial assets	10,673	
Others, net	(19,931)	(11,116)
	5,343,247	4,097,433
Changes in:		
Trade receivables	1,261,288	210,018
Other receivables non trade	68,076	(115,793)
Accrued income	10,183	(37,654)
Other receivables	2,222	16,009
Other current assets	(235,657)	(497,266)
Inventories	(669,844)	(355,062)

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Other non-current assets	(598,573)	155,047
Trade payables	(122,711)	31,885
Other payables	146,255	663,613
Accrued expenses	28,729	(34,273)
Other current liabilities	1,288,686	301,920
Other non-current liabilities	193,652	387,928
Disposal of investments in associates and joint ventures	45,602	31,138
Provisions	(32,543)	(35,229)
Payments of employee benefit obligations	(61,195)	(121,530)
Plan assets	4,182	(19,508)
	1,328,352	581,243

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statement

**For the six-month periods ended June 30, 2013 and 2012**

(Unaudited)

<i>In millions of won</i>	<b>2013</b>	<b>2012</b>
<b>Cash generated from operating activities</b>		
Dividends received	78,556	10,439
Interest paid	(1,247,030)	(1,227,139)
Interest received	8,243	63,166
Income taxes paid	(367,066)	(142,843)
<b>Net cash from operating activities</b>	<b>3,719,875</b>	<b>1,104,307</b>
<b>Cash flows investing activities</b>		
Proceeds from disposals of subsidiaries, associates and joint ventures	83	
Acquisition of subsidiaries, associates and joint ventures	(121,185)	(199,249)
Proceeds from disposals of property, plant and equipment	28,277	9,855
Acquisition of property, plant and equipment	(7,997,290)	(6,787,811)
Proceeds from disposals of intangible assets	16	1,412
Acquisition of intangible assets	(39,089)	(17,107)
Acquisition of goodwill	(2,582)	
Proceeds from disposals of Financial assets	176,402	328,340
Acquisition of Financial assets	(256,285)	(355,575)
Increase in loans, net	(85,385)	3,674
Increase in deposits, net	6,226	(34,914)
Increase of government grants	18,021	31,110
Business acquisition, net of cash acquired		3,243
Others, net	(117,896)	(119,933)
<b>Net cash used in investing activities</b>	<b>(8,390,687)</b>	<b>(7,136,955)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings, net	2,432,350	1,918,462
Proceeds from long-term borrowings and debt securities	7,312,227	7,778,697
Repayment of long-term borrowings and debt securities	(4,741,108)	(2,479,431)
Payment of finance lease liabilities	(60,897)	(62,314)
Settlement of derivative instruments, net	91,220	14,128
Contributed capital from non-controlling interests, net	59,189	77,508
Dividends paid (hybrid securities)	(10,102)	
Dividends paid	(41,815)	(54,480)

Others, net	(1,373)	(1,842)
<b>Net cash from financing activities</b>	<b>5,039,691</b>	<b>7,190,728</b>
<b>Net increase in cash and cash equivalents before effect of exchange rate fluctuations</b>	<b>368,879</b>	<b>1,158,080</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(3,660)</b>	<b>(1,434)</b>
<b>Net increase in cash and cash equivalents</b>	<b>365,219</b>	<b>1,156,646</b>
<b>Cash and cash equivalents at January 1</b>	<b>1,954,949</b>	<b>1,387,921</b>
<b>Cash and cash equivalents at June 30</b>	<b>2,320,168</b>	<b>2,544,567</b>

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statement

**For the six-month periods ended June 30, 2013 and 2012**

(Unaudited)

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

Korea Electric Power Corporation (the Company), controlling company as defined in Korean International Financial Reporting Standards (K-IFRS) No. 1110 Consolidated Financial Statements, was incorporated on January 1, 1982 in accordance with the Korea Electric Power Corporation Act (the KEPCO Act) to engage in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. The Company also provides power plant construction services. The Company's stock was listed on the Korea Stock Exchange on August 10, 1989 and the Company listed its Depository Receipts (DR) on the New York Stock Exchange on October 27, 1994.

As of June 30, 2013, the Company's share capital amounts to 3,209,820 million and the Company's shareholders :

	Number of shares	Percentage of ownership
Government of the Republic of Korea	135,917,118	21.17%
Korea Finance Corporation	192,159,940	29.94%
Foreign investors	148,536,522	23.13%
Other	165,350,497	25.76%
	641,964,077	100.00%

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

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

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

These consolidated interim financial statements were prepared in accordance with K-IFRS No.1034, Interim Financial Reporting as part of the period covered by the Group's K-IFRS annual financial statements. The notes are included to

explain events and transactions to give the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2012.

**(2) Basis of measurement**

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

derivative financial instruments are measured at fair value

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

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

**(3) Functional and presentation currency**

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

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

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

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

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

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

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

The Group owns Wolsong #1 nuclear power plant, which started its operation on November 21, 1982, and completed its operation on November 20, 2012, maxing out the permitted operation period of 30 years. As of December 31, 2012, the Group is in the process of obtaining safety assessments to obtain an approval from the Nuclear Safety and Security Commission for resuming the plant's operating for the 2nd operation term. The Group has prepared the accompanying financial statements assuming that the plant will operate for the next 10 years.

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

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

The Group records the fair value of estimated decommissioning costs as a liability in the period in which the Group incurs a legal obligation associated with the retirement of long-lived assets that result from acquisition, construction, development and/or normal use of the assets. Under the Korean Electricity Business Act (EBA) Article 94, the Group is required to record a liability for the dismantling (demolition) of nuclear power plants and disposal of spent fuel and low and intermediate radioactive wastes.

(iii) Deferred tax

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

(iv) Valuations of financial instruments at fair values

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

(v) Employee benefit costs

The Group offers its employees defined benefit plans. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. For actuarial valuations, certain inputs such as discount rates and future salary increases are estimated.

(vi) Unbilled revenue

Energy delivered but not yet metered, and the quantities of energy delivered but not yet measured and not billed are calculated at the reporting date based on consumption statistics and selling price estimates. Determination of the unbilled revenues at the end of the reporting period is sensitive to the estimated assumptions and prices based on statistics. Unbilled revenue recognized as of June 30, 2013 and 2012 is 1,193,718 million and 967,863 million, respectively.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

**(5) Changes in accounting policies**

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

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

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

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

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

The Group adopted K-IFRS No.1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements into two types—joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant K-IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method.

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

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

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

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

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

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

The accompanying consolidated statements of comprehensive loss for the three-month and six-month periods ended June 30, 2012 have been restated for the following changes:

**(i) Presentation of financial statements**

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

The Group restated the accompanying consolidated statements of comprehensive loss for the three-month and six-month periods ended June 30, 2012, as follows:

<i>In millions of won</i>	<b>June 30, 2012</b>	
	<b>Three-Month Period ended</b>	<b>Six-Month Period ended</b>
Operating loss before adoption of the amendment	(1,956,315)	(2,061,671)
Differences		
Other income		
Reversal of other provisions		(837)
Reversal of allowance for doubtful accounts	(3,749)	(3,749)
Gains on assets contributed	(793)	(815)
Gains on liabilities exempted	(595)	(603)
Compensation and reparations revenue	(36,719)	(64,957)
Gains on electricity infrastructure development fund	(8,918)	(17,210)
Revenue from research contracts	(1,940)	(3,459)
Rental income	(46,497)	(91,843)
Others	(4,061)	(20,969)
Other expense		

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Accretion expenses of other provisions	32	71
Depreciation expenses on investment properties	239	470
Depreciation expenses on idle assets	1,655	3,307
Donations	2,735	16,334
Others	12,811	19,227
<b>Other Loss</b>		
Gains on disposal of property, plant and equipment	(9,646)	(18,789)
Gains on disposal of other non-current assets		(584)
Reversal of impairment loss on intangible assets		(2)
Gains on foreign currency translation	(9,385)	(5,404)
Gains on foreign currency transaction	(6,616)	(32,810)
Gains on insurance		(5,375)
Other profits	(48,817)	(95,690)
Losses on disposal of property, plant and equipment	18,035	22,595
Losses on disposal of intangible assets	5	8
Losses on impairment of intangible assets	18	18
Losses on foreign currency translation		2,119
Losses on foreign currency transaction	32,023	40,942
Other losses	6,196	17,600
<b>Operating loss after adoption of the amendment</b>	<b>(2,060,302)</b>	<b>(2,302,076)</b>



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**2. Basis of Preparation, Continued**

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

(ii) Reclassification of other comprehensive income

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

(iii) Fuel cost adjustment

As of July 1, 2011, the Korean government approved a fuel cost pass-through adjustment ( FCPTA ), allowing the Group to ultimately pass-through increases in fuel costs to customers. Currently, the Korean government has issued a temporary hold-order on the Group in collecting on the pass-through of fuel cost from customers, as a means to stabilizing inflation in Korea. The Group recorded unbilled FCPTA amounts as a deduction of the relevant cost and recognized them as a related non-current non-financial asset, and restated the consolidated statements of comprehensive loss for the three-month and six-month periods ended June 30, 2012 to improve comparability. The impact of the restatement was a decrease in sales and cost of sales by 1,050,203 million.

(iv) Revenue related to transfer of assets from customers

As noted above, the amendments to K-IFRS No. 1001 Presentation of financial statements requires operating profit (loss) to be calculated by revenue less: 1) cost of goods sold, and 2) selling, general and administrative expenses. However, according to accounting guidelines for public enterprises and quasi-government agencies prepared and distributed by the Ministry of Strategy and Finance in November 2012, the revenue related to the transfer of assets from customers was classified as other income. However, since it is not included in the items to be excluded from operating income per the amendments to K-IFRS No. 1001, it has been reclassified to sales in the accompanying consolidated statements of comprehensive loss. The financial statements for the three-month and six-month periods ended June 30, 2012 have been restated to improve comparability. The impact of the restatement was an increase in sales to 147,631 million and a decrease in other income by 147,631 million, for the six-month period ended June 30, 2012.

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

<i>In millions of won</i>	<b>Before</b>		<b>After</b>		<b>Difference</b>	
	<b>Three-month period ended</b>	<b>Six-month period ended</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>
Sales	10,612,260	23,915,290	10,072,225	23,012,718	(540,035)	(902,572)
Cost of sales	12,296,239	25,514,085	11,682,761	24,463,882	613,478	1,050,203
Other income	176,715	352,073	103,272	204,442	(73,443)	(147,631)

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

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

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

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

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies**

**(1) Basis of Consolidation**

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

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

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

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

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

When the Group loses control of a subsidiary, the income or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to income or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS No.1039 Financial Instruments : Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

**(2) Business combinations**

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

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

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

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

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

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(2) Business combinations, continued**

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured 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 remeasured at subsequent reporting dates in accordance with K-IFRS No.1039, Financial Instruments: Recognition and Measurement, or with K-IFRS No.1037, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in income or loss.

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

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

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

**(3) Investments in associates**

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. If the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS No.1105 Non-current Assets Held for Sale , any retained portion of an investment in associates that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

After the disposal takes place, the Group shall account for any retained interest in associates in accordance with K-IFRS No.1039 Financial Instruments: Recognition and Measurement unless the retained interest continues to be an associates, in which case the entity uses the equity method.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in income or loss. The requirements of K-IFRS No.1039, Financial Instruments: Recognition and Measurement, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS No.1036 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS No.1036 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS No.1036. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to income or loss on the disposal of the related assets or

liabilities, the Group reclassifies the gain or loss from equity to income or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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

**(4) Joint arrangements**

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

If the Group is a joint operator, the Group is to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. If the Group is joint ventures, the Group is to account for that investment using the equity method accounting (see note 3 (3)), except when the Group is applicable to the K-IFRS No.1105 Non-current Assets Held for Sale .



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

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

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

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

**(6) Revenue**

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

**(i) Sales of Goods**

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

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

(ii) Sales of Service

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed or services performed to date as a percentage of total services to be performed or the proportion that costs incurred to date bear to the estimated total costs of the transaction or other methods that measures reliably the services performed. Refer to note 2 (4) below for Construction contract related revenue recognition.

(iii) Dividend income and interest income

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

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

(iv) Rental income

The Group's policy for recognition of revenue from operating leases is described in note 3 (8) below.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(6) Revenue, continued**

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

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

**(7) Construction service revenue**

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

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

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

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



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

**(8) Leases**

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

(i) The Group as lessor

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

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

(ii) The Group as lessee

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

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

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

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

they are incurred.

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

**(9) Foreign currencies**

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

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

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

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

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.

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(9) Foreign currencies, continued**

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

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

**(10) Borrowing costs**

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

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

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

**(11) Government grants**

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

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

(i) If the Group received grants related to assets

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

(ii) If the Group received grants related to income

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



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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(12) Employee benefits**

(i) Retirement benefits: defined contribution plans

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

(ii) Retirement benefits: defined benefit plans

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

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

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

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

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



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**3. Significant Accounting Policies, Continued**

**(13) Income taxes**

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

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**3. Significant Accounting Policies, Continued**

**(13) Income taxes, continued**

(iii) Current and deferred tax for the year

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

**(14) Property, plant and equipment**

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

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

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

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

**Useful lives (years)**

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

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

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

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(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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

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

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

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

**(16) Intangible assets**

**(i) Intangible assets acquired separately**

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

(ii) Research and development

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

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

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

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

the ability to use or sell the intangible asset;

how the intangible asset will generate probable future economic benefits;

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

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

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

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



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**June 30, 2013**

(Unaudited)

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

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

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

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

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

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

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

**(iv) Derecognition of intangible assets**

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

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

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

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

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

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Notes to the Consolidated Interim Financial Statements, Continued

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(Unaudited)

**3. Significant Accounting Policies, Continued**

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

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

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

**(18) Inventories**

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

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

**(19) Provisions**

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

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

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

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

(i) Provision for Polychlorinated Biphenyls ( PCB )

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

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(Unaudited)

**3. Significant Accounting Policies, Continued**

**(19) Provisions, continued**

(ii) Provision for decommissioning costs of nuclear power plants

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

(iii) Provision for disposal of spent nuclear fuel

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

(iv) Provision for low and intermediate radioactive wastes

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

(v) Provisions for power plant regional support program

In accordance with regulations on nuclear and hydro-electric power plants' social responsibility to support the surrounding communities of the power plants sites; KHNP, the Group's nuclear generation subsidiary, accrues 0.25won per KWH of KHNP's generation volume as a provision for power plant regional support program. Power plant regional support programs consist of scholarship programs to local students, local economy support programs, local culture support programs, environment development programs, and local welfare programs.

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

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

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

(i) Effective interest method

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

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(Unaudited)

**3. Significant Accounting Policies, Continued**

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

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

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

A financial asset is classified as held for trading if:

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

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

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

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

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

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

It forms a part of a contract containing one or more embedded derivatives, and with K-IFRS No. 1039, Financial Instruments; Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at financial assets at fair value through profit or loss.

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

(iii) Held-to-maturity investments

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



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(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(iv) Available-for-sale financial assets

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

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

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

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

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

(v) Loans and receivables

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

(vi) Impairment of financial assets

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

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

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

Significant financial difficulty of the issuer or counterparty; or

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

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

The disappearance of an active market for that financial asset because of financial difficulties.

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

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**3. Significant Accounting Policies, Continued**

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

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

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

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

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

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

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

(vii) De-recognition of financial assets

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

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

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

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(i) Classification as debt or equity

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

(ii) Equity instruments

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

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

(iii) Financial liabilities

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

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

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

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

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

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(v) Other financial liabilities

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

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

(vi) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: (a) the amount of the obligation under the contract, as determined in accordance with K-IFRS No. 1037, Provisions, Contingent Liabilities and Contingent Assets; or (b) the amount initially recognized less, cumulative amortization recognized in accordance with K-IFRS No. 1018, Revenue.

(vii) De-recognition of financial liabilities

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

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

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

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

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

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

(i) Separable embedded derivatives

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

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



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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**3. Significant Accounting Policies, Continued**

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

(ii) Hedge accounting

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

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

(iii) Fair value hedges

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

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

(iv) Cash flow hedges

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

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

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

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

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

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

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

f won

		June 30, 2013							
Total segment revenue		Intersegment revenue		Revenue from external customers		Operating income (loss)		Depreciat	
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	
er	1,766,337	3,778,054	1,766,337	3,749,941		28,113	147,703	701,635	686,693
er	6,933,283	14,563,991	6,862,717	14,336,749	70,566	227,242	259,892	853,309	473,141
1	11,700,705	25,333,679	272,139	479,509	11,428,566	24,854,170	(1,570,842)	(2,049,783)	658,816

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726,644	1,309,416	549,512	943,579	177,132	365,837	105,440	172,167	21,198
(9,450,705)	(19,509,778)	(9,450,705)	(19,509,778)			(36,340)	(113,706)	(7,796)
11,676,264	25,475,362			11,676,264	25,475,362	(1,094,147)	(436,378)	1,832,052

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**4. Segment Information, Continued**

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

f won

	Total segment revenue		Intersegment revenue		Revenue from external customers		Operating income (loss)		Depreciat amortiz
	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
er	1,720,170	3,656,726	1,715,542	3,649,328	4,628	7,398	367,767	850,167	579,288
er	6,950,429	15,833,668	6,900,891	15,650,810	49,538	182,858	(66,897)	1,261,712	473,272
n	10,095,719	22,991,806	264,054	512,137	9,831,665	22,479,669	(2,418,269)	(4,547,406)	655,291
	675,550	1,255,538	489,156	912,745	186,394	342,793	110,164	217,851	19,587
n	(9,369,643)	(20,725,020)	(9,369,643)	(20,725,020)			(53,067)	(84,400)	(5,201)
	10,072,225	23,012,718			10,072,225	23,012,718	(2,060,302)	(2,302,076)	1,722,237

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Segment	June 30, 2013			
	Segment assets	Investments in associates and joint ventures	Acquisition of non-current assets	Segment liabilities
Electric power generation (Nuclear)	46,272,099		1,432,598	25,710,255
Electric power generation (Non-nuclear)	34,446,704	1,087,714	3,292,418	17,734,945
Transmission and distribution	96,732,558	3,984,115	2,915,485	56,854,694
Others	8,673,288	47,883	395,548	3,254,317
Consolidation adjustments	(33,984,260)		2,912	(1,357,010)
	152,140,389	5,119,712	8,038,961	102,197,201

*In millions of won*

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

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

*In millions of won*

Geographical unit	Revenue from external customers				Non-current assets (*2)	
	June 30, 2013		June 30, 2012		June 30, 2013	December 31, 2012
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended		
Domestic	11,064,912	24,394,080	9,620,702	21,987,002	129,475,459	124,433,063
Overseas (*1)	611,352	1,081,282	451,523	1,025,716	4,929,248	4,448,484
	11,676,264	25,475,362	10,072,225	23,012,718	134,404,707	128,881,547

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

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

**(5) Information on key clients**

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

	<b>June 30, 2013</b>					<b>Total</b>
	<b>Financial assets at fair value through profit or loss</b>	<b>Loans and receivables</b>	<b>Available-for-sale financial assets</b>	<b>Held-to-maturity investments</b>	<b>Derivative assets (using hedge accounting)</b>	
<b>Current assets:</b>						
Cash and cash equivalents		2,320,168				2,320,168
<b>Current financial assets</b>						
Held-to-maturity investments				220		220
Derivative assets	19,114					19,114
Other financial assets		602,539				602,539
Trade and other receivables		5,791,152				5,791,152
	19,114	8,713,859		220		8,733,193
<b>Non-current assets:</b>						
<b>Non-current financial assets</b>						
Available-for-sale financial assets			1,261,856			1,261,856
Held-to-maturity investments				1,893		1,893
Derivative assets	66,719				182,517	249,236
Other financial assets		676,869				676,869
Trade and other receivables		1,470,152				1,470,152
	66,719	2,147,021	1,261,856	1,893	182,517	3,660,006
	85,833	10,860,880	1,261,856	2,113	182,517	12,393,199



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities recognized at amortized cost</b>	<b>Derivative liabilities (using hedge accounting)</b>	<b>Total</b>
<b>Current liabilities:</b>				
Borrowings		3,847,358		3,847,358
Debt securities		5,979,846		5,979,846
Derivative liabilities	97,968		3,266	101,234
Trade and other payables		6,638,760		6,638,760
	97,968	16,465,964	3,266	16,567,198
<b>Non-current liabilities:</b>				
Borrowings		5,018,652		5,018,652
Debt securities		44,219,721		44,219,721
Derivative liabilities	72,002		116,040	188,042
Trade and other payables		4,173,825		4,173,825
	72,002	53,412,198	116,040	53,600,240
	169,970	69,878,162	119,306	70,167,438

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

	<b>Financial liabilities at fair value</b>	<b>Financial liabilities recognized at amortized cost</b>	<b>Derivative liabilities (using hedge accounting)</b>	<b>Total</b>
--	--	---	--	--------------

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

		June 30, 2013		June 30, 2012	
		Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
Cash and cash equivalents	Interest income	18,842	40,846	22,585	38,019
Available-for-sale financial assets	Dividends income	423	9,784	16,716	23,277
	Interest income	283	810		
Held-to-maturity investments	Interest income	16	31	18	35
Loans and receivables (Including Trade and other receivables)	Interest income	27,395	55,511	25,062	50,994
Financial assets at fair value through profit or loss	Gains on valuation of derivatives	87,404	130,636	64,026	71,652
	Gains on transaction of derivatives	5,222	12,656	16,007	7,614
	Gains on disposal of financial assets				189
Derivative assets (using hedge accounting)	Gains on valuation of derivatives (profit or loss)	13,054	92,776	33,022	16,009
	Gains (losses) on valuation of derivatives (equity, before tax)	(23,427)	(29,834)	(940)	17,772
	Gains on transaction of derivatives		5,220	74	426
Financial liabilities carried at amortized cost	Interest expense of borrowings and debt securities	(432,537)	(860,872)	(448,378)	(881,137)
	Interest expense of trade and other payables	(26,187)	(52,410)	(31,076)	(60,493)
	Interest expense of others	(141,600)	(282,325)	(95,300)	(194,428)



Financial liabilities at fair value through profit or loss	Gains (losses) on valuation of derivatives	(14,521)	101,542	8,660	(3,387)
	Gains on transaction of derivatives	14,467	14,598	2,961	502
Derivative liabilities (using hedge accounting)	Gains (losses) on valuation of derivatives (profit or loss)	67,638	117,618	10,183	(3,765)
	Gains on valuation of derivatives (equity, before tax)	(40,727)	(37,065)	(26,883)	(26,000)
	Gains (losses) on transaction of derivatives	26,627	28,642	(350)	(3,046)

## 6. Restricted Deposits

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

<i>In millions of won</i>		June 30, 2013	December 31, 2012
Cash and cash equivalents	Escrow accounts	78,138	72,979
Cash and cash equivalents	Collateral provided for lawsuit	330	329
Long-term financial instruments	Guarantee deposits for checking account	5	5
Long-term financial instruments	Guarantee deposits for banking accounts at oversea branches	325	303
		78,798	73,616

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**7. Cash and Cash Equivalents**

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Cash	918,581	734,986
Cash equivalents	1,402,693	1,249,704
Government grants	(1,106)	(29,741)
	2,320,168	1,954,949

**8. Trade and Other receivables**

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

<i>In millions of won</i>	<b>June 30, 2013</b>			<b>Book value</b>
	<b>Gross amount</b>	<b>Allowance for doubtful accounts</b>	<b>Present value discount</b>	
<b>Current assets</b>				
Trade receivables	5,470,837	(50,648)	(249)	5,419,940
Other receivables	420,474	(46,638)	(2,624)	371,212
	5,891,311	(97,286)	(2,873)	5,791,152
<b>Non-current assets</b>				
Trade receivables	472,560		(50)	472,510
Other receivables	1,051,312	(48,325)	(5,345)	997,642
	1,523,872	(48,325)	(5,395)	1,470,152
	7,415,183	(145,611)	(8,268)	7,261,304

*In millions of won*

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

	<b>June 30, 2013</b>			
	<b>Gross amount</b>	<b>Allowance for doubtful accounts</b>	<b>Present value discount</b>	<b>Book value</b>
<b>Current assets</b>				
Other receivables	158,031	(46,638)		111,393
Accrued income	92,495			92,495
Deposits	161,694		(2,624)	159,070
Finance lease receivables	6,060			6,060
Others	2,194			2,194
	420,474	(46,638)	(2,624)	371,212
<b>Non-current assets</b>				
Other receivables	92,380	(7,573)		84,807
Deposits	214,260		(5,344)	208,916
Finance lease receivables	441,042			441,042
Others	303,630	(40,752)		262,878
	1,051,312	(48,325)	(5,344)	997,643
	1,471,786	(94,963)	(7,968)	1,368,855

*In millions of won*

	<b>December 31, 2012</b>			
	<b>Gross amount</b>	<b>Allowance for doubtful accounts</b>	<b>Present value discount</b>	<b>Book value</b>
<b>Current assets</b>				
Other receivables	294,989	(45,791)		249,198
Accrued income	42,067			42,067

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Trade receivables: (not overdue, not impaired)	5,804,175	7,125,836
Less than 60 days	12	4
60 ~ 90 days	37,093	33,124
90 ~ 120 days	15,111	9,853
120 days ~ 1 year	58,178	25,621
Over 1 year	28,828	33,267
Trade receivables: (impairment reviewed)	139,222	101,869
	5,943,397	7,227,705
Less allowance for doubtful accounts	(50,648)	(47,312)
Less present value discount	(300)	(560)
	5,892,449	7,179,833

The Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired, and provides allowances for doubtful accounts; which includes impairment for trade receivables that are individually significant and incurred but not identified as impairment for the Group of trade receivables with similar credit risk characteristics.

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

**(4) Aging analysis of other receivables as of June 30, 2013 and December 31, 2012 are as follows:**

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<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Other receivables: (not overdue, not impaired)	1,386,031	1,252,525
Less than 60 days	20,196	
60 ~ 90 days	17,283	7,430
90 ~ 120 days	133	1,870
120 days ~ 1 year	6,458	5,520
Over 1 year	41,685	226,167
Other receivables: (impairment reviewed)	85,755	240,987
	1,471,786	1,493,512
Less allowance for doubtful accounts	(94,963)	(225,078)
Less present value discount	(7,968)	(9,312)
	1,368,855	1,259,122

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Trade receivables</b>	<b>Other receivables</b>
<b>Beginning balance</b>	47,312	225,078	24,586	203,198
Bad debt expense	9,857	5,576	37,447	3,994
Write off	(6,521)	(231)	(14,721)	(3,331)
Reversal				(152)
Others (*)		(135,460)		21,369
<b>Ending balance</b>	<b>50,648</b>	<b>94,963</b>	<b>47,312</b>	<b>225,078</b>

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

<i>In millions of won</i>	Ownership	June 30, 2013		December 31, 2012	
		Current	Non-current	Current	Non-current
<b>Equity Securities</b>					
<b>Listed:</b>					
Kwanglim Co., Ltd.	0.44%	174		168	
Sungjee Construction. Co., Ltd.	0.01%	10		5	
Korea District Heating Corp. (*1)	19.55%	203,766		167,541	
Ssangyong Motor Co., Ltd.	0.03%	344		205	
LG Uplus Corporation (*1)	8.80%	458,992		299,593	
Fission Uranium Corp.	0.52%	571		533	
Denison Mines Corp.	12.63%	77,995		76,765	
Energy Fuel INC	9.39%	11,258		12,425	
PT Adaro Energy Tbk	1.50%	47,389		84,288	
Cockatoo Coal Limited (*3)	4.91%	1,499		6,487	
Korea Line Corporation	0.00%	3			
Strathmore Minerals Corp.	11.79%	3,410		4,132	
		805,411		652,142	
<b>Unlisted:</b>					
Construction Guarantee	0.02%	778		784	
Global Dynasty overseas resource development private equity firm	7.46%	996		881	
Plant & Mechanical Contractors Financial Cooperative of Korea	0.01%	36		36	
Dongnam Co., Ltd.	0.46%	72		72	
Mobo Co., Ltd.	0.00%	14		14	
Fire Guarantee	0.02%	20		20	
Korea Software Financial Cooperative	0.23%	301		301	
Woobang ENC Co., Ltd.	0.00%	22		22	
Women s venture fund	10.00%	780		780	
Engineering Financial Cooperative	0.10%	60		60	

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Intellectual Discovery, Ltd.	11.17%	5,000	5,000
Electric Contractors Financial Cooperative	0.03%	152	152
Korea Specialty Contractor Financial Cooperative	0.01%	417	417
Information & Communication Financial Cooperative	0.01%	10	10
Troika overseas resource development private equity firm	3.75%	8,573	8,573
POSTECH Venture Capital Corporation	1.05%	240	240
POSTECH electric power fund	12.28%	2,800	2,800
Poonglim Industrial Co., Ltd.	0.01%	78	
SAMBOAUTO. Co., Ltd.	0.02%	38	38
Korea Bio Fuel Co., Ltd.	15.00%	1,500	1,500
Korea Electric Engineers Association	0.26%	40	40
Korea electrical manufacturers Association	1.05%	240	240

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

<i>In millions of won</i>	Ownership	December 31,	
		June 30, 2013	2012
		Current	Non-current
Korea investment - Korea EXIM Bank CERs private special asset Investment Trust I	14.18%	6,803	6,803
Hanwha Venture Capital Corporation	1.20%	132	180
Hanwha electric power venture fund	15.20%	1,720	2,280
Hwan Young Steel Co., Ltd.	0.14%	97	97
IBK-AUCTUS green growth Private equity firm (*1)	6.29%	6,054	6,054
K&C- Gyeongnam youth job Creation investment fund	10.00%	1,340	1,420
Areva Nc Expansion	13.49%	255,448	241,472
Green & Sustainable Energy Investment Corp. (*2)	20.00%	15	14
Kanan Hydroelectric Power Corp.(*2)	20.00%	19	19
Set Holding	2.50%	121,526	169,637
Siam Solar Power	10.00%	1,017	
3i Powergen Inc.	15.00%	1,660	1,630
Navanakorn Electric Co., Ltd. (*2)	29.00%	17,610	14,948
		435,608	466,534
<b>Debt securities</b>			
Ambre Energy Limited		20,831	22,518
Government and municipal bonds		6	
		20,837	22,518
		1,261,856	1,141,194

(\*1) The fair values of the securities of Korea District Heating Corp. and LG Uplus Corporation have declined below their respective costs for more than a year. As such, cumulative losses of 35,619 million that were previously

recognized in other comprehensive loss have been reclassified to as profit or loss for the year ended December 31, 2012. Also, as the recoverable amount of IBK-AUCTUS green growth private equity firm has declined below the respective book value in prior year ended December 31, 2012, the impairment loss on available-for-sale financial assets of 1,106 million has been recognized as profit or loss for the six-month period ended June 30, 2013.

- (\*2) Although the Group holds 20% or more of the equity shares of these investments, the Group cannot exercise significant influence.
- (\*3) For the six-month period ended June 30, 2013, the fair value of Cockatoo Coal Limited equity instrument, the listed stock, has declined below the acquisition cost significantly and the impairment loss on available-for-sale financial assets 10,673 million was recognized as profit or loss.

#### 10. Held-to-maturity Investments

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Government and municipal bonds and others	220	1,893	196	2,020

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives****(1) Derivatives as of June 30, 2013 and December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>
<b>Derivative assets</b>				
Currency forward	15,355		245	40
Currency swap	3,759	246,786	115,761	127,652
Interest rate swap		2,450		4
	19,114	249,236	116,006	127,696
<b>Derivative liabilities</b>				
Currency forward	3,756	1,026	10,323	105
Currency swap	94,267	75,523	70,011	389,948
Interest rate swap	3,211	111,493	4,313	135,985
Other derivatives			9,491	
	101,234	188,042	94,138	526,038

**(2) Currency swap contracts which are not designated as hedge instruments as of June 30, 2013 are as follows:***In millions of won and thousands of U.S. dollars and hundred thousands of yen*

<b>Counterparty</b>	<b>Contract year</b>	<b>Contract amount</b>		<b>Contract interest rate</b>		<b>Contract exchange rate</b>
		<b>Pay</b>	<b>Receive</b>	<b>Pay (%)</b>	<b>Receive (%)</b>	
Shinhan Bank	2010~2014	84,615	\$ 75,000	6.83	5.50	1,128.20
RBS	2010~2014	141,125	125,000	6.78	5.50	1,129.00
Morgan Stanley	2010~2014	112,320	100,000	6.71	5.50	1,123.20

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HSBC	2010~2014	112,320	100,000	6.71	5.50	1,123.20
Bank of America	2010~2014	110,310	100,000	6.93	5.50	1,103.10
UBS	2010~2015	220,356	200,000	3.90	3.00	1,101.78
RBS	2010~2015	110,110	100,000	3.90	3.00	1,101.10
Barclays Bank PLC	2010~2015	108,390	100,000	3.78	3.00	1,083.90
Credit Suisse	2010~2015	108,390	100,000	3.22	3.00	1,083.90
Morgan Stanley	2010~2015	63,006	60,000	4.06	3.00	1,050.10
Goldman Sachs	2010~2015	156,643	140,000	3.92	3.00	1,118.88
Deutsche Bank	2012~2018	110,412	¥100,000	6.21	4.19	11.04
Morgan Stanley	2010~2015	118,800	\$100,000	4.61	3M USD Libor + 1.64	1,188.00
M-UFJ	2010~2015	116,100	100,000	4.00	3M USD Libor + 1.00	1,161.00
DBS	2011~2014	56,150	50,000	4.21	3M USD Libor + 1.00	1,123.00
SMBC	2011~2014	56,150	50,000	4.21	3M USD Libor + 1.00	1,123.00
Mizuho Corporate Bank	2011~2014	112,800	100,000	3.86	3M USD Libor + 0.80	1,128.00
DBS	2011~2014	109,500	100,000	3.80	3M USD Libor + 0.85	1,095.00
Deutsche Bank	2009~2014	126,610	100,000	5.39	6.25	1,266.10
Nomura	2009~2014	126,610	100,000	5.35	6.25	1,266.10
Nomura	2009~2014	126,610	100,000	5.33	6.25	1,266.10
Morgan Stanley	2009~2014	126,610	100,000	5.32	6.25	1,266.10
Morgan Stanley	2010~2014	126,610	100,000	5.30	6.25	1,266.10
Barclays Bank PLC	2010~2014	126,610	100,000	5.29	6.25	1,266.10
Citibank	2010~2014	126,610	100,000	5.27	6.25	1,266.10
JP Morgan	2010~2014	126,610	100,000	4.93	6.25	1,266.10
Deutsche Bank	2010~2014	126,610	100,000	4.93	6.25	1,266.10
RBS	2010~2014	126,610	100,000	4.93	6.25	1,266.10
Citibank	2010~2015	116,080	100,000	3.97	3.13	1,160.80
Deutsche Bank	2010~2015	116,080	100,000	3.98	3.13	1,160.80

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

(2) **Currency swap contracts which are not designated as hedge instruments as of June 30, 2013 are as follows, continued:**

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

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay (%)	Receive (%)	
RBS	2010~2015	116,080	\$ 100,000	3.97	3.13	1,160.80
HSBC	2010~2015	116,080	100,000	3.23	3.13	1,160.80
UBS	2010~2015	116,080	100,000	3.23	3.13	1,160.80
Citibank	2012~2022	112,930	100,000	2.79	3.00	1,129.30
JP Morgan	2012~2022	112,930	100,000	2.79	3.00	1,129.30
Bank of America	2012~2022	112,930	100,000	2.79	3.00	1,129.30
Goldman Sachs	2012~2022	112,930	100,000	2.79	3.00	1,129.30
HSBC	2012~2022	111,770	100,000	2.89	3.00	1,117.70
Hana Bank	2012~2022	111,770	100,000	2.87	3.00	1,117.70
SC Bank	2012~2022	111,770	100,000	2.89	3.00	1,117.70
Deutsche Bank	2012~2022	55,885	50,000	2.79	3.00	1,117.70
DBS	2013~2018	108,140	100,000	2.63	3M USD Libor + 0.84	1,081.40
DBS	2013~2018	108,140	100,000	2.57	3M USD Libor + 0.84	1,081.40
DBS	2013~2018	108,140	100,000	2.57	3M USD Libor + 0.84	1,081.40

(3) **Currency swap contracts which are designated as hedge instruments as of June 30, 2013 are as follows:**

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

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay (%)	Receive (%)	
Citibank	2006~2016	113,200	\$ 100,000	1.05	6.00	1,132.00
Barclays Bank PLC	2006~2016	113,200	100,000	1.05	6.00	1,132.00
Credit Suisse	2006~2016	113,200	100,000	1.05	6.00	1,132.00

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Goldman Sachs	2011~2017	105,260	100,000	3.99	3.63	1,052.60
Barclays Bank PLC	2011~2017	105,260	100,000	3.99	3.63	1,052.60
Citibank	2011~2017	105,260	100,000	3.99	3.63	1,052.60
HSBC	2012~2014	45,264	40,000	3.25	3M USD Libor + 1.50	1,131.60
Citibank	2012~2014	33,948	30,000	3.25	3M USD Libor + 1.50	1,131.60
RBS	2012~2014	22,632	20,000	3.25	3M USD Libor + 1.50	1,131.60
UOB	2012~2014	33,948	30,000	3.25	3M USD Libor + 1.50	1,131.60
DBS	2012~2014	56,580	50,000	3.20	3M USD Libor + 1.50	1,131.60
ANZ	2012~2014	22,632	20,000	3.20	3M USD Libor + 1.50	1,131.60
Citibank	2012~2014	20,369	18,000	3.20	3M USD Libor + 1.50	1,131.60
Credit Suisse	2012~2014	45,264	40,000	2.77	3M USD Libor + 1.50	1,131.60
RBS	2012~2014	58,843	52,000	2.77	3M USD Libor + 1.50	1,131.60
UBS AG	2006~2016	98,100	100,000	5.48	5.50	981.00
Credit Suisse	2006~2016	98,100	100,000	5.48	5.50	981.00
Barclays Bank PLC	2006~2016	71,888	75,000	4.81	5.50	958.51
Deutsche Bank	2006~2016	71,888	75,000	4.81	5.50	958.51
Barclays Bank PLC	2012~2017	142,500	125,000	3.83	3.13	1,140.00
Morgan stanley	2012~2017	142,500	125,000	3.83	3.13	1,140.00
RBS	2012~2017	142,500	125,000	3.83	3.13	1,140.00
JP Morgan	2012~2017	142,500	125,000	3.83	3.13	1,140.00
Barclays Bank PLC	2004~2014	172,875	150,000	5.10	5.75	1,152.50
Barclays Bank PLC	2013~2018	81,188	75,000	2.65	1.88	1,082.50
RBS	2013~2018	81,188	75,000	2.65	1.88	1,082.50
Deutsche Bank	2013~2018	81,188	75,000	2.65	1.88	1,082.50
Citibank	2013~2018	81,188	75,000	2.65	1.88	1,082.50



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

- (3) **Currency swap contracts which are designated as hedge instruments as of June 30, 2013 are as follows, continued:**

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

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay (%)	Receive (%)	
BTMU	2010~2015	55,900	\$ 50,000	4.03	3M USD Libor + 1.20	1,118.00
RBS	2012~2017	115,140	100,000	3.38	2.50	1,151.40
BNP Paribas	2012~2017	115,140	100,000	3.38	2.50	1,151.40
Hana Bank	2012~2017	115,140	100,000	3.38	2.50	1,151.40
Barclays Bank PLC	2012~2017	57,570	50,000	3.38	2.50	1,151.40
SC Bank	2012~2017	57,570	50,000	3.38	2.50	1,151.40
Nomura	2012~2017	57,570	50,000	3.38	2.50	1,151.40
Credit Agricole	2012~2017	57,570	50,000	3.38	2.50	1,151.40

- (4) **Interest rate swap contracts which are not designated as hedge instruments, as of June 30, 2013 are as follows:**

*In millions of won*

Counterparty	Contract year	Contract amount	Contract interest rate per annum	
			Pay (%)	Receive (%)
Nonghyup Bank	2010~2015	100,000	4.90	3M CD + 1.05
Nonghyup Bank	2010~2015	100,000	4.83	3M CD + 0.90
Nonghyup Bank	2010~2015	50,000	4.77	3M CD + 0.90
Korea Development Bank	2012~2016	200,000	3.57	3M CD + 0.26
Nonghyup Bank	2012~2016	100,000	3.49	3M CD + 0.25
Korea Development Bank	2012~2016	50,000	3.49	3M CD + 0.25
Hongkong-Shanghai Bank, Seoul branch	2012~2016	50,000	3.49	3M CD + 0.25
SC Bank	2012~2016	200,000	3.55	3M CD + 0.26
SC Bank	2012~2017	160,000	3.57	3M CD + 0.32

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Korea Exchange Bank	2011~2014	100,000	4.08	3M CD + 0.03
Korea Exchange Bank	2011~2014	100,000	3.89	3M CD + 0.05
Shinhan Bank	2011~2014	100,000	3.63	3M CD + 0.18
Korea Exchange Bank	2011~2013	100,000	3.85	3M CD + 0.43
Korea Exchange Bank	2011~2014	200,000	3.66	3M CD + 0.24
Korea Exchange Bank	2011~2013	100,000	3.53	3M CD + 0.14
Korea Exchange Bank	2011~2013	100,000	3.56	3M CD + 0.19
Korea Exchange Bank	2012~2015	100,000	3.58	3M CD + 0.15
Korea Exchange Bank	2012~2015	200,000	3.65	3M CD + 0.10
Korea Exchange Bank	2012~2015	100,000	2.86	3M CD + 0.05
Korea Exchange Bank	2013~2016	100,000	2.82	3M CD + 0.04
Korea Exchange Bank	2013~2016	200,000	2.57	3M CD + 0.04
Korea Exchange Bank	2013~2016	100,000	2.75	3M CD + 0.03

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives, Continued****(5) Interest rate swap contracts which are designated as hedge instruments, as of June 30, 2013 are as follows:***In thousands of U.S. dollars*

Counterparty	Contract year	Contract amount	Contract interest rate per annum	
			Pay (%)	Receive (%)
BNP Paribas	2009~2027	USD 110,472	4.16	6M USD Libor
KFW	2009~2027	USD 110,472	4.16	6M USD Libor
CA-CIB (Credit Agricole)	2012~2033	USD 107,728	3.98~4.10	1~6M USD Libor
SMBC	2012~2033	USD 140,875	4.05~4.18	1~6M USD Libor

**(6) Currency forward contracts which are not designated as hedge instruments, as of June 30, 2013 are as follows:***In millions of won and thousands of U.S dollars*

Counterparty	Contract Date	Maturity date	Contract amounts		Contract exchange rate
			Pay	Receive	
Korea Exchange Bank	2013.01.15	2013.07.11	4,756	\$ 4,563	1,042.40
Korea Exchange Bank	2013.01.16	2013.10.08	11,343	10,537	1,076.50
Korea Exchange Bank	2013.01.21	2013.10.15	10,700	9,833	1,088.20
Credit Suisse	2013.02.21	2013.07.18	9,050	8,426	1,074.00
Korea Exchange Bank	2013.01.28	2013.07.24	9,966	9,328	1,068.40
RBS	2013.01.31	2013.07.26	11,176	10,441	1,070.40
Korea Exchange Bank	2013.02.13	2013.08.08	11,078	10,371	1,068.10
Korea Exchange Bank	2013.02.20	2013.08.14	11,000	10,331	1,064.70
Korea Exchange Bank	2013.02.20	2013.08.14	7,797	7,323	1,064.70
Korea Exchange Bank	2013.05.10	2013.10.02	7,022	6,475	1,084.50
Korea Exchange Bank	2013.05.10	2013.11.04	9,409	8,716	1,079.50
Korea Exchange Bank	2013.05.14	2013.09.09	9,911	9,072	1,092.50
Korea Exchange Bank	2013.05.15	2013.11.07	5,226	4,815	1,085.20

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Barclays Bank PLC	2013.05.20	2013.09.13	5,775	5,263	1,097.30
Korea Exchange Bank	2013.05.20	2013.11.13	14,650	13,470	1,087.60
Credit Suisse	2013.05.21	2013.10.16	11,324	10,359	1,093.20
Credit Suisse	2013.06.04	2013.09.30	7,337	6,664	1,100.90
Korea Exchange Bank	2013.06.10	2013.10.04	9,773	8,888	1,099.50
Korea Exchange Bank	2013.06.10	2013.11.05	14,384	13,172	1,092.00
Korea Exchange Bank	2013.06.11	2013.10.07	4,345	3,928	1,106.00
Barclays Bank PLC	2013.06.12	2013.11.07	4,685	4,264	1,098.70
Korea Exchange Bank	2013.06.14	2013.12.09	12,853	11,799	1,089.30
Korea Exchange Bank	2013.06.18	2013.11.13	12,037	10,969	1,097.40
Barclays Bank PLC	2013.06.25	2013.12.19	5,811	5,193	1,119.00
RBS	2013.06.25	2013.09.27	11,313	10,058	1,124.80
Korea Exchange Bank	2013.06.25	2013.10.29	10,239	9,153	1,118.70
The Bank of Nova Scotia	2013.03.12	2013.09.16	\$ 10,522	11,613	1,103.70
The Bank of Nova Scotia	2013.04.12	2013.10.16	6,271	7,130	1,136.90
RBS	2013.03.28	2013.09.30	50,000	54,856	1,097.11
RBS	2013.06.28	2013.08.02	11,460	\$ 10,000	1,146.00
RBS	2013.06.28	2013.07.01	11,435	10,000	1,143.51
Citibank	2013.06.27	2013.07.02	3,454	3,000	1,151.40
The Bank of Nova Scotia	2013.06.28	2013.07.01	3,427	3,000	1,142.34
HSBC	2013.06.05	2013.07.10	5,596	5,000	1,119.25
Barclays Bank PLC	2013.06.05	2013.07.10	721	644	1,119.45
BNP Paribas	2013.06.05	2013.07.10	1,027	915	1,121.90
The Bank of Nova Scotia	2013.06.28	2013.08.01	5,726	5,000	1,145.10
The Bank of Nova Scotia	2013.06.28	2013.08.01	5,731	5,000	1,146.10
SC Bank	2011.08.08	2013.07.29~2015.12.28	\$ 24,569	27,029	1,093.10~1,103.20

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**11. Derivatives, Continued**

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

	Net income effects of valuation gains (losses)				Net income effects of transaction gains (losses)				Accumulated other comprehensive income (*1)		
	June 30, 2013		June 30, 2012		June 30, 2013		June 30, 2012		June 30, 2013		June 30,
	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
forward	10,354	10,559	(2,834)	(955)	55	7,122	6,778	(1,376)	(27,810)	(23,806)	
swap	129,997	422,126	130,419	81,872	62,382	66,994	5,852	(40)	(45,416)	(52,161)	7,361
rate swap	13,224	9,887	(9,729)	(489)	218	(2,964)	(1,525)	(3,782)	9,072	9,068	(35,184)
derivatives			(1,965)	81	(16,339)	(10,036)	7,587	10,694			
	153,575	442,572	115,891	80,509	46,316	61,116	18,692	5,496	(64,154)	(66,899)	(27,823)

(\*1) Losses on valuation of derivatives using cash flow hedge accounting 29,911 million, net of tax recognized in accumulated other comprehensive income for the six-month period ended June 30, 2013.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**12. Other financial assets**

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Loans and receivables	57,072	737,244	72,888	668,733
Present value discount	(1,296)	(61,448)	(1,224)	(67,009)
Long-term/Short-term financial instruments	546,763	1,073	468,351	1,042
	602,539	676,869	540,015	602,766

**13. Inventories**

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

<i>In millions of won</i>	<b>June 30, 2013</b>		
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	<b>Book value</b>
Raw materials	2,592,314	(65)	2,592,249
Merchandises	763		763
Work-in-progress	68,202		68,202
Finished goods	46,617		46,617
Supplies	614,073	(4,724)	609,349
Inventories in transit	707,179		707,179
Other inventories	7,303		7,303
	4,036,451	(4,789)	4,031,662

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

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

There is no reversal of inventory valuation allowance for the six-month period ended June 30, 2013, whereas 5,568 million incurred for the year ended December 31, 2012. The amounts of valuation losses of inventories during the six-month period ended June, 30, 2013 and for the year ended December 31, 2012 are 913 million and 6,920 million, respectively.

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

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

The Group has entered into power purchase agreement ( PPA ) of providing Jordan Electric Power Company with Qatrana gas combined power plant for 25 years. In addition, the Group has constructed a manufacture facility and consigned the management of the facility to Ecollite Co., Ltd., one of associates of the Group. In connection with these contracts of consignment and borrowing, the Group has entered into a finance lease contract under which the consignee repays the principal in installment for 20 years from beginning of 2016. The Group also provides fly ashes transferring pipe conduit as a finance lease, and the average lease term is 7 years.

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Minimum lease payments</b>	<b>Present value of minimum lease payments</b>	<b>Minimum lease payments</b>	<b>Present value of minimum lease payments</b>
Less than 1 year	51,684	6,060	46,758	4,134
1~5 years	218,750	41,096	192,651	27,422
More than 5 years	850,565	399,946	783,314	361,904
	1,120,999	447,102	1,022,723	393,460

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



**Non-financial assets as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Advance payment	226,557	638,412	146,042	4,607
Prepaid expenses	243,784	115,618	230,260	100,804
Others	443,458	37,131	287,745	35,027
	913,799	791,161	664,047	140,438

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

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

	plant			
Korea Electric Power Nigeria Ltd.	Operation of utility plant	NIGERIA	100.00%	100.00%
KEPCO Holdings de Mexico	Holding company	MEXICO	100.00%	100.00%
KST Electric Power Company	Construction and operation of utility plant	MEXICO	56.00%	56.00%
KEPCO Energy Service Company	Operation of utility plant	MEXICO	100.00%	100.00%
KEPCO Netherlands S3 B.V.	Holding company	NETHERLANDS	100.00%	100.00%
PT. KOMIPO Pembangkitan Jawa Bali	Operation of utility plant	INDONESIA	51.00%	51.00%
PT. Cirebon Power Service (*2)	Operation of utility plant	INDONESIA	27.50%	27.50%
KOWEPO International Corporation	Operation of utility plant	PHILIPPINES	99.99%	99.99%

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			June 30, 2013	December 31, 2012
KOSPO Jordan LLC	Operation of utility plant	JORDAN	100.00%	100.00%
EWP Cebu Corporation	Operation of utility plant	PHILIPPINES	100.00%	100.00%
EWP Philippine Holdings Corporation	Holding company	PHILIPPINES	100.00%	100.00%
EWP America Inc.	Holding company	USA	100.00%	100.00%
EWP Renewable Co.	Holding company	USA	100.00%	100.00%
DG Fairhaven Power, LLC	Power generation	USA	100.00%	100.00%
DG Kings Plaza Holdings, LLC	Holding company	USA	100.00%	100.00%
DG Kings Plaza, LLC	Power generation	USA	100.00%	100.00%
DG Kings Plaza II, LLC	Holding company	USA	100.00%	100.00%
DG Whitefield, LLC	Power generation	USA	100.00%	100.00%
Springfield Power, LLC	Power generation	USA	100.00%	100.00%
KNF Canada Energy Limited	Resources development	CANADA	96.36%	96.36%
PT KEPCO Resource Indonesia	Resources development	INDONESIA	100.00%	100.00%
EWP Barbados 1 SRL	Holding company	BARBADOS	100.00%	100.00%
California Power Holdings, LLC	Power generation	USA	100.00%	100.00%
Gyeonggi Green Energy Co., Ltd.	Power generation	KOREA	62.01%	49.00%
PT. Tanggamus Electric Power	Power generation	INDONESIA	60.00%	60.00%
Gyeongju Wind Power Co., Ltd.	Power generation	KOREA	70.00%	70.00%
KOMIPO America Inc.	Holding company	USA	100.00%	100.00%
Boulder Solar Power, LLC	Solar photovoltaic power generation	USA	75.00%	75.00%
EWPRC Biomass Holdings, LLC	Holding company	USA	100.00%	100.00%
KOSEP USA, INC.	Power generation	USA	100.00%	100.00%

Nepal Water & Energy Development Company Pty Ltd. (*1, 2)	Construction and operation of utility plant	NEPAL	50.00%	50.00%
PT. EWP Indonesia	Holding company	INDONESIA	99.90%	100.00%
KOWEPO America LLC.	Solar photovoltaic power generation	USA	100.00%	100.00%
KEPCO Netherlands J3 B.V.	Holding company	NETHERLANDS	100.00%	100.00%
Korea Offshore Wind Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
EWP Barbados 2 SRL	Holding company	BARBADOS	100.00%	100.00%
Global One Pioneer B.V.	Holding company	NETHERLANDS	100.00%	100.00%
Global Energy Pioneer B.V.	Holding company	NETHERLANDS	100.00%	100.00%
KOSEP Wind Power, LLC.	Power generation	USA	100.00%	100.00%
Mira Power Limited (*1)	Power generation	PAKISTAN	76.00%	76.00%
Commerce and Industry Energy Co., Ltd.	Power generation	KOREA	59.03%	29.51%
KEPCO Singapore Holding Pte., Ltd.	Holding company	SINGAPORE	100.00%	
KOWEPO India Private Limited	Holding company	INDIA	100.00%	
KEPCO KPS Philippines Corp.	Utility plant maintenance and others	PHILIPPINES	100.00%	

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

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

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

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Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

**(ii) Subsidiaries excluded from consolidation**

<b>Subsidiary</b>	<b>Reason</b>
Sylardus Holding B.V.	Liquidation
Akkuyu Finance B.V.	Liquidation
Akkuyu Fuel B.V.	Liquidation
Akkuyu Operations B.V.	Liquidation

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

<b>Subsidiaries</b>	<b>June 30, 2013</b>			
	<b>Total assets</b>	<b>Total liabilities</b>	<b>Sales</b>	<b>Profit (loss) for the period</b>
Korea Hydro & Nuclear Power Co., Ltd.	46,273,820	25,710,671	3,778,054	235,973

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Korea South-East Power Co., Ltd.	8,070,744	4,342,425	2,281,972	198,348
Korea Midland Power Co., Ltd.	6,236,608	3,259,413	3,010,279	106,180
Korea Western Power Co., Ltd.	6,499,945	3,372,035	2,930,138	96,802
Korea Southern Power Co., Ltd.	7,031,208	3,601,439	3,656,216	85,783
Korea East-West Power Co., Ltd.	6,612,501	3,160,674	2,685,385	64,900
KEPCO Engineering & Construction Company, Inc.	842,882	453,356	353,656	36,316
Korea Plant Service & Engineering Co., Ltd.	875,871	346,586	537,153	67,573
Korea Nuclear Fuel Co., Ltd.	485,254	218,347	105,471	3,738
Korea Electric Power Data Network Co., Ltd.	337,131	111,626	157,679	2,234
Garorim Tidal Power Plant Co., Ltd.	36,686	1,629		(873)
Korea Power Engineering & Power Services Co., Ltd.	7,516	1,349	8,110	1,158
Dongducheon Dream Power Co., Ltd.	285,718	692		(3,204)
KEPCO International HongKong Ltd.	264,812	110		7,396
KEPCO International Philippines Inc.	109,913	617		(12)
KEPCO Gansu International Ltd.	17,100	530		(3)
KEPCO Philippines Holdings Inc.	128,227			331
KEPCO Philippines Corporation	16,017	198		610
KEPCO Ilijan Corporation	744,540	97,822	70,428	34,637
KEPCO Lebanon SARL	7,347	9,665		(442)
KEPCO Neimenggu International Ltd.	196,046			(27)
KEPCO Shanxi International Ltd.	530,359	239,083		(2,237)
KOMIPO Global Pte Ltd.	134,397	52		5,665
KEPCO Canada Energy Ltd.	81,788	13,577		(75)
KEPCO Netherlands B.V.	236,804	47		2,107
KOREA Imouraren Uranium Investment Ltd.	255,457	146		(25)
KEPCO Australia Pty., Ltd.	540,084	183,134	2,575	(19,631)
KOSEP Australia Pty., Ltd.	20,128	912	2,508	1,114



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

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

*In millions of won*

Subsidiaries	June 30, 2013			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
KOMIPO Australia Pty., Ltd.	20,115	909	2,508	1,108
KOWEPO Australia Pty., Ltd.	20,276	910	2,508	1,110
KOSPO Australia Pty., Ltd.	20,270	832	2,508	1,110
KEPCO Middle East Holding Company	115,237	109,753		2,103
Qatrana Electric Power Company	557,145	505,032	11,191	12,938
KHNP Canada Energy Ltd.	55,566	18		(29)
KEPCO Bylong Australia Pty., Ltd.	82,054	117		(2,819)
Korea Waterbury Uranium Limited Partnership	22,543	13		134
KEPCO Canada Uranium Investment Limited Partnership	88,915	15		(24)
Korea Electric Power Nigeria Ltd.	14	6	145	7
KEPCO Holdings de Mexico	14	9		(6)
KST Electric Power Company	451,201	463,441		(265)
KEPCO Energy Service Company	590	304	1,538	268
KEPCO Netherlands S3 B.V.	591	8		(24)
PT. KOMIPO Pembangkitan Jawa Bali	18,781	7,857	10,879	5,028
PT. Cirebon Power Service	1,216	569	3,411	(21)
KOWEPO International Corporation	2,118	35		
KOSPO Jordan, LLC.	15,995	10,503	3,677	1,257
EWP Cebu Corporation	8,742	515	220	(832)
EWP Philippine Holdings Corporation	244	8		(1)
EWP America Inc. (*)	113,160	84,642	24,130	(4,155)
KNF Canada Energy Limited	2,453	13		(38)
PT KEPCO Resource Indonesia	1,833			(8)
EWP Barbados 1 SRL	331,023	139	1,379	(1,287)
Gyeonggi Green Energy Co., Ltd.	343,402	272,164		(3,914)

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PT. Tanggamus Electric Power	12,692	510		(1,552)
Gyeongju Wind Power Co., Ltd.	48,281	33,010	3,937	1,093
KOMIPO America Inc.	6,905	7		
Boulder Solar Power, LLC.	9,173	7		(7)
KOSEP USA, INC.	34,094	18		(355)
Nepal Water & Energy Development Company Pty Ltd.	30,571	10,312		(7,369)
PT. EWP Indonesia	539	7		(289)
KOWEPO America, LLC.	7,048	265		(664)
KEPCO Netherlands J3 B.V.	111,434	89		(54)
Korea Offshore Wind Power Co., Ltd.	4,237	636		(1,288)
EWP Barbados 2 SRL	666	54		(90)
Global One Pioneer B.V.	60			(15)
Global Energy Pioneer B.V.	60			(15)
KOSEP Wind Power, LLC.	497	150	827	112
Mira Power Limited	8,179	678		(619)
Commerce and Industry Energy Co., Ltd.	103,339	83,951	2,976	(682)
KEPCO Singapore Holding Pte., Ltd.				
KOWEPO India Private Limited	1,910			
KEPCO KPS Philippines Corp.	387	3		(41)

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

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

*In millions of won*

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

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

*In millions of won*

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

(\*)

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**16. Investments in Subsidiaries, Continued**

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

*In millions of won*

Description	June 30, 2013						Total
	KEPCO Ilija Corporation	Korea Plant Service & Engineering Co., Ltd.	Dongducheon Power Co., Ltd.	KEPCO Engineering & Construction Group, Inc.	Garorim Tidal Power Plant Co., Ltd.	Others	
Current assets	236,940	511,283	12,502	593,686	1,319	545,843	1,901,573
Non-current assets	507,600	364,589	273,216	249,196	35,367	1,553,837	2,983,805
Current liabilities	(61,255)	(271,786)	(563)	(404,163)	(1,563)	(375,586)	(1,114,916)
Non-current liabilities	(36,566)	(74,801)	(128)	(49,192)	(66)	(1,221,788)	(1,382,541)
Net assets	646,719	529,285	285,027	389,527	35,057	502,306	2,387,921
Book value of non-controlling interest	316,892	158,785	145,363	97,927	17,879	585,552	1,322,398
Sales	70,428	537,153		353,656		145,976	1,107,213
Profit (loss) for the period	34,637	67,573	(3,204)	36,316	(873)	19,612	154,061
Profit (loss) for the period attributable to non-controlling interest	16,972	20,272	(1,634)	9,130	(445)	9,753	54,048
Cash flows from operating activities	37,332	48,412	(2,976)	30,360	(430)	7,095	119,793
Cash flows from investing activities	(26)	(14,760)	(42,426)	(20,147)	(302)	(77,478)	(155,139)
Cash flows from financing activities before dividends to non-controlling	(12,701)	5,832	27,040	4,667		137,394	162,232

interest							
Dividends to non-controlling interest		(19,440)		(18,564)		(13,913)	(51,917)
Effect of exchange rate fluctuation	4,838	(5)		675		1,351	6,859
Net increase (decrease) of cash and cash equivalents	29,443	20,039	(18,362)	(3,009)	(732)	54,449	81,828



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

*In millions of won*

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

Borrowings	(81,752)
Other Liabilities	(187)

Fair Value of Net assets	11,915
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<b>IV. Goodwill</b>	2,582
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(\*1) Prior to business combination, 29.5% of the Group's equity shares was re-measured to fair value. As a result, the differences incurred from the remeasurement amounted to 1,022 million is recognized as a loss on the disposal of its interest in associates and joint ventures.

(\*2) Non-controlling interest is measured by proportionate share of non-controlling of the identifiable net assets. Assumed that if the Group acquired the equity shares of Commerce and industry energy Co. Ltd. on January 1, 2013, the sales and loss for the period would be shown on the consolidated comprehensive income statements for the six-month period ended June 30, 2013 amounted to 25,481,591 million and 1,427,729 million, respectively. After the acquisition, the subsidiary incurred sales and loss for the period amount to 2,976 million and 682 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

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

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

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

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

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

Investees	June 30, 2013		Percentage of ownership	Acquisition cost	Book value
	Key operation activities	Location			
<b>&lt;Associates&gt;</b>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	48%	76,193	74,966
Korea Gas Corporation	Importing and wholesaling LNG	KOREA	24%	94,500	2,081,014
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	KOREA	29%	4,727	21,719
YTN Co., Ltd.	Broadcasting	KOREA	21%	59,000	37,380
Cheongna Energy Co., Ltd.	Generating and distributing vapor and hot/cold water	KOREA	44%	43,900	30,620
Gangwon Wind Power Co., Ltd. (*1)	Wind power generation	KOREA	15%	5,725	11,562
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29%	88,885	108,300
Korea Power Exchange (*5)	Management of power market	KOREA	100%	127,839	181,214
AMEC Partners Korea (*2)	Resources development	KOREA	19%	707	248
Hyundai Energy Co., Ltd. (*8)	Power generation	KOREA	29%	59,470	36,547
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	36%	1,516	1,860
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25%	3,810	4,539
Alternergy Philippine Investments Corporation	Power generation	PHILIPPINES	50%	3,881	1,799
Muju Wind Power Co., Ltd.	Power generation	KOREA	25%	2,850	2,709
Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25%	638	602
Daeryun Power Co., Ltd.	Power generation	KOREA	20%	25,477	25,022
JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25%	100	78
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30%	3,801	4,942
KNH Solar Co., Ltd.	Power generation	KOREA	27%	1,296	1,258
SPC Power Corporation	Power generation	PHILIPPINES	38%	20,635	44,777

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Investees	Key operation activities	June 30, 2013		Acquisition cost	Book value
		Location	Percentage of ownership		
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34%	413,153	590,590
PT. Cirebon Electric Power	Power generation	INDONESIA	28%	39,217	27,903
KNOC Nigerian East Oil Co., Ltd. (*3)	Resources development	NIGERIA	15%	12	
KNOC Nigerian West Oil Co., Ltd. (*3)	Resources development	NIGERIA	15%	12	
Dolphin Property Limited (*3)	Rental company	NIGERIA	15%	12	
E-Power S.A.	Operation of utility plant and sales of electricity	HAITI	30%	3,779	5,141
PT Wampu Electric Power	Power generation	INDONESIA	46%	18,935	17,402
PT. Bayan Resources TBK	Resources development	INDONESIA	20%	615,860	648,027
S-Power Co., Ltd.	Power generation	KOREA	40%	108,000	107,624
Pioneer Gas Power Limited (*7)	Power generation	INDIA	40%	46,654	44,388
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25%	29	

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Busan Solar Co., Ltd. (*2)	Power generation	KOREA	20%	643	545
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25%	50	5
Green Biomass Co., Ltd.	Power generation	KOREA	34%	714	462
Gumi-ochang Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	288	326
Chungbuk Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	166	171
Cheonan Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	122	115
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29%	2,978	2,762
KOSCON Photovoltaic Co., Ltd(*1)	Power generation	KOREA	19%	245	243
Yeongwol Energy Station Co., Ltd(*1)	Power generation	KOREA	13%	1,862	1,862
Yeonan Photovoltaic Co., Ltd(*1)	Power generation	KOREA	19%	157	157
Q1 Solar Co., Ltd	Power generation	KOREA	28%	1,005	887
Jinbhuvish Power Generation (*1)	Power generation	INDIA	2%	4,345	4,345
Best Solar Energy Co., Ltd.	Power generation	KOREA	23%	1,242	1,025
Seokcheon Solar Power Co., Ltd.(*1)	Power generation	KOREA	10%	970	1,016
SE Green Energy Co., Ltd.	Power generation support	KOREA	48%	3,821	3,771
Daegu Photovoltaic Co., Ltd.	Power generation	KOREA	29%	1,230	1,065
Jeongam Wind Power Co., Ltd.	Power generation	KOREA	40%	800	693
Korea Power Engineering Service Co., Ltd.	Construction and service	KOREA	29%	290	483
Golden Route J Solar Power Co., Ltd. (*1)	Photovoltaic power generation	KOREA	10%	82	82
				1,892,084	4,132,246
<b>&lt;Joint ventures&gt;</b>					
KEPCO-Uhde Inc. (*6)	Power generation	KOREA	66%	11,355	9,918
Eco Biomass Energy Sdn. Bhd. (*6)	Power generation	MALAYSIA	62%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	27,660	29,974
Shuweihaat Asia Power Investment B.V.	Holding company	NETHERLANDS	49%	507	91
Shuweihaat Asia Operation & Maintenance Company	Maintenance of utility plant	CAYMAN	55%	30	32



(\*6)

Waterbury Lake Uranium L.P.	Power generation	CANADA	40%	25,839	22,533
ASM-BG Investicii AD	Power generation	BULGARIA	50%	16,101	18,095
RES Technology AD	Power generation	BULGARIA	50%	15,595	14,917
KV Holdings, Inc.	Power generation	PHILIPPINES	40%	2,103	2,056
KEPCO SPC Power Corporation (*6)	Construction and operation of utility plant	PHILIPPINES	75%	94,579	125,339
Canada Korea Uranium Limited Partnership (*4)	Resources development	CANADA	13%	5,404	5,181

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Investees	Key operation activities	June 30, 2013		Acquisition cost	Book value
		Location	Percentage of ownership		
KEPCO Energy Resource Nigeria Limited	Holding company	NIGERIA	30%	8,463	5,756
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40%	16,621	21,462
Datang Chifeng Renewable Power Co., Ltd.	Power generation	CHINA	40%	121,928	177,121
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40%	10,858	11,143
Rabigh Electricity Company	Sales of electricity	SAUDI ARABIA	40%	109,743	
Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40%	70	2,603
Jamaica Public Service Company Limited	Power generation	JAMAICA	40%	301,910	313,679
KW Nuclear Components Co., Ltd.	R&D	KOREA	45%	833	1,938
Busan shinho Solar power Co., Ltd.	Power generation	KOREA	25%	2,100	2,553
STX Electric Power Co., Ltd.	Power generation	KOREA	49%	127,400	125,604
YEONGAM Wind Power Co., Ltd.	Power generation	KOREA	49%	11,584	11,585
		KOREA	29%	290	222

Global Trade Of Power System Co., Ltd.	Exporting products and technology of small or medium business by proxy				
Expressway Solar-light Power Generation Co., Ltd	Power generation	KOREA	29%	3,132	3,256
Yeongam F1 Solar Power Plant	Power generation	KOREA	29%	1,740	1,839
KODE NOVUS 1 LLC.	Power generation	USA	50%	19,213	16,337
KODE NOVUS 2 LLC.	Power generation	USA	49%	12,498	11,357
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	50%	4,990	4,382
Arman Asia Electric Power Company (*6)	Power generation	JORDAN	60%	981	395
KEPCO-ALSTOM Power Electronics Systems, Inc. (*6)	R&D	KOREA	51%	5,629	5,318
Dongbu Power Dangjin Corporation	Power generation	KOREA	40%	40,000	39,825
Honam Wind Power Co., Ltd.	Power generation	KOREA	30%	3,600	2,299
Seokmun Energy Co., Ltd.	Integrated energy business	KOREA	34%	680	656
				1,013,097	987,466
				2,905,181	5,119,712

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

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

(\*3) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Group has significant financial transactions with the associate which can affect its influence on the entity.

(\*4) The Group holds less than 20% of the equity shares of the entity. However, the Group has joint control on the associates by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Group's financial and operating policy of the board of directors.

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

**(1) Investments in associates and joint ventures as of June 30, 2013 and December 31, 2012 are as follows, continued:**

(\*5) The Group holds 100% of the equity shares of the entity. However, the Government regulates the Group's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Group's other subsidiaries. The Group can exercise significant influence by its right to nominate directors to the board of directors of the entity.

(\*6) The Group holds more than 50% of the equity shares of the entity. However, according to the shareholder agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.

(\*7) As of reporting date, the reporting period end of all associates and joint ventures ends in December, except for Pioneer Gas Power Limited.

(\*8) As of June 30, 2013, 21% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank while 29% is held by the Group. According to the shareholders' agreement reached on March 2011, not only does the Group have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Group. In connection with this agreement, the Group applied the equity method on the investment in Hyundai Energy Co., Ltd. with 50% of ownership. (See note 43)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Investees	Key operation activities	December 31, 2012		Acquisition cost	Book value
		Location	Percentage of ownership		
<b>&lt;Associates&gt;</b>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	48%	57,360	56,007
Korea Gas Corporation	Importing and wholesaling LNG	KOREA	24%	94,500	2,049,340
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	KOREA	29%	4,727	18,936
YTN Co., Ltd.	Broadcasting	KOREA	21%	59,000	37,876
Cheongna Energy Co., Ltd.	Generating and distributing vapor and hot/cold water	KOREA	30%	43,900	33,379
Gangwon Wind Power Co., Ltd. (*1)	Wind power generation	KOREA	15%	5,725	12,113
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29%	88,885	110,346
Korea Power Exchange (*5)	Management of power market	KOREA	100%	127,839	176,264
AMEC Partners Korea (*2)	Resources development	KOREA	19%	707	141
Hyundai Energy Co., Ltd.	Power generation	KOREA	29%	57,150	49,463
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	29%	168	1,266
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25%	3,810	3,728
	Power generation	PHILIPPINES	50%	3,313	1,600

Alternergy Philippine Investments Corporation						
Muju Wind Power Co., Ltd.	Power generation	KOREA	25%	2,850	2,711	
Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25%	638	613	
Daeryun Power Co., Ltd.	Power generation	KOREA	20%	25,477	25,017	
JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25%	100	78	
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30%	3,801	3,926	
Commerce and industry						
energy Co., Ltd.	Power generation	KOREA	30%	8,500	7,066	
KNH Solar Co., Ltd.	Power generation	KOREA	27%	1,296	1,089	
SPC Power Corporation	Power generation	PHILIPPINES	38%	20,635	36,760	
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34%	413,153	549,730	
PT. Cirebon Electric Power	Power generation	INDONESIA	28%	39,217	17,022	
KNOC Nigerian East Oil Co., Ltd. (*3)	Resources development	NIGERIA	15%	12		
KNOC Nigerian West Oil Co., Ltd. (*3)	Resources development	NIGERIA	15%	12		
Dolphin Property Limited (*3)	Rental company	NIGERIA	15%	12		
E-Power S.A.	Operation of utility plant and sales of electricity	HAITI	30%	3,779	5,646	
PT Wampu Electric Power	Power generation	INDONESIA	46%	18,935	15,644	
PT. Bayan Resources TBK	Resources development	INDONESIA	20%	615,860	642,636	
S-Power Co., Ltd.	Power generation	KOREA	40%	82,000	81,679	
Pioneer Gas Power Limited (*7)	Power generation	INDIA	40%	39,899	37,875	
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40%	461		
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25%	29	27	
Busan Solar Co., Ltd. (*2)	Power generation	KOREA	20%	643	546	
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25%	50	5	
Green Biomass Co., Ltd.	Power generation	KOREA	34%	714	637	
Gumi-ochang Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	288	282	
Chungbuk Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	166	159	
Cheonan Photovoltaic Power Co., Ltd. (*1)	Power generation	KOREA	10%	122	109	
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29%	2,978	2,624	

1,828,711 3,982,340

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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



KEPCO Energy Resource Nigeria Limited					
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40%	16,621	20,381
Datang Chifeng Renewable Power Co., Ltd.					
	Power generation	CHINA	40%	121,928	156,449
Datang KEPCO Chaoyang Renewable Power Co., Ltd.					
	Power generation	CHINA	40%	10,858	10,125
Rabigh Electricity Company					
	Construction of utility plant and sales of electricity	SAUDI ARABIA	40%	1,357	
Rabigh Operation & Maintenance Company					
	Maintenance of utility plant	SAUDI ARABIA	40%	70	814
Jamaica Public Service Company Limited					
	Power generation	JAMAICA	40%	301,910	293,007
KW Nuclear Components Co., Ltd.					
	R&D	KOREA	43%	833	1,222
Busan shinho Solar power Co., Ltd.					
	Power generation	KOREA	25%	2,100	2,056
STX Electric Power Co., Ltd.					
	Power generation	KOREA	49%	98,000	96,698
YEONGAM Wind Power Co., Ltd.					
	Power generation	KOREA	49%	11,584	11,563
Global Trade Of Power System Co., Ltd.					
	Exporting products and technology of small or medium sized business by proxy	KOREA	29%	290	213
Expressway Solar-light Power Generation Co., Ltd.					
	Power generation	KOREA	29%	3,132	3,132
Yeongam F1 Solar Power Plant					
	Power generation	KOREA	29%	1,740	1,673
KODE NOVUS 1 LLC.					
	Power generation	USA	50%	19,213	17,691
KODE NOVUS 2 LLC.					
	Power generation	USA	49%	12,498	11,550
Daejung Offshore Wind Power Co., Ltd.					
	Power generation	KOREA	50%	4,990	4,844
Arman Asia Electric Power Company (*6)					
	Power generation	JORDAN	60%	981	687
KEPCO-ALSTOM Power Electronics Systems, Inc. (*6)					
	R&D	KOREA	51%	5,629	5,629
Dongbu Power Dangjin Corporation					
	Power generation	KOREA	40%	40,000	40,000
Honam Wind Power Co., Ltd.					
	Power generation	KOREA	30%	1,783	1,783
				870,438	908,593

2,699,149 4,890,933

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

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

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

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

(\*3) The Group holds less than 20% of the equity shares of the entity. However, the Group can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Group has significant financial transactions with the associate which can affect its influence on the entity.

(\*4) The Group holds less than 20% of the equity shares of the entity. However, the Group has joint control on the associates by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Group's financial and operating policy of the board of directors.

(\*5) The Group holds 100% of the equity shares of the entity. However, the Government regulates the Group's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Group's other subsidiaries. The Group can exercise significant influence by its right to nominate directors to the board of directors of the entity.

(\*6) The Group holds more than 50% of the equity shares of the entity. However, according to the shareholder agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.

(\*7) As of reporting date, the reporting period end of all associates and joint ventures ends in December, except for Pioneer Gas Power Limited.

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

<i>In millions of won</i>		
<b>Investees</b>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
<b>&lt;Associates&gt;</b>		
Korea Electric Power Industrial Development Co., Ltd.	36,256	49,066
Korea Gas Corporation	997,920	1,419,390
YTN Co., Ltd.	24,660	31,770
PT. Bayan Resources TBK	579,000	625,864



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(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, 2013 and for the year ended December 31, 2012 are as follows:

*In millions of won*

Investees	June 30, 2013						Ending balance	
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others		
<b>&lt;Associates&gt;</b>								
Daegu Green Power Co., Ltd.	56,007	18,833			200	(91)	17	74,966
Korea Gas Corporation	2,049,340			(30,996)	61,924	(1,435)	2,181	2,081,014
Korea Electric Power Industrial Development Co., Ltd.	18,936			(255)	3,388		(350)	21,719
YTN Co., Ltd.	37,876			(90)	(456)	36	14	37,380
Cheongna Energy Co., Ltd.	33,379				(2,759)			30,620
Gangwon Wind Power Co., Ltd.	12,113			(1,988)	1,437			11,562
Hyundai Green Power Co., Ltd.	110,346			(8,107)	6,060		1	108,300
Korea Power Exchange	176,264				5,000		(50)	181,214
AMEC Partners Korea	141				107			248
Hyundai Energy Co., Ltd.	49,463	2,320			(14,416)		(820)	36,547
Ecollite Co., Ltd.	1,266	1,349			(199)	(556)		1,860
Taebaek Wind Power Co., Ltd.	3,728				811			4,539
Alternergy Philippine Investments Corporation	1,600	569			(395)	(32)	57	1,799
	2,711				(2)			2,709

Muju Wind Power Co., Ltd.						
Pyeongchang Wind Power Co., Ltd.	613		(11)			602
Daeryun Power Co., Ltd.	25,017				5	25,022
JinanJangsu Wind Power Co., Ltd.	78					78
Changjuk Wind Power Co., Ltd.	3,926		1,016			4,942
Commerce and industry energy Co., Ltd	7,066		(1,237)		(5,829)	
KNH Solar Co., Ltd.	1,089		169			1,258
SPC Power Corporation	36,760		7,704	1,292	(979)	44,777
Gemeng International Energy Co., Ltd.	549,730		(7,104)	47,964		590,590
PT. Cirebon Electric Power	17,022		3,468	5,775	1,638	27,903
KNOC Nigerian East Oil Co., Ltd.			188	(535)	347	
KNOC Nigerian West Oil Co., Ltd.			(669)	(446)	1,115	
Dolphin Property Limited			109	(16)	(93)	
E-Power S.A.	5,646	(1,878)	1,025	327	21	5,141
PT Wampu Electric Power	15,644		586		1,172	17,402
PT. Bayan Resources TBK	642,636		(4,013)	9,966	(562)	648,027
S-Power Co., Ltd.	81,679	26,000	67	(125)	3	107,624
Pioneer Gas Power Limited	37,875	6,755	426	(668)		44,388
Eurasia Energy Holdings			(678)	18	660	
Xe-Pian Xe-Namnoy Power Co., Ltd	27		(27)			
Busan Solar Co., Ltd.	546		(1)			545
Hadong Mineral Fiber Co., Ltd.	5					5
Green Biomass Co., Ltd.	637		(175)			462
Gumi-ochang Photovoltaic Power Co., Ltd.	282		44			326
Chungbuk Photovoltaic Power Co., Ltd.	159		13		(1)	171
Cheonan Photovoltaic Power Co., Ltd.	109		6			115
PT. Mutiara Jawa	2,624		28	110		2,762
KOSCON Photovoltaic Co., Ltd		245	(2)			243
Yeongwol Energy Station Co., Ltd		1,862				1,862
		157				157

Yeonan Photovoltaic Co., Ltd				
Q1 Solar Co., Ltd	1,005	(107)	(11)	887
Jimbhuvish Power Generation	4,345			4,345
Best Solar Energy Co., Ltd.	1,242	(217)		1,025
Seokcheon Solar Power Co., Ltd.	970	46		1,016

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(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, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

Investees	June 30, 2013						Ending balance	
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others		
SE Green Energy Co., Ltd.		3,821			(31)	(19)	3,771	
Daegu Photovoltaic Co., Ltd.		1,230			(165)		1,065	
Jeongam Wind Power Co., Ltd.		800			(107)		693	
Korea Power Engineering Service Co., Ltd.		290			193		483	
Golden Route J Solar Power Co., Ltd.		82					82	
	3,982,340	71,875		(43,314)	61,244	61,565	(1,464)	4,132,246
<b>&lt;Joint ventures&gt;</b>								
KEPCO-Uhde Inc.	10,269				(354)		3	9,918
Eco Biomass Energy Sdn. Bhd.								
Datang Chaoyang Renewable Power Co., Ltd.	28,705				(1,196)	2,465		29,974
Shuweihat Asia Power Investment B.V.		109			(22)	(9)	13	91



Shuwei hat Asia Operation & Maintenance Company	29			3		32	
Waterbury Lake Uranium L.P.	24,906			585	(2,958)	22,533	
ASM-BG Investicii AD	16,024	1,371	(200)	900		18,095	
RES Technology AD	14,637	897	(1,393)	776		14,917	
KV Holdings, Inc.	2,023		(3)	48	(12)	2,056	
KEPCO SPC Power Corporation	121,737		4,189	(847)	260	125,339	
Canada Korea Uranium Limited Partnership	5,083				98	5,181	
KEPCO Energy Resource Nigeria Limited	5,663		(85)	178		5,756	
Gansu Datang Yumen Wind Power Co., Ltd.	20,381		(669)	1,821	(71)	21,462	
Datang Chifeng Renewable Power Co., Ltd.	156,449		6,593	14,058	21	177,121	
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	10,125		122	896		11,143	
Rabigh Electricity Company (*)		108,385	6,880	19,324	(134,589)		
Rabigh Operation & Maintenance Company	814		(1,831)	3,424	203	(7)	2,603
Jamaica Public Service Company Limited	293,007		(795)	21,468	(1)	313,679	
KW Nuclear Components Co., Ltd.	1,222		(457)	1,173		1,938	
Busan shinho Solar power Co., Ltd.	2,056			497		2,553	
STX Electric Power Co., Ltd.	96,698	29,400	(352)	(142)		125,604	
YEONGAM Wind Power Co., Ltd.	11,563			22		11,585	
Global Trade Of Power System Co. , Ltd	213			9		222	
Expressway Solar-light Power Generation Co., Ltd.	3,132			136	(12)	3,256	
Yeongam F1 Solar Power Plant	1,673			166		1,839	
KODE NOVUS 1 LLC.	17,691		(2,230)	(251)	1,127	16,337	
KODE NOVUS 2 LLC.	11,550		(998)	806	(1)	11,357	
Daejung Offshore Wind Power Co., Ltd.	4,844		(261)		(201)	4,382	
Arman Asia Electric Power Company	687		(329)	(32)	69	395	
	5,629		(311)			5,318	

KEPCO-ALSTOM

Power Electronics  
Systems, Inc.

Dongbu Power Dangjin  
Corporation

40,000

(175)

39,825

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(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, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

Investees	June 30, 2013							
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss)	Others	Ending balance
Honam Wind Power Co., Ltd.	1,783	1,817			(29)	(1,272)		2,299
Seokmun Energy Co., Ltd.		680			(24)			656
	908,593	142,659		(2,288)	13,785	60,966	(136,249)	987,466
	4,890,933	214,534		(45,602)	75,029	122,531	(137,713)	5,119,712

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

*In millions of won*

Investees	December 31, 2012							
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss)	Others	Ending balance
<b>&lt;Associates&gt;</b>								
Daegu Green Power Co., Ltd.	11,621	45,060			(316)	(343)	(15)	56,007

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

Pioneer Gas Power Limited	39,899	(2,024)	37,875
Eurasia Energy Holdings	461	(461)	
Xe-Pian Xe-Namnoy Power Co., Ltd.	29	(2)	27
Busan Solar Co., Ltd.	643	(97)	546

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(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, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

Investees	December 31, 2012						Ending balance
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others	
Hadong Mineral Fiber Co., Ltd.		50			(45)		5
Green Biomass Co., Ltd.		714			(77)		637
Gumi-ochang Photovoltaic Power Co., Ltd.		288			(6)		282
Chungbuk Photovoltaic Power Co., Ltd		166			(7)		159
Cheonan Photovoltaic Power Co., Ltd		122			(13)		109
PT. Mutiara Jawa		2,978			(110)	(244)	2,624
	3,718,154	218,257		(46,124)	145,186	(43,132) (10,001)	3,982,340
<b>&lt;Joint ventures&gt;</b>							
KEPCO-Uhde Inc.	11,172				(894)	(9)	10,269
Eco Biomass Energy Sdn. Bhd.	9,783				(2,064)	1,263 (8,982)	
Datang Chaoyang Renewable	29,971			(2,479)	1,905	(1,702) 1,010	28,705

Power Co., Ltd.							
Shuweihat Asia							
Power Investment							
B.V.		114		(98)		(16)	
Shuweihat Asia							
Operation &							
Maintenance							
Company				30		(1)	29
Waterbury Lake							
Uranium L.P.	21,691	4,053			(667)	(171)	24,906
ASM-BG Investicii							
AD	14,921			2,765		(1,662)	16,024
RES Technology							
AD	14,563			1,298		(1,224)	14,637
KV Holdings, Inc.	2,044		(89)	79		(11)	2,023
Kings Plaza JV,							
LLC	8,651	(9,150)		499			
KEPCO SPC Power							
Corporation	98,943			24,591		(1,875)	78
							121,737
Canada Korea							
Uranium Limited							
Partnership	5,348			(12)		(253)	5,083
KEPCO Energy							
Resource Nigeria							
Limited	6,056			(186)		(207)	5,663
Gansu Datang							
Yumen Wind Power							
Co., Ltd.	22,368			(715)		(1,272)	20,381
Datang Chifeng							
Renewable Power							
Co., Ltd.	183,455		(22,561)	3,077		(10,225)	2,703
							156,449
Datang KEPCO							
Chaoyang							
Renewable							
Power Co., Ltd.	6,931			633		(1,488)	4,049
							10,125
Rabigh Electricity							
Company				6,143		(32,009)	25,866
Rabigh Operation &							
Maintenance							
Company	137			722		(45)	814
Jamaica Public							
Service Company							
Limited	311,750		(2,216)	3,680		46	(20,253)
							293,007
KW Nuclear							
Components Co.,							
Ltd.				1,222			1,222
Busan shinoh Solar							
power Co., Ltd.	2	2,098		(44)			2,056
STX Electric Power							
Co., Ltd.	19,416	78,400		(741)		(377)	96,698
		11,583		(20)			11,563

YEONGAM Wind Power Co., Ltd.				
Global Trade Of Power System Co., Ltd	290	(77)		213
Expressway Solar-light Power Generation Co., Ltd	3,132			3,132
Yeongam F1 Solar Power Plant	1,740	(67)		1,673
KODE NOVUS 1 LLC.	19,213	(485)	(1,037)	17,691
KODE NOVUS 2 LLC.	12,498	(189)	(759)	11,550
Daejung Offshore Wind Power Co., Ltd.	4,990	(146)		4,844
Arman Asia Electric Power Company	981	(232)	(62)	687
KEPCO-ALSTOM Power Electronics Systems, Inc.	5,629			5,629
Dongbu Power Dangjin Corporation	40,000			40,000



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(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, 2013 and for the year ended December 31, 2012 are as follows, continued:

*In millions of  
won*

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

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

*In millions of won*

Investees	June 30, 2013			Profit (loss) for the period
	Total assets	Total liabilities	Sales	
<b>&lt;Associates&gt;</b>				
Daegu Green Power Co., Ltd.	271,754	114,921	13	440
Korea Gas Corporation	40,538,120	32,030,294	20,150,161	253,165
Korea Electric Power Industrial Development Co., Ltd.	139,215	64,320	138,311	10,266
YTN Co., Ltd.	356,372	181,942	54,058	(1,330)

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Cheongna Energy Co., Ltd.	434,450	370,698	26,140	(5,681)
Gangwon Wind Power Co., Ltd.	138,030	61,279	19,256	12,448
Hyundai Green Power Co., Ltd.	1,106,844	733,811	152,269	22,572
Korea Power Exchange	204,403	23,189	41,487	8,179
AMEC Partners Korea	1,809	503	1,155	563
Hyundai Energy Co., Ltd.	534,123	456,447	11,150	(31,375)
Ecollite Co., Ltd.	8,503	3,349		(589)
Taebaek Wind Power Co., Ltd.	55,967	37,812	6,076	2,931
Alternergy Philippine Investments Corporation	3,606	8		(439)
Muju Wind Power Co., Ltd.	10,836			(6)
Pyeongchang Wind Power Co., Ltd.	2,408	1		(48)
Daeryun Power Co., Ltd.	543,093	417,275		138
JinanJangsu Wind Power Co., Ltd.	309			(1)
Changjuk Wind Power Co., Ltd.	48,370	31,897	5,717	2,962
KNH Solar Co., Ltd.	30,527	25,893	2,167	626
SPC Power Corporation	139,135	21,232	30,128	8,954
Gemeng International Energy Co., Ltd.	6,357,983	4,620,953	816,559	56,314
PT. Cirebon Electric Power	1,078,254	976,791	144,325	14,305
KNOC Nigerian East Oil Co., Ltd.	258,352	312,251		(2,032)
KNOC Nigerian West Oil Co., Ltd.	156,887	206,336		(1,708)
Dolphin Property Limited	7,702	10,238	235	(120)
E-Power S.A.	83,210	69,376	28,830	3,572
PT Wampu Electric Power	115,481	77,650	18,345	(1,585)
PT. Bayan Resources TBK	1,976,022	1,359,659	583,750	18,007
S-Power Co., Ltd.	379,667	110,937		174
Pioneer Gas Power Limited	165,452	99,528	19	19
Eurasia Energy Holdings	1,871	3,679	325	(2,838)
Xe-Pian Xe-Namnoy Power Co., Ltd.	28,081	28,493	14	(147)
Busan Solar Co., Ltd.	17,700	14,945	916	24
Hadong Mineral Fiber Co., Ltd.	15			(1)
Green Biomass Co., Ltd.	7,658	6,298		(514)
Gumi-ochang Photovoltaic Power Co., Ltd.	20,655	17,392	1,812	437

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(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-period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

Investees	June 30, 2013		Sales	Profit (loss) for the period
	Total assets	Total liabilities		
Chungbuk Photovoltaic Power Co., Ltd.	7,454	5,744	541	(113)
Cheonan Photovoltaic Power Co., Ltd.	5,676	4,523	320	(98)
PT. Mutiara Jawa	9,537	12		(26)
KOSCON Photovoltaic Co.,Ltd	12,025	11,658	44	(10)
Yeongwol Energy Station Co., Ltd	14,193	340		
Yeonan Photovoltaic Co., Ltd	247			
Q1 Solar Co., Ltd	17,697	14,530	162	(381)
Jinbhuvish Power Generation	66,915	489		
Best Solar Energy Co., Ltd.	9,705	5,249		(945)
Seokcheon Solar Power Co., Ltd.	14,606	4,161	690	475
SE Green Energy Co., Ltd.	8,203	307	1	(65)
Daegu Photovoltaic Co., Ltd.	19,870	16,282		(595)
Jeongam Wind Power Co., Ltd.	1,734	1		(267)
Korea Power Engineering Service Co., Ltd.	1,720	54	1,063	666
Golden Route J Solar Power Co., Ltd.	5,476	4,656	254	4
<b>&lt;Joint ventures&gt;</b>				
KEPCO-Uhde Inc.	16,201	1,174		(536)
Eco Biomass Energy Sdn. Bhd.	17,494	3,888		
Datang Chaoyang Renewable Power Co., Ltd.	192,136	117,201	11,074	1,750
Shuweihat Asia Power Investment B.V.	212	27		(28)
Shuweihat Asia Operation & Maintenance Company	286	229		
Waterbury Lake Uranium L.P.	64,020	401		
ASM-BG Investicii AD	108,920	72,730	7,162	249
RES Technology AD	103,324	73,491	4,628	(2,400)
KV Holdings, Inc.	5,151	12		790

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KEPCO SPC Power Corporation	551,951	355,505	85,973	6,982
Canada Korea Uranium Limited Partnership	41,636	42		
KEPCO Energy Resource Nigeria Limited	67,697	48,512		(323)
Gansu Datang Yumen Wind Power Co., Ltd.	125,840	72,360	4,922	(1,504)
Datang Chifeng Renewable Power Co., Ltd.	1,006,303	563,445	59,919	13,193
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	76,975	49,118	5,105	1,732
Rabigh Electricity Company	2,863,165	2,712,299	117,202	19,175
Rabigh Operation & Maintenance Company	14,843	8,336	13,190	8,916
Jamaica Public Service Company Limited	1,192,316	756,292	591,377	352
KW Nuclear Components Co., Ltd.	26,087	21,780	4,653	2,353
Busan shinoh Solar power Co., Ltd.	57,960	47,788	3,961	1,696
STX Electric Power Co., Ltd.	264,728	8,393		(719)
YEONGAM Wind Power Co., Ltd.	59,080	35,565	92	56
Global Trade Of Power System Co., Ltd.	911	146	1,145	53
Expressway Solar-light Power Generation Co., Ltd.	18,684	7,456	767	510
Yeongam F1 Solar Power Plant	6,358	15	556	572
KODE NOVUS 1 LLC.	127,963	104,213	1,072	(4,554)
KODE NOVUS 2 LLC.	67,054	43,875	864	(2,037)
Daejung Offshore Wind Power Co., Ltd.	8,787	6		(524)
Arman Asia Electric Power Company	494,497	493,838		(620)
KEPCO-ALSTOM Power Electronics Systems, Inc.	16,351	5,922		(550)
Dongbu Power Dangjin Corporation	94,739	742		(1,345)
Honam Wind Power Co., Ltd.	13,793	6,203		(96)
Seokmun Energy Co., Ltd.	1,933	5		(71)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(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-period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:**

*In millions of won*

Investees	December 31, 2012		Sales	Profit (loss) for the period
	Total assets	Total liabilities		
<b>&lt;Associates&gt;</b>				
Daegu Green Power Co., Ltd.	148,814	31,645	5	(707)
Korea Gas Corporation	40,631,086	32,252,753	35,714,565	366,675
Korea Electric Power Industrial Development Co., Ltd.	125,614	60,319	250,183	1,822
YTN Co., Ltd.	345,862	169,119	124,276	5,735
Cheongna Energy Co., Ltd.	446,396	376,358	31,125	(11,556)
Gangwon Wind Power Co., Ltd.	145,628	65,203	34,342	18,770
Hyundai Green Power Co., Ltd.	952,240	572,151	283,539	43,555
Korea Power Exchange	189,548	13,284	82,667	14,308
AMEC Partners Korea	1,119	375	1,045	(181)
Hyundai Energy Co., Ltd.	201,781	92,109		
Ecollite Co., Ltd.	5,283	880		(878)
Taebaek Wind Power Co., Ltd.	51,901	36,988	3,849	194
Alternergy Philippine Investments Corporation	3,207	8		(899)
Muju Wind Power Co., Ltd.	10,843			(96)
Pyeongchang Wind Power Co., Ltd.	2,455	1		(53)
Daeryun Power Co., Ltd.	366,059	240,264		(559)
JinanJangsu Wind Power Co., Ltd.	310			
Changjuk Wind Power Co., Ltd.	40,922	27,835	1,749	591
Commerce and industry energy Co., Ltd.	101,001	77,685	14,075	(4,083)
KNH Solar Co., Ltd.	30,665	26,657	1,385	(764)
SPC Power Corporation	104,886	8,150	11,851	6,131
Gemeng International Energy Co., Ltd.	5,234,058	3,617,205	1,575,590	75,650
PT. Cirebon Electric Power	1,009,607	947,711	159,655	15,462

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KNOC Nigerian East Oil Co., Ltd.	239,810	291,330		(7,636)
KNOC Nigerian West Oil Co., Ltd.	145,322	187,148		(6,704)
Dolphin Property Limited	6,264	9,415	506	(101)
E-Power S.A.	73,829	58,312	60,416	6,931
PT Wampu Electric Power	80,850	46,842		(2,549)
PT. Bayan Resources TBK	1,976,368	1,407,518	1,645,400	76,426
S-Power Co., Ltd.	205,853	1,985		(142)
Pioneer Gas Power Limited	65,000	16,371		
Eurasia Energy Holdings	3,421	3,562		(1,275)
Xe-Pian Xe-Namnoy Power Co., Ltd.	13,539	13,432		
Busan Solar Co., Ltd.	12,991	10,233	444	(492)
Hadong Mineral Fiber Co., Ltd.	19			(181)
Green Biomass Co., Ltd.	8,034	6,160		(226)
Gumi-ochang Photovoltaic Power Co., Ltd.	20,136	17,316	1,314	(60)
Chungbuk Photovoltaic Power Co., Ltd.	8,599	7,014	302	(77)
Cheonan Photovoltaic Power Co., Ltd.	6,252	5,154	173	(121)
PT. Mutiara Jawa	9,068	16		(380)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(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-period ended June 30, 2013 and as of and for the year ended December 31, 2012 are as follows, continued:

*In millions of won*

Investees	December 31, 2012			Profit (loss) for the period
	Total assets	Total liabilities	Sales	
<b>&lt;Joint ventures&gt;</b>				
KEPCO-Uhde Inc.	16,063	504		(1,354)
Eco Biomass Energy Sdn. Bhd.	17,494	3,888		
Datang Chaoyang Renewable Power Co., Ltd.	195,746	123,983	19,117	5,179
Shuweihat Asia Power Investment B.V.	65	65		(189)
Shuweihat Asia Operation & Maintenance Company	70	17		(45)
Waterbury Lake Uranium L.P.	62,885	621		
ASM-BG Investicii AD	99,485	67,437	15,453	3,551
RES Technology AD	98,036	68,762	9,428	(704)
KV Holdings, Inc.	5,057			198
KEPCO SPC Power Corporation	527,718	333,972	159,412	33,100
Canada Korea Uranium Limited Partnership	40,866	41		(10)
KEPCO Energy Resource Nigeria Limited	24,732	5,855		(898)
Gansu Datang Yumen Wind Power Co., Ltd.	125,198	74,422	9,619	(1,789)
Datang Chifeng Renewable Power Co., Ltd.	945,001	553,772	103,162	10,445
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	70,554	45,241	4,046	1,586
Rabigh Electricity Company	2,383,131	2,579,352	6,479	44,518
Rabigh Operation & Maintenance Company	4,350	2,315	9,002	1,810
Jamaica Public Service Company Limited	1,167,350	761,650	1,286,441	19,694
KW Nuclear Components Co., Ltd.	25,540	22,824	8,990	3,560
Busan shinoh Solar power Co., Ltd.	35,324	27,140		(176)
STX Electric Power Co., Ltd.	203,754	6,411		(1,490)
YEONGAM Wind Power Co., Ltd.	23,470			(58)
Global Trade Of Power System Co., Ltd.	754	20		(266)

Expressway Solar-light Power Generation Co., Ltd.	12,451	1,650		1
Yeongam F1 Solar Power Plant	55,011	49,241		(230)
KODE NOVUS 1 LLC.	122,061	95,603	166	(1,222)
KODE NOVUS 2 LLC.	87,303	63,731		(387)
Daejung Offshore Wind Power Co., Ltd.	9,750	42		(292)
Arman Asia Electric Power Company	55,119	53,973		(386)
KEPCO-ALSTOM Power Electronics Systems, Inc.	11,473	435		
Dongbu Power Dangjin Corporation	94,967	532		(3,942)
Honam Wind Power Co., Ltd.	9,112	3,243		(72)

- (5) **As of June 30, 2013, there is no unrecognized equity interest to investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses.**
- (6) **As of June 30, 2013, shareholders agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows:**

(i) Gemeng International Energy Co., Ltd.

KEPCO Shanxi International Ltd., a consolidated subsidiary of the Group, established a consortium with two other investors, Deutche Capital Hongkong Ltd. and Shanxi International Energy Group Co., Ltd. with the Group's percentage of ownership of the consortium being 34%. This consortium, in order for business in Chinese power generating industry, established Gemeng International Energy Co., Ltd., which is an associate of the Group with the Group's percentage of ownership being 34%. KEPCO Shanxi International Ltd. has entered an agreement ( Put Option ) that if Gemeng International Co., Ltd. fails to be listed within 5 years after the initial capital paid in, Deutche Capital HongKong Ltd can require KEPCO Shanxi International Ltd. to acquire or recommend 3rd party to acquire its own investment in Gemeng International Co., Ltd. at the investment principal of USD 106,861,924 with an interest of 3M Libor-0.25% during the period from July 10, 2012 to July 9, 2014. However, Put Option Extension Agreement has changed this period; June 19, 2014 to July 9, 2014, and as of June 30, 2013, the Group guarantees this Put Option agreement



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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

(ii) Eco Biomass Energy Sdn. Bhd.

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

(iii) Hyundai Energy Co., Ltd.

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

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

In addition, NH Power II Co., Ltd. and Daewoo Securities Co., Ltd. have a right, which can be exercised for 30 days from two month to one month prior to 17<sup>th</sup> year after the termination date of the contract the termination date of the contract, to sell their shares to the Group. If dividends to shareholders exceed annual revenue, the exceeding amount shall be evenly distributed to Yecheon TPL Co., Ltd. and the Company.

(iv) Taebaek Wind Power Co., Ltd.

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

(v) Pyeongchang Wind Power Co., Ltd.

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

(vi) Daeryun Power Co., Ltd.

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

(vii) Jeongam Wind Power Co., Ltd.

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

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

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

**18. Property, Plant and Equipment**

**(1) Property, plant and equipment as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

	<b>June 30, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses (*)</b>	<b>Book value</b>
Land	13,609,986	(3,134)			13,606,852
Buildings	12,278,205	(46,078)	(3,829,083)	(853)	8,402,191
Structures	50,656,714	(186,546)	(13,362,458)	(1,183)	37,106,527
Machinery	43,733,494	(105,484)	(11,687,846)	(12,390)	31,927,774
Ships	5,011		(3,409)		1,602
Vehicles	179,135	(105)	(142,437)		36,593
Equipment	821,348	(778)	(648,422)		172,148
Tools	676,276	(123)	(557,440)		118,713
Construction-in-progress	27,195,117	(84,607)			27,110,510
Finance lease assets	2,385,274		(1,586,427)		798,847
Asset retirement cost	7,774,146		(1,957,365)		5,816,781
Others	7,357,523		(5,388,688)		1,968,835

166,672,229	(426,855)	(39,163,575)	(14,426)	127,067,373
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*In millions of won***December 31, 2012**

	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses (*)</b>	<b>Book value</b>
Land	13,504,739	(3,106)			13,501,633
Buildings	12,093,805	(44,387)	(3,538,059)	(853)	8,510,506
Structures	49,877,698	(177,173)	(12,462,959)	(1,183)	37,236,383
Machinery	42,782,904	(105,112)	(10,087,349)	(11,229)	32,579,214
Ships	5,011		(3,225)		1,786
Vehicles	173,373	(128)	(136,128)		37,117
Equipment	801,679	(922)	(618,524)		182,233
Tools	659,851	(192)	(537,720)		121,939
Construction-in-progress	21,279,062	(94,676)			21,184,386
Finance lease assets	2,385,238		(1,521,561)		863,677
Asset retirement cost	7,720,913		(1,757,747)		5,963,166
Others	7,286,289		(5,092,189)		2,194,100
	158,570,562	(425,696)	(35,755,461)	(13,265)	122,376,140

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

*In millions of won*

	<b>June 30, 2013</b>					<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Others</b>	
Land	13,501,633	16,191	(21,053)		110,081	13,606,852
Buildings	8,510,506	610	(3,303)	(286,500)	180,878	8,402,191
Structures	37,236,383	275	(86,532)	(970,571)	926,972	37,106,527
Machinery	32,579,214	133,127	(52,595)	(1,631,622)	899,650	31,927,774
Ships	1,786			(183)	(1)	1,602
Vehicles	37,117	1,110	(204)	(9,042)	7,612	36,593
Equipment	182,233	24,327	(85)	(42,042)	7,715	172,148
Tools	121,939	9,753	(124)	(27,282)	14,427	118,713
Construction-in-progress	21,184,386	7,807,053	(2,972)		(1,877,957)	27,110,510
Finance lease assets	863,677		(7,456)	(69,538)	12,164	798,847
Asset retirement cost	5,963,166			(292,860)	146,475	5,816,781
Others	2,194,100	4,844	(9)	(293,194)	63,094	1,968,835
	122,376,140	7,997,290	(174,333)	(3,622,834)	491,110	127,067,373

*In millions of won*

	<b>December 31, 2012</b>					<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Others</b>	
Land	13,158,742	151,350	(3,580)		195,121	13,501,633
Buildings	8,152,423	12,350	(7,055)	(560,069)	912,857	8,510,506
Structures	36,528,004	712	(297,660)	(1,883,418)	2,888,745	37,236,383
Machinery	30,011,098	352,216	(101,987)	(3,328,844)	5,646,731	32,579,214
Ships	1,240		(6)	(294)	846	1,786
Vehicles	38,217	3,526	(49)	(16,701)	12,124	37,117
Equipment	172,458	43,291	(760)	(86,330)	53,574	182,233

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

*In millions of won*

	<b>June 30, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	536,918				536,918
Buildings	39,725	(13)	(15,836)		23,876
	576,643	(13)	(15,836)		560,794

*In millions of won*

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

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

*In millions of won*

	<b>June 30, 2013</b>						
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Impairment</b>	<b>Others</b>	<b>Ending balance</b>

Land	564,195		(27,277)	536,918
Buildings	26,028	(458)	(1,694)	23,876
	590,223	(458)	(28,971)	560,794

*In millions of won*

**December 31, 2012**

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**19. Investment Properties, Continued**

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>June 30, 2012</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>
Rental income	3,104	5,064	2,266	4,426
Operating and maintenance expenses (related to investment property which incurs rental income)	(232)	(458)	(239)	(470)
	2,872	4,606	2,027	3,956

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
Land	536,918	566,626	564,195	596,197
Buildings	23,876	24,671	26,028	26,918
	560,794	591,297	590,223	623,115

As of January 1, 2010, K-IFRS date adoption, the Group assessed the fair value of its investment property by using an independent third party. The independent third party has adequate experiences and qualifications to assess investment properties in Republic of Korea. The independent third party used benchmarking methods considering the economic value and similar other properties in the market. The fair values of the investment properties as of the reporting date were determined in consideration of the fluctuation on the publicly notified individual land price after the K-IFRS

adoption date.

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

## 20. Construction Contracts

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

*In millions of won*

		June 30, 2013		
	Beginning balance	Increase and decrease(*)	Recognized revenue	Ending balance
Nuclear power plant construction in UAE	20,359,685	1,223,924	(741,202)	20,842,407
Kazakhstan EPC and others	607,231	439,427	(252,056)	749,602
	20,966,916	1,663,351	(993,258)	21,637,009

(\*) For the six-month period ended June 30, 2013, the increased balance of contracts from new orders and other is 1,667,249 million and the decreased balance of contracts from changes in size of construction is 3,897 million.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**20. Construction Contracts, Continued**

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

*In millions of won*

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

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

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

*In millions of won*

	June 30, 2013				
	Accumulated earned revenue	Accumulated expense	Accumulated profit	Unearned advance receipts	Retention
Nuclear power plant construction in UAE	4,000,358	3,775,001	225,058		
Kazakhstan EPC and others	736,011	697,124	38,886	149	
	4,736,069	4,472,125	263,944	149	

*In millions of won*

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

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

*In millions of won*

	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Assets (*1)</b>	<b>Liabilities (*2)</b>	<b>Assets (*1)</b>	<b>Liabilities (*2)</b>
Nuclear power plant construction in UAE		541,887		464,489
Kazakhstan EPC and Others	138,225	1,228	136,760	11,085
	<b>138,225</b>	<b>543,115</b>	<b>136,760</b>	<b>475,574</b>

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

*In millions of won*

	<b>June 30, 2013</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Software	320,740	(278)	(250,100)		70,362
Licences and franchises	3,398		(2,875)		523
Copyrights, patents rights and other industrial rights	26,676		(5,877)		20,799
Mining rights	520,769		(4,983)		515,786
Development expenditures	698,908	(9,567)	(627,341)		62,000
Intangible assets under development	59,804	(12,270)			47,534
Usage rights of donated assets and other	372,145	(59)	(304,223)		67,863
Leasehold rights	19,112		(18,282)		830
Others	150,983	(1)	(61,158)	(12,436)	77,388
	2,172,535	(22,175)	(1,274,839)	(12,436)	863,085

*In millions of won*

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**21. Intangible Assets other than goodwill, Continued****(2) Changes in intangible assets for as of June 30, 2013 and December 31, 2012 are as follows:**

*In millions of won*

	<b>June 30, 2013</b>						<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Amortization</b>	<b>Impairment</b>	<b>Others</b>	
Software	83,171	6,128		(20,168)		1,231	70,362
Licences and franchises	844			(321)			523
Copyrights, patents rights and other industrial rights	16,481	472		(1,233)		5,079	20,799
Mining rights	525,806	12,921		(910)		(22,031)	515,786
Development expenditures	68,318	623		(13,564)		6,623	62,000
Intangible assets under development	37,011	17,538			(2)	(7,013)	47,534
Usage rights of donated assets and other	72,279			(4,393)		(23)	67,863
Leasehold rights	847			(17)			830
Others	79,057	1,407	(16)	(3,438)		378	77,388
	883,814	39,089	(16)	(44,044)	(2)	(15,756)	863,085

*In millions of won*

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

Intangible assets under  
development

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



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Type	Description	June 30, 2013		Remaining useful years
		Currency	Amount	
Software				5 months ~
	ERP system and others	KRW	11,453	2 years and 8 months
Copyrights, patents rights and other industrial rights	Smart technology verification and standard design project conducting right	KRW	9,000	4 years and 6 months
Mining rights	Mining right of Bylong mine	AUD	401,225	
Development expenditures	Development of manufacturing technology Zircaloy tube	KRW	1,230	6 months
Development expenditures	KOSPO Evolutionary Efficient & Powerful System(KEEPS)	KRW	10,010	4 years
Development expenditures	Development of maintenance system for utility plant	KRW	2,148	4 years and 5 months
Intangible assets under development	Contributions to APR NRC DC	KRW	18,252	
Intangible assets under development	CHF testing for best representative of HIPER/X2-Gen Fuel and development of best explanatory CHF correlation	KRW	6,388	
Usage rights of donated assets	Songdo international business district(sector 1, 3) sharing charge	KRW	6,602	4 years and 4 months
Usage rights of donated assets	Dangjin power plant load facility usage right	KRW	48,796	7 years and 9 months
Others	Shingwangju electricity supply facility usage right	KRW	3,978	5 years and 11 months
Others	Sillim electricity supply facility usage right	KRW	3,759	8 years and 5 months



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

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**21. Intangible Assets other than goodwill, Continued****(4) Significant specific intangible assets as of June 2013 and December 31, 2012 are as follows, continued:***In millions of won and thousands of Australian dollar***December 31, 2012**

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

**(5) For the six-month periods ended June 30, 2013 and 2012, the Group recognized research and development expenses of 237,769 million and 232,345 million, respectively.****22. Trade and Other Payables****Trade and other payables as of June 30, 2013 and the December 31, 2012 are as follows**

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Trade payables	3,167,682		3,282,240	
Other payables	1,684,471	3,211,487	1,552,780	3,147,010
Accrued expenses	1,577,208	1,989	1,395,274	1,700
Leasehold deposits received	1,633		1,627	
Other deposits received	85,006	88,241	63,104	83,376
Finance lease liabilities	121,160	825,112	121,804	885,365
Dividends payable	1,556		1,605	
Others	44	46,996	30	56,240
	6,638,760	4,173,825	6,418,464	4,173,691

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
<b>Current liabilities</b>		
Short-term borrowings	3,149,353	689,310
Current portion of long-term borrowings	699,436	1,528,237
Current portion of debt securities	5,990,327	5,480,331
Less: Current portion of discount on long-term borrowings	(1,431)	(1,586)
Less: Current portion of discount on debt securities	(10,481)	(1,611)
	<b>9,827,204</b>	<b>7,694,681</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,040,578	4,695,358
Debt securities	44,310,514	40,944,992
Less : Discount on long-term borrowings	(21,926)	(20,423)
Less : Discount on debt securities	(90,793)	(95,199)
	<b>49,238,373</b>	<b>45,524,728</b>
	<b>59,065,577</b>	<b>53,219,409</b>

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

<i>In millions of won</i>			<b>June 30, 2013</b>
<b>Type</b>	<b>Creditor</b>	<b>Interest rate (%)</b>	
	Korea Exchange Bank and Others	2.61 ~ 2.80	1,833,665

Local short-term borrowings			
Foreign short-term borrowings	RBS and others	0.54 ~ 6.50	1,315,688
			3,149,353

*In millions of won*

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

		<b>June 30, 2013</b>			
	<b>Type</b>	<b>Interest rate (%)</b>		<b>Maturity</b>	<b>Foreign currency      Local currency</b>
<b>Local long-term borrowings</b>					
Korea Development Bank	Others	0.50		2013 ~ 2044	\$ 9,024
	Facility	4.60		2028	29,500
	Facility	3yr KTB rate	1.25	2027	9,000
Korea Exchange Bank	Commercial Paper	3M CD + 0.03 ~ 0.54		2013 ~ 2016	1,600,000
	Facility	3yr KTB rate 1.25		2013 ~ 2021	5,489
	Facility	4.60		2028	13,500
	Energy rationalization	3yr KTB rate 1.25		2019	1,150
	Others	2.75		2014	5,200
Korea Industrial Bank	Development of power resources	4.00		2016	14,200
	Development of power resources	3yr KTB rate 1.25		2016	12,000
Kookmin Bank	Development of power resources	4.00		2015	12,540
Hana Bank	Development of power resources	4.00		2014	8,000
	Development of power resources	3yr KTB rate 1.25		2014	12,300
	PF Refinancing	CD+1.7%		2015	20,625
	PF Refinancing	4.80		2015	11,991
Export-Import Bank of Korea	Project loans	2.00		2026	38,300
Korea Finance Corporation	Facility	1yr KoFC bond rate + 0.20 ~ 0.31		2017 ~ 2019	2,300,000
	Development of power resources			2013 ~ 2027	74,377

Korea Resources Corporation		3yr KTB rate 2.25		
	Facility	0.75 ~ 1.75	2013 ~ 2023	5,510
	Project loans			13,122
Shinhan Bank and others		3yr AA- CB rate + 1.10	2028	33,800
Woori Bank	PF Refinancing	CD+1.7%	2015	20,625
	PF Refinancing	4.80	2015	11,991
Others	Facility	4.60 ~ 5.80	2025 ~ 2028	115,100
	PF Refinancing	4.80	2015	17,267
		3yr KTB rate		
	Others	2.25	2023 ~ 2028	3,679
				4,398,290



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

		<b>June 30, 2013</b>			<b>Foreign</b>	<b>Local</b>
<b>Type</b>		<b>Interest rate</b>	<b>Maturity</b>		<b>currency</b>	<b>currency</b>
		<b>(%)</b>				
<b>Foreign long-term borrowings</b>						
Korea National Oil Corporation	Project loans			USD	8,784	10,100
Export-Import Bank of US and others	Project loans	4.48~7.27	2014	USD	16,802	19,318
JBIC	Project Loan	6M Libor + 0.012	2014	USD	20,638	23,727
Export-Import Bank of Korea and others	Direct loans and others	3M Libor + 2.60 ~ 3.70	2027	JOD	208,542	338,836
	Commercial Loan and others	3M Libor+1.50 ~ 2.30	2030 ~ 2033	USD	260,960	300,026
XIP	Share holder s and others	8.00	2031	JOD	8,498	13,808
PT PJB	Share holder s loan	12.75	2017	IDR	29,028,090	3,361
Techint	Share holder s loan	5.00	2033	USD	28	32
Others		USD 3M Libor				
	Others	+1.63	2013	USD	170,609	181,741
	Facility and others	5.00 ~ 8.00	2019 ~ 2031	USD	11,713	8,472
						899,421
<b>Syndicated Loan</b>						
HSBC and others		3M Libor +				
	Syndicated loan	0.27 ~ 1.50	2014 ~ 2017	USD	384,712	442,303
						442,303

	5,740,014
Less : Discount of long-term borrowings	(23,357)
Less : Current portion of long-term borrowings	(699,436)
Add : Current portion of discount of long-term borrowings	1,431
	5,018,652

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

Korea Finance Corporation		1yr KoFC bond rate + 0.08 ~		
	Facility	0.31	2017 ~ 2019	2,300,000
Korea Resources Corporation		3yr KTB rate		
	Development of power resources	2.25	2013 ~ 2027	67,651
Project loans				8,677
Others		3yr KTB rate		
	Others	2.25	2023 ~ 2025	3,754
				4,687,211

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

Less : Current portion of long-term borrowings	(1,528,237)
Add : Current portion of discount of long-term borrowings	1,586
	4,674,935

**(4) Local debt securities as of June 30, 2013 and December 31, 2012 are as follows:***In millions of won*

	Issue date	Maturity	Interest rate (%)	June 30, 2013	December 31, 2012
Electricity Bonds	2003.06.18 ~ 2013.06.28	2013.04.24 ~ 2032.08.20	2.77 ~ 7.19	26,210,000	25,590,000
Electricity Bonds	2010.05.28 ~ 2013.06.25	2015.05.28 ~ 2018.06.25	0.25 ~ 1.05	1,160,000	1,010,000
Corporate Bonds	2008.04.11 ~ 2013.06.25	2013.04.11 ~ 2040.12.10	2.60 ~ 7.55	13,310,010	10,080,010
				40,680,010	36,680,010
Less : Discount on local debt securities				(35,255)	(29,436)
Less : Current portion of local debt securities				(4,380,000)	(3,980,000)
Add : Current portion of discount on local debt securities				1,245	814
				36,266,000	32,671,388

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Type	Issue date	Maturity	Interest rate (%)	June 30, 2013	December 31, 2012
FY-93	1993.04.14	2013.04.14	7.75		374,885
FY-96	1996.04.01 ~ 1996.12.06	2026.12.06 ~ 2096.04.01	6.00 ~ 8.37	1,437,552	268,589
FY-97	1997.01.31 ~ 1997.08.04	2027.01.31 ~ 2027.08.04	6.75 ~ 7.00	361,830	337,093
FY-03	2003.06.26	2013.06.26	4.75		160,665
FY-04(*)	2004.04.21 ~ 2004.07.21	2014.07.21 ~ 2034.04.21	5.13 ~ 5.75	517,365	481,995
FY-06	2006.03.14 ~ 2006.09.29	2016.03.14 ~ 2016.09.29	4.81 ~ 6.00	747,305	696,215
FY-08	2008.04.18 ~ 2008.11.27	2013.04.18 ~ 2018.11.27	4.19 ~ 5.38	233,430	892,160
FY-09	2009.06.17 ~ 2009.07.21	2014.06.17 ~ 2014.07.21	5.50 ~ 6.25	574,850	1,606,650
FY-10	2010.09.16 ~ 2010.10.05	2015.09.16 ~ 2015.10.05	3.00 ~ 3.13	1,379,640	1,285,320
FY-10	2010.04.15 ~ 2010.11.18	2013.04.15 ~ 2015.11.18	3M USD Libor+0.80~1.64	287,425	589,105
FY-11	2011.07.13 ~ 2011.07.29	2017.01.29 ~ 2021.07.13	3.63 ~ 4.75	919,760	856,880
FY-11	2011.02.18 ~ 2011.04.15	2014.04.15 ~ 2014.09.17	3M USD Libor+0.80~1.00	344,910	321,330
FY-12	2012.05.10 ~ 2012.09.19	2017.05.10 ~ 2022.09.19	2.50 ~ 3.83	2,011,975	1,874,426
FY-13	2013.02.05 ~ 2013.03.05	2018.02.05 ~ 2018.03.05	3M USD Libor+0.84~1.88	459,880	
FY-13	2013.02.05 ~ 2013.03.05	2018.02.05 ~ 2018.03.05	1.88	344,909	
				9,620,831	9,745,313
Less : Discount on foreign debt securities				(66,019)	(67,374)
Less : Current portion of foreign debt securities				(1,610,327)	(1,500,331)
Add : Current portion of discount on foreign debt securities				9,236	797
				7,953,721	8,178,405

(\*)

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

## 24. Finance Lease Liabilities

### (1) Lease contracts

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

### (2) Finance lease liabilities as of June 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Minimum lease payments</b>	<b>Present value of minimum lease payments</b>	<b>Minimum lease payments</b>	<b>Present value of minimum lease payments</b>
Less than 1 year	214,504	121,160	221,381	121,804
1 ~ 5 years	728,345	529,808	744,702	542,688
More than 5 years	468,819	295,304	556,276	342,677
	1,411,668	946,272	1,522,359	1,007,169



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**24. Finance Lease Liabilities, Continued**

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Current finance lease liabilities	121,160	121,804
Non-current finance lease liabilities	825,112	885,365
	946,272	1,007,169

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>June 30, 2012</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	64,957	134,677	68,242	139,638
Contingent rent payment	(3,660)	(7,714)	(2,477)	(5,074)
	61,297	126,963	65,765	134,564

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

**25. Employment Benefits**

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

	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Discount rate	3.71% ~ 4.12%	3.51% ~ 3.58%
Future salary and benefit levels	1.77% ~ 9.40%	1.80% ~ 15.30%

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

	<b>June 30, 2013</b>		<b>June 30, 2012</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>
Current service cost	85,917	170,077	75,762	149,937
Interest cost	23,615	47,907	25,131	50,126
Expected return on plan assets	(4,204)	(7,634)	(4,804)	(10,161)
Others			(7)	(8)
	105,328	210,350	96,082	189,894

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

For the six-month periods ended June 30, 2013 and 2012, the expense relating to defined benefit plans of 150,262 million and 158,135 million, respectively, is recognized as cost of sales, and 36,683 and 35,543 million, respectively, is recognized as selling and administrative expenses, and 23,405 million and 19,018 million, respectively, is recognized as others (eg. Construction in-progress and others).

In addition, for the six-month periods ended June 30, 2013 and 2012, employee benefit obligations expenses of 19,869 and 21,089 million, respectively, is recognized as cost of sales, and 2,478 and 2,265 million, respectively, is recognized as selling and administrative expenses, and 5,906 and 5,555 million, respectively relates to the Group's defined contribution plans.

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Present value of defined benefit obligation from funded plans	2,664,532	2,540,264
Fair value of plan assets	(476,805)	(472,342)
	<b>2,187,717</b>	<b>2,067,922</b>
Present value of defined benefit obligation from unfunded plans	219	1,943
Net employee benefits obligation from defined benefit plans	<b>2,187,946</b>	<b>2,069,865</b>

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	2,542,207	2,328,518
Current service cost	170,077	325,016
Interest cost	47,907	99,473
Actuarial losses	(33,769)	75,697
Actual payments	(61,195)	(286,501)
Others	(476)	4
<b>Ending balance</b>	<b>2,664,751</b>	<b>2,542,207</b>

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**25. Employment Benefits, Continued**

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	472,342	459,342
Expected return	7,634	19,600
Actuarial gains (losses)	1,011	(1,136)
Contributions by the employers	2,511	94,763
Actual payments	(6,693)	(100,227)
Ending balance	476,805	472,342

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Equity instruments	61,372	58,972
Debt instruments	114,029	93,812
Bank deposit	102,202	109,800
Others	199,202	209,758
	476,805	472,342

For the six-month period ended June 30, 2013 and for the year ended December 31, 2012, actual returns on plan assets are amounted to 8,482 million and 18,464 million, respectively.

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Other long-term employee benefit obligations	75,891	74,469
	75,891	74,469

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Litigation		22,870		26,697
Litigation provisions		22,870		26,697
Decommissioning cost		12,375,095		12,133,393
Nuclear plants		9,675,178		9,462,723
Spent fuel		1,225,832		1,207,842
Waste		1,253,461		1,242,396
PCBs		219,845		219,669
Other recovery provisions		779		763
Others	325,866	9,906	158,303	10,716
Power plant regional support program	115,558		106,763	
Provisions for tax		1,256	2,644	1,256
Provisions for financial guarantee		8,077		9,086
Provisions for RPS	209,927		48,795	
Others	381	573	101	374
	325,866	12,407,871	158,303	12,170,806

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

<i>In millions of won</i>	<b>Beginning balance</b>	<b>Liabilities incurred</b>	<b>June 30, 2013</b>				<b>Ending balance</b>
			<b>Accretion expenses</b>	<b>Payment</b>	<b>Reversal</b>	<b>Other</b>	
Litigation	26,697	9,310	596	(3,169)	(10,564)	22,870	

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Litigation provisions	26,697	9,310	596	(3,169)	(10,564)		22,870
Decommissioning cost	12,133,393	209,856	220,352	(188,611)		105	12,375,095
Nuclear plants	9,462,723		212,455				9,675,178
Spent fuel	1,207,842	199,999		(182,009)			1,225,832
Waste	1,242,396	9,841	2,124	(1,005)		105	1,253,461
PCBs	219,669		5,773	(5,597)			219,845
Other recovery provisions	763	16					779
Others	169,019	86,890	114,621	(40,759)	(1,018)	7,019	335,772
Power plant regional support program	106,763		22,669	(19,495)		5,621	115,558
Provisions for tax	3,900			(2,644)			1,256
Provisions for financial guarantee	9,086				(1,009)		8,077
Provisions for RPS	48,795	86,890	91,711	(18,601)		1,132	209,927
Others	475		241	(19)	(9)	266	954
	12,329,109	306,056	335,569	(232,539)	(11,582)	7,124	12,733,737



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Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**26. Provisions, Continued**

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

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

**27. Deferred Revenues**

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Deferred revenue	304,930	5,877,932	293,792	5,737,519

**28. Non-Financial Liabilities**

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Advance received	3,941,823	609,648	3,095,628	407,819
Unearned revenue	25,312	119,328	31,660	130,426
Deferred revenue	304,930	5,877,932	293,792	5,737,519
Withholdings	221,314	46,816	254,700	3,886
Others	432,913	18,958	441,660	19,000
	4,926,292	6,672,682	4,117,440	6,298,650

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

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**June 30, 2013**

(Unaudited)

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

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

*In millions of won except share information*

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

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

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

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

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Legal reserve (*)	1,603,919	1,603,919
Voluntary reserves	22,753,161	25,961,315
Retained earnings before appropriations	6,753,442	4,999,049
Retained earnings	31,110,522	32,564,283

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Reserve for investment on social overhead capital	5,277,449	5,277,449
Reserve for research and human development(*)	330,000	330,000
Reserve for business expansion	16,935,712	20,143,866
Reserve for equalizing dividends	210,000	210,000
	<b>22,753,161</b>	<b>25,961,315</b>

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

**(3) Changes in retained earnings for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	32,564,283	35,769,094
Net loss for the period attributed to owner of the Company	(1,480,519)	(3,166,616)
Changes in equity method retained earnings	47	(846)
Actuarial profits (losses)	26,711	(37,349)
Ending balance	<b>31,110,522</b>	<b>32,564,283</b>

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

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	(7,904)	(7,058)
Changes	38	(1,155)
Income tax effect	9	309
Ending balance	(7,857)	(7,904)

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Beginning balance	(76,088)	(230,548)
Changes	27,498	(71,399)
Income tax effect	(787)	34,050
Transfer to reserve for business expansion		191,809
Ending balance	(49,377)	(76,088)

**31. Other Components of Equity**

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Other capital surpluses	694,423	705,448
Accumulated other comprehensive income	253,263	11,957
Treasury stocks	(741,489)	(741,489)
Other equity	13,294,990	13,294,990
	<b>13,501,187</b>	<b>13,270,906</b>

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Gains on disposal of</b>		<b>Gains on disposal of</b>	
	<b>treasury stocks</b>	<b>Others</b>	<b>treasury stocks</b>	<b>Others</b>
Beginning balance	303,028	402,420	303,028	336,000
Disposal of subsidiary		(11,025)		87,624
Income tax effect				(21,204)
Ending balance	303,028	391,395	303,028	402,420



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

- (3) **Changes in accumulated other comprehensive income (loss) for the six-month period ended June 30, 2013 and for the year ended December 31, 2012 are as follows:**

*In millions of won*

	2013			
	Available-for-sale financial asset valuation reserve	Share in other comprehensive income of investments in associates and joint ventures	Reserve for overseas operations translation credit	Reserve for gains(loss) on valuation of derivatives
Beginning balance	(23,929)	143,558	(70,107)	(37,565)
Changes in the unrealized fair value of available-for-sale financial assets, net of tax	93,273			
Share in other comprehensive income of associates and joint ventures, net of tax		109,805		
Foreign currency translation of foreign operations, net of tax			74,067	
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax				(35,839)
Ending balance	69,344	253,363	3,960	(73,404)

*In millions of won*

	2012			
	Available-for-sale financial	Share in other	Reserve for overseas operations	Reserve for gains(loss)

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**32. Sales**

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

*In millions of won*

	<b>June 30, 2013</b>			
	<b>Domestic</b>		<b>Overseas</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>
Sales of goods	10,873,457	24,052,635	65,050	120,231
Electricity	10,802,110	23,723,288		
Heat supply	33,190	161,831		
Others	38,157	167,516	65,050	120,231
Sales of service	37,509	84,825	32,823	65,879
Sales of construction services	74,000	98,087	513,478	895,171
Revenue related to transfer of assets from customers	79,947	158,534		
	11,064,913	24,394,081	611,351	1,081,281

*In millions of won*

	<b>June 30, 2012</b>			
	<b>Domestic</b>		<b>Overseas</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>
Sales of goods	9,464,226	21,691,279	59,123	115,623
Electricity	9,316,096	21,331,425		
Heat supply	24,119	135,460		
Others	124,011	224,394	59,123	115,623
Sales of service	57,405	102,869	32,830	66,896
Sales of construction services	25,629	45,224	359,569	843,196
Revenue related to transfer of assets from customers	73,443	147,631		

9,620,703	21,987,003	451,522	1,025,715
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**33. Selling and Administrative Expenses**

Selling and administrative expenses for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>June 30, 2012</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	109,179	265,807	135,663	269,313
Retirement benefit expense	19,126	39,161	18,287	35,543
Welfare and benefit expense	24,687	47,772	29,551	50,656
Insurance expense	1,833	3,728	1,075	2,090
Depreciation	17,166	33,779	11,537	22,498
Amortization of intangible assets	12,432	25,067	12,705	26,878
Bad debt expense	12,165	9,857	15,447	16,989
Commission	144,704	257,789	135,798	250,329
Advertising expense	5,857	12,813	6,110	11,187
Training expense	801	2,275	1,510	2,572
Vehicle maintenance expense	3,176	6,262	2,977	6,120
Publishing expense	871	1,644	616	1,331
Business promotion expense	929	1,844	736	1,637
Rent expense	7,682	16,322	8,476	16,418
Telecommunication expense	6,681	12,986	5,951	11,493
Transportation expense	85	178	115	245
Taxes and dues	5,137	9,634	4,463	9,311
Expendable supplies expense	1,111	2,117	1,276	2,566
Water, light and heating expense	2,376	5,246	2,629	5,177
Repairs and maintenance expense	6,048	8,442	3,060	5,226
Ordinary development expense	34,385	71,261	26,245	55,707
Travel expense	3,614	7,209	3,134	6,093
Clothing expense	1,733	1,754	1,522	1,541
Survey and analysis expense	174	293	225	398
Membership fee	241	543	98	327
Others	23,752	43,806	20,560	39,267

445,945	887,589	449,766	850,912
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**33. Other Income and Expense****(1) Other income for the three and six-month periods ended June 30, 2013 and 2012 are as follows :***In millions of won*

	June 30, 2013		June 30, 2012	
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
Reversal of other provisions	10,212	10,364		837
Reversal of allowance for doubtful accounts	1,142	1,142	3,749	3,749
Gains on assets contributed	36	70	793	815
Gains on liabilities exempted			595	603
Compensation and reparations revenue	10,571	33,943	36,719	64,957
Gains on electricity infrastructure development fund	7,268	17,732	8,918	17,210
Revenue from research contracts		667	1,940	3,459
Rental income	50,837	98,251	46,497	91,843
Others	8,530	14,486	4,061	20,969
	88,596	176,655	103,272	204,442

**34. Other Income and Expense****(2) Other expense the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In millions of won*

	2013		2012	
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended

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Accretion expenses of other provisions	241	276	32	71
Depreciation expenses on investment properties	232	458	239	470
Depreciation expenses on idle assets	1,659	3,317	1,655	3,307
Other bad debt expense		5,576		
Donations	2,473	9,796	2,735	16,334
Others	4,328	6,723	12,811	19,227
	8,933	26,146	17,472	39,409



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**35. Other Profit**

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

*In millions of won*

	June 30, 2013		June 30, 2012	
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
Other profit				
Gains on disposal of property plant, and equipment	9,434	22,180	9,646	18,789
Gains on disposal of other non-current assets				584
Reversal of impairment loss on intangible assets				2
Gains on foreign currency translation	1,072	2,422	9,385	5,404
Gains on foreign currency transaction	18,115	29,250	6,616	32,810
Insurance proceeds	1,632	1,632		5,375
Others	35,546	90,036	48,817	95,690
Other loss				
Losses on disposal of property plant and equipment	(13,086)	(24,308)	(18,035)	(22,595)
Losses on disposal of intangible assets			(5)	(8)
Impairment loss on property, plant and equipment		(1,161)		
Impairment loss on intangible assets		(2)	(18)	(18)
Losses on foreign currency translation	(4,552)	(10,017)		(2,119)
Losses on foreign currency transaction	(23,718)	(46,175)	(32,023)	(40,942)
Others	(17,798)	(24,329)	(6,196)	(17,600)
	6,645	39,528	18,187	75,372

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

*In millions of won*

	June 30, 2013		June 30, 2012	
	Three- month period ended	Six- month period ended	Three- month period ended	Six- month period ended
Interest income	46,536	97,198	47,665	89,048
Dividends income	423	9,784	16,716	23,277
Gains on disposal of financial assets				189
Gains on valuation of derivatives	158,727	462,978	115,891	109,636
Gains on transaction of derivatives	64,877	104,571	25,756	30,178
Gains on foreign currency translation	20,931	44,573		18,153
Gains on foreign currency transaction	1,801	9,040	16,031	35,333
	293,295	728,144	222,059	305,814

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

*In millions of won*

	June 30, 2013		June 30, 2012	
	Three- month period ended	Six- month period ended	Three- month period ended	Six- month period ended
Cash and cash equivalents	18,842	40,846	22,585	38,019
Held-to-maturity investments	16	31	18	35
Available-for-sale financial assets	283	810		
Loans and receivables	6,695	21,190	16,336	30,311
Trade and other receivables	20,700	34,321	8,726	20,683

46,536	97,198	47,665	89,048
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>June 30, 2012</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>
Interest expense	600,324	1,195,607	574,754	1,136,058
Impairment of available-for-sale financial assets	10,673	10,673		
Losses on valuation of derivatives	5,152	20,406		29,127
Losses on transaction of derivatives	18,559	43,456	7,064	24,682
Losses on foreign currency translation	324,000	729,549	129,206	24,183
Losses on foreign currency transaction	65,116	83,676	3,131	11,436
	1,023,824	2,083,367	714,155	1,225,486

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>June 30, 2012</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>
Trade and other payables	26,188	52,410	31,076	60,493
Short-term borrowings	13,486	21,296	16,136	28,058
Long-term borrowings	48,895	103,551	56,474	107,265
Debt securities	556,082	1,091,410	541,389	1,047,617

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Other financial liabilities	141,600	282,325	95,300	194,428
	786,251	1,550,992	740,375	1,437,861
Less: Capitalized borrowing costs	(185,926)	(355,385)	(165,621)	(301,803)
	600,325	1,195,607	574,754	1,136,058

Capitalization rates for the six-month periods ended June 30, 2013 and 2012 are 3.82% ~ 4.62% and 3.10% ~ 5.00%, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

*In millions of won*

	<b>2013</b>	<b>2012</b>
<b>Current income tax expense</b>		
Payment of income tax	514,394	165,827
Adjustment recognized in the period for current tax of prior period	(25,488)	(11,566)
Current income tax directly recognized in equity	(30,658)	63,789
Change in tax reserve for uncertain tax position		77
	458,248	218,127
<b>Deferred income tax expense</b>		
Generation and realization of temporary differences	(75,265)	(2,515)
Reclassified from equity to loss		(1,130)
Recognition of unrecognized tax losses in the past, tax credit and temporary differences prior to prior period	80,225	321,519
Changes in deferred tax on tax losses incurred in the period	(556,855)	(1,065,726)
Tax credit carry forwards	(12,083)	
Changes in tax rates or tax laws		(639)
	(563,978)	(748,491)
<b>Income tax expense</b>	<b>(105,730)</b>	<b>(530,364)</b>

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

*In millions of won*

	<b>2013</b>	<b>2012</b>
Loss before income tax expense (benefits)	(1,530,158)	(2,808,356)
Income tax expense (benefits) computed at applicable tax rate (tax rate: 24.2%)	(370,298)	(679,622)
<b>Adjustments:</b>		
Additional payment of income taxes and income tax refunds	(31,238)	(17,805)
Effect of applying gradual tax rate	(726)	(673)
Effect of non-taxable revenue	(103,722)	(172,879)
Effect of non-deductible expenses	3,348	3,813
Effects of tax credits and deduction	(21,080)	(14,974)
Recognition of unrecognized tax losses in the past, tax credit, and temporary differences prior to prior period	77,796	(31,623)
Investment in subsidiaries and associates	328,648	415,458
Others, net	11,542	(32,059)
	264,568	149,258
<b>Income tax expense</b>	<b>(105,730)</b>	<b>(530,364)</b>
Average effective tax rate	6.9%	18.9%

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

- (3) **Deferred income tax directly adjusted to shareholders' equity (except for accumulated other comprehensive income) for the six-month period ended June 30, 2013 is as follows:**

<i>In millions of won</i>	<b>2013</b>
Dividends of hybrid securities	2,612

- (4) **Income tax recognized as accumulated other comprehensive income for the six-month period ended June 30, 2013 is as follows:**

<i>In millions of won</i>	<b>2013</b>
Income tax recognized as accumulated other comprehensive income	
Gains (losses) on valuation of available-for-sale financial assets	(21,973)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	40,239
Actuarial losses on employee benefit obligations	(9,121)
Investments in associates	(42,416)
	(33,271)



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

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

*In millions of won*

	Beginning balance	Amounts recognized in profit or loss	June 30, 2013 Amount recognized in other comprehensive income	Amounts recognized directly in equity	Ending balance
<b>Deferred income tax on temporary differences</b>					
Employee benefits	547,115	33,082	(9,121)		571,076
Cash flow hedge	(11,364)	(13,518)	40,239		15,357
Investments in associates or subsidiaries	(5,273,904)	(339,184)	(42,416)		(5,655,504)
Property, plant and equipment	(6,326,201)	25,926			(6,300,275)
Finance lease	(159,957)	1,149			(158,808)
Intangible assets	8,534	4,798			13,332
Financial assets at fair value through profit or loss	30,148	9,070			39,218
Available-for-sale financial assets	(73,867)	110,259	(21,973)		14,419
Deferred revenue	43,752	(979)			42,773
Provisions	3,003,489	83,432			3,086,921
Doubtful receivables	59	(5,111)			(5,052)
Other finance liabilities	10,794	(12,856)		2,612	550
Gains (losses) on foreign exchange translation	6,017	2,233			8,250
Allowance for doubtful accounts	(85)	23			(62)
Accrued income	(1,341)	8			(1,333)
Special deduction	(194,925)	86,720			(108,205)
Impairment of non-current assets					
Reserve for research and human development	(40,485)				(40,485)

Reserve for investment on social  
overhead capital

Others	398,870	191,659			590,529
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	(8,033,351)	176,711	(33,271)	2,612	(7,887,299)
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**Deferred income tax on unused tax  
losses and tax credit**

Tax losses	2,696,165	410,541			3,106,706
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Tax credit	97,196	11,732			108,928
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Others	16,481	(4,347)			12,134
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	2,809,842	417,926			3,227,768
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	(5,223,509)	594,637	(33,271)	2,612	(4,659,531)
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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

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

*In millions of won*

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

Reserve for investment on social overhead capital					
Others	286,400	109,347	3,123		398,870
	(7,938,939)	(130,587)	57,379	(21,204)	(8,033,351)

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

Tax losses	1,489,803	1,206,362			2,696,165
Tax credit	32,480	64,716			97,196
Others	2,355	14,126			16,481
	1,524,638	1,285,204			2,809,842
	(6,414,301)	1,154,618	57,379	(21,205)	(5,223,509)

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Deferred income tax asset	389,407	209,783
Deferred income tax liabilities	(5,048,938)	(5,433,292)
	(4,659,531)	(5,223,509)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**38. Income Tax Expense, Continued**

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Deductible temporary differences	1,108,324	300,517
Tax losses	2,883,385	2,883,385
	<b>3,991,709</b>	<b>3,183,902</b>

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Tax losses</b>	<b>Tax credits carryback</b>	<b>Tax losses</b>	<b>Tax credits carryback</b>
Less than 1 year	2,883,385		2,883,385	
1 ~ 2 years				
2 ~ 3 years				
More than 3 years	1,108,324	421	300,517	
	<b>3,991,709</b>	<b>421</b>	<b>3,183,902</b>	

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**39. Expenses Classified by Nature**

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

<i>In millions of won</i>	<b>2013</b>		
	<b>Selling and administrative expenses</b>	<b>Cost of sales</b>	<b>Total</b>
Raw materials used		11,938,129	11,938,129
Salaries	265,807	1,277,590	1,543,397
Retirement benefit expense	39,161	170,131	209,292
Welfare and benefit expense	47,772	184,357	232,129
Insurance expense	3,728	30,260	33,988
Depreciation	33,779	3,585,280	3,619,059
Amortization of intangible assets	25,067	18,977	44,044
Bad debt expense	9,857		9,857
Commission	257,789	144,946	402,735
Advertising expense	12,813	2,967	15,780
Training expense	2,275	3,629	5,904
Vehicle maintenance expense	6,262	4,675	10,937
Publishing expense	1,644	1,869	3,513
Business promotion expense	1,844	2,144	3,988
Rent expense	16,322	45,324	61,646
Telecommunication expense	12,986	34,702	47,688
Transportation expense	178	1,857	2,035
Taxes and dues	9,634	72,511	82,145
Expendable supplies expense	2,117	11,503	13,620
Water, light and heating expense	5,246	13,877	19,123
Repairs and maintenance expense	8,442	828,366	836,808
Ordinary development expense	71,261	166,508	237,769
Travel expense	7,209	23,163	30,372
Clothing expense	1,754	1,028	2,782
Survey and analysis expense	293	1,124	1,417
Membership fee	543	4,545	5,088
Power purchase and others	43,806	6,454,689	6,498,495

887,589      25,024,151      25,911,740

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

<i>In millions of won</i>	<b>2012</b>		
	<b>Selling and administrative expenses</b>	<b>Cost of sales</b>	<b>Total</b>
Raw materials used		12,228,073	12,228,073
Salaries	269,313	1,274,482	1,543,795
Retirement benefit expense	35,543	158,135	193,678
Welfare and benefit expense	50,656	188,426	239,082
Insurance expense	2,090	22,436	24,526
Depreciation	22,498	3,407,015	3,429,513
Amortization of intangible assets	26,878	18,611	45,489
Bad debt expense	16,989		16,989
Commission	250,329	161,002	411,331
Advertising expense	11,187	3,126	14,313
Training expense	2,572	3,416	5,988
Vehicle maintenance expense	6,120	5,018	11,138
Publishing expense	1,331	1,792	3,123
Business promotion expense	1,637	2,022	3,659
Rent expense	16,418	44,133	60,551
Telecommunication expense	11,493	32,472	43,965
Transportation expense	245	1,839	2,084
Taxes and dues	9,311	69,159	78,470
Expendable supplies expense	2,566	11,148	13,714
Water, light and heating expense	5,177	12,235	17,412
Repairs and maintenance expense	5,226	662,642	667,868
Ordinary development expense	55,707	176,638	232,345
Travel expense	6,093	22,033	28,126
Clothing expense	1,541	932	2,473
Survey and analysis expense	398	1,192	1,590



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Membership fee	327	2,880	3,207
Power purchase and others	39,267	5,953,025	5,992,292
	850,912	24,463,882	25,314,794

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**40. Loss Per Share****(1) Basic loss per share for the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In won*

Type	June 30, 2013		June 30, 2012	
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
Basic loss per share	(2,590)	(2,376)	(2,864)	(3,728)

**(2) Diluted loss per share for the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In won*

Type	June 30, 2013		June 30, 2012	
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
Diluted loss per share	(2,590)	(2,376)	(2,864)	(3,728)

**(3) Basic loss per share**

Losses for the period and weighted average number of common shares used in the calculation of basic loss per share for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

*In millions of won except number of shares*

Type	June 30, 2013	June 30, 2012
------	---------------	---------------

	<b>Three- month period ended</b>	<b>Six- month period ended</b>	<b>Three- month period ended</b>	<b>Six- month period ended</b>
Controlling interest in net loss	(1,613,819)	(1,480,519)	(1,784,299)	(2,322,429)
Losses used in the calculation of total basic loss per share	(1,613,819)	(1,480,519)	(1,784,299)	(2,322,429)
Weighted average number of common shares	623,034,082	623,034,082	623,034,082	623,034,082

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

Losses used in the calculation of total diluted loss per share for the three and six-month periods ended June 30, 2013 and 2012 are as follows:

*In millions of won*

Type	June 30, 2013		June 30, 2012	
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
Losses used in the calculation of total diluted loss per share	(1,613,819)	(1,480,519)	(1,784,299)	(2,322,429)

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

*In number of shares*

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

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

## 41. Risk Management

### (1) Capital risk management

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

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

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Total borrowings and debt securities	59,065,577	53,219,409
Cash and cash equivalents	2,320,168	1,954,949
Net borrowings and debt securities	56,745,409	51,264,460
Total shareholder's equity	49,943,188	51,064,202
Debt to equity ratio	113.62%	100.39%

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**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**41. Risk Management, Continued**

**(2) Financial risk management**

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

**(i) Credit risk**

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

**Credit risk management**

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

**Impairment and allowance account**

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

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Book values of the financial assets represent the maximum exposed amounts of the credit risk. Details of the Group's level of maximum exposure to credit risk as of June 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Cash and cash equivalents	2,320,168	1,954,949
Derivative assets (trading)	85,833	55,891
Available-for-sale financial assets	1,261,856	1,141,194
Held-to-maturity investments	2,113	2,216
Loans and receivables	731,572	673,388
Long-term/short-term financial instruments	547,836	469,393
Derivative assets (using hedge accounting)	182,517	187,811
Trade and other receivables	7,261,304	8,438,955
Financial guarantee contracts (*)	263,832	262,624

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

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

As of the reporting date, there are no financial assets and non-financial assets that were acquired through the exercise of the right of collateralized assets and reinforcement of credit arrangement.

(ii) Market risk



Market risk is the risk that the Group's fair values of the financial instruments or future cash flows are affected by the changes in the market. Market risk consists of interest rate risk, currency risk and other price risk.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

## (iii) Sensitivity analysis

Significant assets and liabilities with uncertainties in underlying assumptions

## Defined benefit obligation

The following is a sensitivity analysis of defined benefit obligation assuming a 1% increase and decrease movements in the actuarial valuation assumptions as of June 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	Type	Accounts	June 30, 2013		December 31, 2012	
			1% Increase	1% Decrease	1% Increase	1% Decrease
Future salary increases	Defined benefit obligation		331,453	(298,559)	309,178	(273,048)
Discount rate	Defined benefit obligation		(290,974)	341,032	(279,062)	332,023

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, 2013 and 2012 are 2,365 million and 2,309 million, respectively.

## Provisions

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

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

	Discount rate	4.92%	4.92%
Nuclear plants	Inflation rate	2.93%	2.93%
	Discount rate	4.49%	4.49%
Spent fuel	Inflation rate	2.93%	2.93%
	Discount rate	4.49%	4.49%

The following is a sensitivity analysis of provisions assuming a 0.1% increase and decrease movements in the underlying assumptions as of June 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i> Type	Accounts	June 30, 2013		December 31, 2012	
		0.1% Increase	0.1% Decrease	0.1% Increase	0.1% Decrease
Discount rate	PCBs	(1,262)	1,273	(1,262)	1,273
	Nuclear plants	(221,226)	227,461	(220,842)	227,158
	Spent fuel	(46,711)	48,522	(45,385)	47,128
Inflation rate	PCBs	1,295	(1,285)	1,295	(1,285)
	Nuclear plants	235,543	(229,341)	230,431	(224,364)
	Spent fuel	49,223	(47,451)	48,219	(46,492)

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

Management judgment effected by uncertainties in underlying assumptions

## Foreign currency risk

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

Type	Assets		Liabilities	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
AUD	46,852	1,188	172,242	152,692
CAD	4	2,314	97	4
CNY	1	1		
EUR	2,472	9,091	23,462	18,792
IDR	937,755	711,304	3,186	1,726
MXN	3,207	703	123	
PHP	226,643	1,043,932	20,580	31,675
SAR	1,631	1,309	6,000	
USD	256,931	292,256	10,479,639	9,866,661
INR	379,640	417,544	16,815	52,755
PKR	90,546	63,445	11	277
MGA	1,586,857	240,233	56,907	92,979
JPY	520	520	20,000,100	20,006,730
KZT	345,816	720,121		
GBP		6	1,159	253
CHF			143	223
AED	487	220	1,641	1,829
ZAR	141			

SEK		1,105
JOD	10	
BDT	197	700

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

<i>In millions of won</i> Type	June 30, 2013		December 31, 2012	
	10% Increase	10% Decrease	10% Increase	10% Decrease
Increase (decrease) of income before income tax	(1,218,657)	1,218,657	(1,064,578)	1,064,578
Increase (decrease) of shareholder's equity(*)	(1,218,657)	1,218,657	(1,064,578)	1,064,578

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

Sensitivity analysis above is conducted for monetary assets and liabilities denominated in foreign currencies other than functional currency, without consideration of hedge effect of related derivatives, as of June 30, 2013 and December 31, 2012.

To manage its foreign currency risk related to foreign currency denominated receivables and payables, the Group has a policy to enter into currency forward agreements. In addition, to manage its foreign currency risk related to foreign currency denominated expected sales transactions and purchase transactions, the Group enters into cross-currency swap agreements.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

## Interest rate risk

The Group is exposed to interest rate risk due to its borrowing with floating interest rates. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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

<i>In millions of won</i>		
<b>Type</b>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Short-term borrowings	86,455	
Long-term borrowings	5,385,188	5,897,076
Debt securities	2,252,215	1,920,435
	7,723,858	7,817,511

A sensitivity analysis on the Group's long-term borrowings and debt securities assuming a 1% increase and decrease in interest rates, without consideration of hedge effect of related derivatives for the six-month periods ended June 30, 2013 and 2012 are as follows:

<i>In millions of won</i>	<b>2013</b>		<b>2012</b>	
	<b>1% Increase</b>	<b>1% Decrease</b>	<b>1% Increase</b>	<b>1% Decrease</b>
Increase (decrease) of profit before income tax	(38,619)	38,619	(39,731)	39,731
Increase (decrease) of shareholder's equity (*)	(38,619)	38,619	(39,731)	39,731

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

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

#### Electricity rates risk

The Group is exposed to electricity rates risk due to the rate regulation of the government which considers the effect of electricity rate on the national economy.

A sensitivity analysis on the Group's income for the period assuming a 1% increase and decrease in price of electricity for the six-month periods ended June 30, 2013 and 2012 are as follows:

<i>In millions of won</i>	<b>2013</b>		<b>2012</b>	
	<b>1% Increase</b>	<b>1% Decrease</b>	<b>1% Increase</b>	<b>1% Decrease</b>
<b>Type</b>				
Increase (decrease) of profit before income tax	241,439	(241,439)	233,816	(233,816)
Increase (decrease) of shareholder's equity (*)	241,439	(241,439)	233,816	(233,816)

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

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

## (iv) Liquidity risk

The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecasted and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

In addition, the Group has established credit lines on its trade financing and bank overdrafts, and through payment guarantees it has received, it maintains an adequate credit (borrowing) line. In addition, The Group has the ability to utilize excess cash or long-term borrowings for major construction investments.

The following table shows the details of maturities of non-derivative financial liabilities. This table, based on the undiscounted cash flows of the non-derivative financial liabilities, has been completed based on the respective liabilities' earliest maturity date.

*In millions of won*

Type	June 30, 2013				Total
	Less than 1 year	1~2 Years	2~5 Years	More than 5 years	
Borrowings and debt securities	9,839,116	6,884,923	21,350,732	21,115,437	59,190,208
Finance lease liabilities	214,504	190,899	537,446	468,819	1,411,668
Trade and other payables	6,517,600	378,799	724,694	2,245,220	9,866,313
Financial guarantee contract (*)	93,716	26,696	80,088	63,332	263,832
	16,664,936	7,481,317	22,692,960	23,892,808	70,732,021

*In millions of won*

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



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

(\*) Total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of June 30, 2013 and December 31, 2012 are 8,077 million and 9,086 million, respectively.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

*In millions of won*

Type	June 30, 2013				Total
	Less than 1 year	1~5 Years	More than 5 years	Other (*)	
Cash and cash equivalents	2,320,168				2,320,168
Available-for-sale financial assets				1,261,856	1,261,856
Held-to-maturity investments	220	1,772	13	108	2,113
Loans and receivables	57,072	350,683	386,561		794,316
Long-term/short-term financial instruments	546,763	1,073			547,836
Trade and other receivables	5,794,025	635,329	773,789	66,429	7,269,572
	8,718,248	988,857	1,160,363	1,328,393	12,195,861

*In millions of won*

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

	9,683,874	975,016	912,012	1,187,298	12,758,200
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(\*) Amount represents available-for-sale assets whose maturities cannot be presently determined.  
 Derivative liabilities classified by maturity periods which from reporting date to maturity date of contract as of June 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i>	<b>June 30, 2013</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1~2 Years</b>	<b>2~5 Years</b>	<b>More than 5 years</b>	
<b>Type</b>					
Net settlement					
- Trading					
Gross settlement					
- Trading	101,234	12,807	14,903	44,293	173,237
- Hedging	8,138	7,914	17,234	82,753	116,039
	109,372	20,720	32,137	127,046	289,276

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

**(3) Fair value risk**

The fair value of the Group's actively-traded financial instruments (i.e. short-term financial assets held for trading, available-for-sale financial assets, etc.) is based on the traded market-price as of the reporting period end. The fair value of the Group's financial assets is the amount which the asset could be exchanged for or the amount a liability could be settled for.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique.

For trade receivables and payables, the Group considers the carrying value net of impairment as fair value. While for disclosure purposes, the fair value of financial liabilities is estimated by discounting a financial instruments with similar contractual cashflows based on the effective interest method.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

<i>In millions of won</i>	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
<b>Type</b>	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
<b>Assets recognized at fair value</b>				
Available-for-sale financial assets	1,261,856	1,261,856	1,141,194	1,141,194
Derivative assets (trading)	85,833	85,833	55,891	55,891
Derivative assets (using hedge accounting)	182,517	182,517	187,811	187,811
Long-term financial instruments	1,073	1,073	1,042	1,042
Short-term financial instruments	546,763	546,763	468,351	468,351
	2,078,042	2,078,042	1,854,289	1,854,289
<b>Assets carried at amortized cost</b>				
Held-to-maturity investments	2,113	2,113	2,216	2,216
Loans and receivables	731,572	731,572	673,388	673,388
Trade and other receivables	7,261,304	7,261,304	8,438,955	8,438,955
Cash and cash equivalents	2,320,168	2,320,168	1,954,949	1,954,949
	10,315,157	10,315,157	11,069,508	11,069,508
<b>Liabilities recognized at fair value</b>				
Derivative liabilities (trading)	173,236	173,236	369,138	369,138
Derivative assets (using hedge accounting)	116,040	116,040	251,038	251,038
	289,276	289,276	620,176	620,176
<b>Liabilities carried at amortized cost</b>				
Unsecured bond	50,199,567	52,387,827	46,328,513	48,557,218

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Finance lease liabilities	946,272	946,272	1,007,169	1,007,169
Unsecured borrowings	8,866,010	8,938,083	6,890,896	6,898,344
Trade and other payables(*)	9,866,313	9,866,313	9,584,986	9,584,986
	69,878,162	72,138,495	63,811,564	66,047,717

(\*) Excludes finance lease liabilities.

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

## (ii) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

The discount rate used for calculating fair value as of June 30, 2013 and December 31, 2012 are as follows:

Type	June 30, 2013 (%)	December 31, 2012 (%)
Derivatives	0.25 ~ 2.73	0.34 ~ 2.64
Borrowings and debt securities	0.60 ~ 5.19	2.85 ~ 3.75
Finance lease	2.0 ~ 10.8	9.0 ~ 10.8

## (iii) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2, or 3, based on the degree to which the fair value is observable.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Fair values of financial instruments by hierarchy level as of June 30, 2013 and December 31, 2012 are as follows:

<i>In millions of won</i> Type	June 30, 2013			Total
	Level 1	Level 2	Level 3	



<b>Financial assets at fair value:</b>				
Available-for-sale financial assets	805,411		143,136	948,547
Derivative assets		268,350		268,350
	805,411	268,350	143,136	1,216,897

<b>Financial liabilities at fair value:</b>				
Derivative liabilities		289,276		289,276

*In millions of won*

Type	December 31, 2012			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at fair value:</b>				
Available-for-sale financial assets	652,142		192,155	844,297
Derivative assets		243,702		243,702
	652,142	243,702	192,155	1,087,999

<b>Financial liabilities at fair value:</b>				
Derivative liabilities		610,685	9,491	620,176

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

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

*In millions of won*

	Beginning balance	Reclassified Acquisitioncategory	June 30, 2013			Ending balance
			Valuation	Disposal	Other(*)	
<b>Financial assets at fair value:</b>						
Available-for-sale financial assets						
Unlisted securities	169,637	784	(48,116)			122,305
Debt securities	22,518				(1,687)	20,831
<b>Financial liabilities at fair value:</b>						
Derivative liabilities						
Derivative liabilities (trading)	9,491			(9,491)		

*In millions of won*

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

(\*) Amount due to foreign currency translation.

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

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

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

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

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

<i>In millions of won</i>	
<b>Type</b>	<b>Amounts</b>
Less than 1 year	120,091
1 ~ 2 years	120,091
2 ~ 3 years	120,091
More than 3 years	710,538
	<b>1,070,811</b>

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties**

**(1) Related parties of the Group as of June 30, 2013 are as follows:**

<b>Type</b>	<b>Related party</b>
Parent	Korean Government
Subsidiaries	Korea Hydro & Nuclear Power Co., Ltd.
	Korea South-East Power Co., Ltd.
	Korea Midland Power Co., Ltd.
	Korea Western Power Co., Ltd.
	Korea Southern Power Co., Ltd.
	Korea East-West Power Co., Ltd.
	KEPCO Engineering & Construction Company, Inc.
	Korea Plant Service & Engineering Co., Ltd.
	Korea Nuclear Fuel Co., Ltd.
	Korea Electric Power Data Network Co., Ltd.
	KEPCO International Hong Kong Ltd.
	KEPCO International Philippines Inc.
	KEPCO Gansu International Ltd.
	KEPCO Philippines Holdings Inc.
	KEPCO Lebanon SARL

	KEPCO Neimenggu International Ltd.
	KEPCO Shanxi International Ltd.
	KEPCO Australia Pty Ltd.
	KEPCO Canada Energy Ltd.
	KEPCO Netherlands B.V.
	Korea Imouraren Uranium Investment Corp.
	KEPCO Middle East Holding Company
	KEPCO Electric Power Nigeria Ltd.
	KEPCO Netherlands S3 B.V.
Associates	KEPCO Holdings de Mexico and 56 other entities
	Daegu Green Power Co., Ltd.
	Korea Gas Corporation
	Korea Electric Power Industrial Development Co., Ltd.
	YTN Co., Ltd., Cheongna Energy Co., Ltd.
	Cheogna Energy Co., Ltd.
	Gangwon Wind Power Co., Ltd.
	Hyundai Green Power Co., Ltd.
	Korea Power Exchange
	Hyundai Energy Co., Ltd.
	Daeryun Power Co., Ltd.
	SPC Power Corporation
	Gemeng International Energy Co., Ltd.
	PT. Cirebon Electric Power
	PT Wampu Electric Power
	PT. Bayan Resources T.B.K. and 36 other entities
Joint ventures	KEPCO-Unde Inc.

Datang Chaoyang Renewable Power Co., Ltd.

KEPCO SPC Power Corporation

Gansu Datang Yumen Wind Power Co., Ltd.

Datang Chifeng Renewable Power Co., Ltd.

Jamaica Public Service Company Limited and 27 other entities

Others

Korea Finance Corporation

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Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued**

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

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

<i>In millions of won</i>		<b>Sales and others</b>	
<b>Company name</b>	<b>Transaction type</b>	<b>2013</b>	<b>2012</b>
Korea Gas Corporation	Service	66,822	43,551
Korea Electric Power Industrial Development Co., Ltd.	Service	2,265	7,236
Korea Power Exchange	Service	6,834	5,144
STX Electric Power Co., Ltd.	Architectural engineering	1,690	3,822
YTN Co., Ltd.	Service	513	455
Gangwon Wind Power Co., Ltd.	Service	2,068	66
Hyundai Green Power Co., Ltd.	Architectural engineering and technical advisory	11,338	2,360
KNH Solar Co., Ltd.	Service	10	1
Changjuk Wind Power Co., Ltd.	Service	312	4
Ecollite Co. Ltd.	Service	838	1
Daeryun Power Co., Ltd.	Service	101	20
Cheongna Energy Co., Ltd.	Rental income and others	1,071	1,825
Pyeongchang Wind Power Co., Ltd.	Architectural engineering		185
Taebaek Wind Power Co., Ltd.	Service	336	
Hyundai Energy Co., Ltd.	Power generation service	10,740	4,270
KW Nuclear Components Co., Ltd.	Sales of service	335	326
Daegu Green Power Co., Ltd.	Service	16	
Amman Asia Electric Power Group	Service	16,299	
KEPCO SPC Power Corporation	Service	1,646	9,084
Datang Chifeng Renewable Power Co., Ltd.	Interest income	1,306	1,666
Kings Plaza JV, LLC	Service		3,183
	Service	1,379	1,427

Jamaica Public Service Company  
Limited

E-POWER S.A	Service	1,887	621
PT. Cirebon Electric Power	Service		42
KV Holdings	Dividend income	320	
Dolphin property limited	Service	32	
Shuweihat Asia Power Investment B.V.	Service	30	
Rabigh O&M Company	Service	676	
Yeong Wol Energy Station Co., Ltd.	Service	12,622	
Busan Solar Co., Ltd.	Service	1	
Daegu Photovoltaic Co., Ltd.	Service	5	
KEPCO-ALSTOM Power Electronics Systems, Inc.	Service	364	
SE Green Energy Co. Ltd	Service	1	
Jeongam Wind Power Co., Ltd	Service	1	
KOSCON Photovoltaic Co., Ltd	Service	1	
Q1 Solar Co., Ltd	Service	2	



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

<i>In millions of won</i>		<b>Purchase and others</b>	
<b>Company name</b>	<b>Transaction type</b>	<b>2013</b>	<b>2012</b>
Korea Gas Corporation	Purchase of power generation fuel	7,356,226	6,268,442
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering	98,343	86,600
Korea Power Exchange	Electricity purchase	43,133	38,726
YTN Co., Ltd.	Service	225	353
Gangwon Wind Power Co., Ltd.	Electricity purchase	38,518	17,912
Hyundai Green Power Co., Ltd.	Electricity purchase	304,538	143,391
KNH Solar Co., Ltd.	Service	3,053	164
Changjuk Wind Power Co., Ltd.	Service	6,146	455
Gumi-ochang Photovoltaic Power Co., Ltd.	REC Purchase	2,554	545
Chungbuk Photovoltaic Power Co., Ltd.	REC Purchase	846	
Cheonan Photovoltaic Power Co., Ltd.	REC Purchase	505	
Golden Root Je-2 PV Power Plant Co., Ltd.	REC Purchase	551	
Hyundai Energy Co., Ltd.	Electricity purchase	528	
Jamaica Public Service Company Limited	Service		45
Commerce and industry energy Co., Ltd.	Service	277	
Taebaek Wind Power Co., Ltd.	REC Purchase	6,663	268
Busan Solar Co., Ltd.	REC Purchase	1,166	
Daegu Photovoltaic Co., Ltd.	REC Purchase	2	
KOSCON Photovoltaic Co., Ltd	Electricity purchase	88	
Yeongam F1 Solar Power Plant	Electricity purchase	556	

Q1 Solar Co., Ltd	Electricity purchase	322
Busan Shin-Ho Photovoltaic Power Co., Ltd	Electricity purchase	4,808
Seokcheon Solar Power Co., Ltd.	Electricity purchase	698
Expressway Solar-light Power Generation Co. Ltd.	Electricity purchase	1,534

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

<i>In millions of won</i>		<b>Receivables</b>		<b>Payables</b>	
<b>Company name</b>	<b>Type</b>	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Korea Gas Corporation	Trade receivables	4,747	4,585		
	Other receivables	249	204		
	Trade payables			1,200,340	1,409,650
	Other payables			155	101
Korea Electric Power Industrial Development Co., Ltd.	Trade receivables	1,021	40		
	Other receivables	16	552		
	Trade payables			2,930	
	Other payables			9,205	15,004
Korea Power Exchange	Trade receivables	3,084	2,296		
	Other receivables	37	41		
	Trade payables				3,910
	Other payables			20,552	3,490
Hyundai Energy Co., Ltd.	Trade receivables	109	150		
	Other receivables	19,370	4,018		
	Other payables			9,160	
YTN Co., Ltd.	Trade receivables	80	1		
	Other payables			110	28
Hyundai Green Power Co., Ltd.	Trade receivables	645	676		
	Trade payables			22,209	23,553
Gangwon Wind Power Co., Ltd.	Trade receivables	17	9		
	Trade payables			443	3,679
Cheongna Energy Co., Ltd.	Trade receivables	73	158		
	Other receivables	51	2,093		

	Other payables		361
Daeryun Power Co., Ltd.	Trade receivables	50	9
Pyeongchang Wind Power Co., Ltd.	Trade receivables	485	
KNH Solar Co., Ltd.	Trade receivables	1	1
STX Electric Power Co., Ltd.	Trade receivables	655	8,470
	Other receivables		79
	Other payables		156
Daegu Green Power Co., Ltd.	Trade receivables	2	3
	Other receivables		9,900
Ecollite Co. Ltd.	Other receivables	24,413	
KW Nuclear Components Co., Ltd.	Other receivables	34	
KEPCO SPC Power Corporation	Trade receivables	3,709	3,673
	Other receivables	1,632	9,934
Datang Chifeng Renewable Power Co., Ltd	Other receivables	637	931
Jamaica Public Service Company Limited	Trade receivables	1,735	984
E-POWER S.A.	Other receivables	2	2
Waterbury Lake Uranium Limited Partnership	Other receivables		59
KEPCO-ALSTOM Power Electronics Systems, Inc.	Other payables	398	

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

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

*In millions of won*

Company name	Type	Receivables		Payables	
		June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Jeongam Wind Power Co., Ltd	Other payables			18	
Taebaek Wind Power Co., Ltd.	Other payables	85		28	
Changjuk Wind Power Co., Ltd	Other receivables	76			
Yeong Wol Energy Station Co., Ltd.	Trade receivables	14,386			
Chungbuk Photovoltaic Power Co., Ltd.	Other payables			105	
Cheonan Photovoltaic Power Co., Ltd.	Other payables			61	
Golden Root Je-2 PV Power Plant Co., Ltd.	Other payables			119	
Busan Shin-Ho Photovoltaic Power Co., Ltd	Trade receivables			339	

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

*In millions of won*

Type	Company name	June 30, 2013	December 31, 2012
Joint ventures	KEPCO SPC Power Corporation	96,345	89,758
Joint ventures	Datang Chifeng Renewable Power Co., Ltd.	42,758	43,456
Associates		27,140	25,208

	KNOC Nigerian East Oil Co., Ltd.		
	KNOC Nigerian West Oil Co., Ltd.		
Associates	Dolphin Property Limited	985	952
Associates	Rabigh Electricity Company		208,796

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

*In millions of won*

<b>Related parties</b>	<b>Type</b>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Korea Finance Corporation	Facility	2,300,000	2,300,000
	Project Loan	141,596	147,735

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Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(7) Guarantees provided to an associates or joint ventures as of June 30, 2013 are as follows:***In millions of won and thousands of foreign currencies*

<b>Primary guarantor</b>	<b>Secondary guarantor</b>	<b>Type of guarantees</b>	<b>Foreign currency</b>	<b>Credit limit</b>	<b>Guarantee</b>
Korea Electric Power Corporation	KEPCO SPC Power Co., Ltd.	Debt guarantees	USD	171,186	SMBC, ADB, Export-import Bank of Korea
Korea Electric Power Corporation	Rabigh Electricity Company	Performance guarantees	SAR	100,000	Saudi Electricity Company (SEC)
Korea Electric Power Corporation	Shuweihat Asia Power Investment B.V.	Performance guarantees	USD	17,900	ADWEA
Korea Electric Power Corporation	Shuweihat Asia O&M Co, Ltd.	Performance guarantees	USD	11,000	ADWEA
Korea Electric Power Corporation	KNOC Nigerian East Oil Co., Ltd. and KNOC Nigerian West Oil Co., Ltd.	Performance guarantees	USD	34,650	Korea National Oil Corporation (Nigerian government)
Korea Electric Power Corporation	Amman Asia Electric Power Company	Performance guarantees	USD	19,800	Standard Chartered Bank
Korea Western Power Co., Ltd	Cheongna Energy Co., Ltd.	Collateralized money invested	KRW	43,900	Hana Bank, Korea Exchange Bank
Korea Western Power Co., Ltd	Xe-Pian Xe-Namnoy Power Co., Ltd.	Performance guarantees	USD	2,310	Krung Thai Bank
Korea East-West Power Co., Ltd.	Busan shinho Solar power Co., Ltd.	Collateralized money invested	KRW	61,880	KT Capital Ltd.,Co.
			KRW	1,296	

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Korea Southern Power Co., Ltd.	KNH Solar Co., Ltd.	Collateralized money invested			Shinhan Bank, Kyobo life insurance Co., Ltd.
Korea Southern Power Co., Ltd.	Daeryun Power co., Ltd.	Collateralized money invested	KRW	25,477	Korea development bank and others
Korea Southern Power Co., Ltd.	Changjuk Wind Power Co., Ltd.	Collateralized money invested	KRW	3,801	Shinhan Bank, Woori Bank
Korea Southern Power Co., Ltd.	Busan Solar Co., Ltd.	Collateralized money invested	KRW	643	NH Bank
Korea Southern Power Co., Ltd.	Taebaek Wind Power Co., Ltd.	Collateralized money invested	KRW	3,810	Shinhan Bank, Bank of Cheju
Korea Southern Power Co., Ltd.	Daegu Green Power Co., Ltd.	Collateralized money invested	KRW	76,193	Korea Exchange Bank and others
Korea Midland Power Co., Ltd.	Hyundai Green Power Co.	Collateralized money invested	KRW	1,195,080	Korea development bank and others
Korea Midland Power Co., Ltd.	Gangwon Wind Power Co., Ltd.	Collateralized money invested	KRW	159,337	Industrial Bank of Korea
Korea Midland Power Co., Ltd.	PT. Cirebon Electric Power	Performance guarantees	USD	8,091	Hana Bank
Korea South-East Power Co., Ltd.	Hyundai Energy Co., Ltd.	Collateralized money invested	KRW	390,000	Korea development bank and others
Korea South-East Power Co., Ltd.	Hyundai Energy Co., Ltd.	Debt & performance guarantees	KRW	60,000	Korea development bank and others
Korea South-East Power Co., Ltd.	RES Technology AD	Collateralized money invested	EUR	59,469	Korea development bank and others
Korea South-East Power Co., Ltd.	RES Technology AD	Debt guarantees	EUR	4,271	Korea development bank and others
Korea South-East Power Co., Ltd.	ASM-BG investicii AD	Collateralized money invested	EUR	59,243	Korea development bank and others
Korea South-East Power Co., Ltd.	ASM-BG investicii AD	Debt guarantees	EUR	4,175	Korea development bank and others
Korea South-East Power Co., Ltd.	Express solar-light Power Generation Co., Ltd.	Debt guarantees	KRW	6,000	Woori Bank and others
Korea Hydro & Nuclear Power Co., Ltd.	Yeong Wol Energy Station Co., Ltd.	Collateralized money invested	KRW	151,200	Daewoo Securities and others



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**43. Related Parties, Continued****(8) As of June 30, 2013, there are no guarantees provided by related parties.****(9) Salaries and other compensations to the key members of management of the Company for the three and six-month periods ended June 30, 2013 and 2012 are as follows:***In millions of won*

Type	June 30, 2013		June 30, 2012	
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
Salaries	572	813	605	766
Employee benefits	16	32	18	33
	588	845	623	799

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

Transactions	2013	2012
Transfer of long-term borrowings and debt securities from non-current to current	4,071,635	4,724,706
Conversion of investments in joint ventures from debt to equity	108,385	

**45. Commitments for Expenditure**

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

<i>In millions of won</i> Contracts	June 30, 2013		December 31, 2012	
	Amounts	Balance	Amounts	Balance
Construction of New Uljin units	14,559,941	12,071,861	14,559,941	12,671,159
Construction of New Kori units	14,097,914	8,535,177	14,097,914	8,927,535
Construction of New Wolseong units	4,717,241	1,992	4,717,241	100,230
Construction of Dangjin units	931,238	707,652	1,486,875	1,309,750
Construction of New Boryeong units	876,884	815,855	513,469	463,130
Construction of Samcheok units	2,053,724	1,871,193	2,279,865	2,087,101
Construction of Taean IGCC units	805,222	654,886	805,222	709,848
Construction of Taean units	1,077,154	1,027,370	986,664	945,965
Construction of Incheon units	167,566		167,566	
Construction of office building (KDN)	106,493	94,355	106,493	98,572
Construction of Sejong city cogeneration units	439,655	88,958	425,459	293,938
Purchase of Wonju cogeneration units	50,400	35,360	50,400	35,360
Purchase of Ulsan combined cycle power units	256,760	227,792	565,151	539,324

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**45. Commitments for Expenditure, Continued**

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

<i>In millions of won</i> Contracts	June 30, 2013		December 31, 2012	
	Amounts	Balance	Amounts	Balance
Purchase of Pyeongtaek combined cycle power units	452,073	265,945	434,200	394,864
Purchase of Andong main machine	685,335	502,207	126,946	97,689
Purchase of diesel for generation	123,191	54,177	69,014	69,014
Construction of New Yeongheung units	1,654,572	592,975	1,654,572	883,331
Construction of New Yeosu units	401,474	383,228	401,474	383,228
Construction of New Seoul units	225,993	225,993	20,236	16,949
Other purchase contracts	135,926	62,898	96,748	77,866
	43,818,756	28,219,874	43,565,450	30,104,853

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

The Group imports all of its uranium ore concentrates from sources outside Korea (including the United States, United Kingdom, Kazakhstan, France, Russia, South Africa, Canada and Australia) which are paid for with currencies other than Won, primarily in U.S. dollars. In order to ensure stable supply, the Group entered into long-term and medium-term contracts with various suppliers, and supplements such supplies with purchases of fuels on spot markets. The long-term and medium-term contract periods vary among contractors and the stages of fuel manufacturing process. Contract prices for processing of uranium are generally based on market prices. Contract periods for ore concentrates, conversion, enrichment and design and fabrication are as follows:

Type	Periods	Contracted amounts
Concentrate	2013 ~ 2023	39,952 Ton U3O8
Transformed	2013 ~ 2022	24,527 Ton U

Enrichment	2013 ~ 2029	42,980 Ton SWU
Molded	2013 ~ 2015	815 Ton U

**46. Contingencies and Commitments**

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

*In millions of won*

	June 30, 2013		December 31, 2012	
	Number of cases	Claim amount	Number of cases	Claim amount
As the defendant	601	426,643	559	390,878
As the plaintiff	138	133,573	107	74,275

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**46. Contingencies and Commitments, Continued****(2) Guarantees of borrowings provided to other companies as of June 30, 2013 and December 31, 2012 are as follows:***In thousands of U.S. dollars*

<b>Guarantees</b>	<b>Financial or non-financial institution</b>	<b>Date of contract</b>	<b>Period of contract</b>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
Repayment guarantees for UAE Shuweihat S3 borrowings	Mizuho, SMBC, HSBC	2011-05-16	2011-05-16 ~ 2014-02-28	USD 58,294	USD 58,294

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

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

<b>Commitments</b>	<b>Financial institutions</b>	<b>Currency</b>	<b>Amount</b>
Commitments on Bank-overdraft	Nonghyup Bank and others	KRW	1,813,000
Commitments on Bank-daylight overdraft	Nonghyup Bank and others	KRW	280,000
Limit amount available for CP	Korea Exchange Bank and others	KRW	1,179,000
Limit amount available for card	Hana Bank and others	KRW	71,500
Certification of payment on payables from foreign country	Korea Development Bank	USD	185,771
Loan limit	Hana Bank and others	KRW	125,030
	BNP Paribas and others	USD	2,765,059
Certification of payment on L/C	Korea Exchange Bank and others	USD	1,662,001
	Korea Exchange Bank	GBP	61,169
		KRW	90,321

Certification of performance guarantee on contract	Seoul Guarantee Insurance and others		
	Standard Chartered Bank	BTN	11,501
	HSBC and others	INR	244,333
	SABB	SAR	100,000
	Standard Chartered Bank and others	USD	718,116
Certification of bidding	SMBC and others	USD	18,050
	Gulf International Bank	SAR	45,000
Advance payment bond, warranty bond, retention bond and others	Shinhan Bank	EUR	5,438
	HSBC	INR	139,690
	Standard Chartered Bank and others	USD	18,126
	Korea Exchange Bank	BDT	11,272
	Katumandu Bank and others	NPR	155,448
Others	Korea Exchange Bank and others	KRW	9,061
	BNP Paribas and others	USD	1,009,500
Inclusive credit	Korea Exchange Bank and others	KRW	880,000
	HSBC and others	USD	584,000

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**46. Contingencies and Commitments, Continued**

**(4) As of June 30, 2013, the blank check and assets provided as collaterals or pledges to financial institutions by the Group are follows:**

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

<b>Guarantor</b>	<b>Guarantee</b>	<b>Type of guarantee</b>	<b>Currency</b>	<b>Amount</b>	<b>Description</b>
Korea Nuclear Fuel Co., Ltd.	Korea Resources Corporation	Blank check	KRW		Collateral for borrowings
KEPCO International Philippines Inc.					Required pursuant to Pledge Agreement between KIPI, KEILCO and Citibank New York re: KEILCO Project Financing in Nov. 2000
	Citibank New York	All shareholdings of KIPI in KEILCO	USD	90,623	
Korea East-West Power Co., Ltd.	Korea Development Bank and others	All shareholdings of Gyeongju Wind Power Co., Ltd.	KRW	9,240	Collateral for borrowings
Korea Western Power Co., Ltd.	Kookmin Bank and others	All shareholdings of Dongducheon Dream Power Co., Ltd.	KRW	118,090	Collateral for borrowings
Korea Hydro & Nuclear Power Co., Ltd.	Korea Development Bank and others	All shareholdings of Gyeonggi Green Energy Co., Ltd.	KRW	47,000	Collateral for borrowings
Korea Midland Power Co., Ltd.		All shareholdings of Commerce and Industry Energy Co., Ltd.			
	Hana Bank and others		KRW	17,000	Collateral for borrowings

**(5) Others:**

Since July 1, 2011, electricity rates have been interlocked with the cost of electricity, according to the electricity regulation enacted by Ministry of Knowledge Economy of Korea. As of June 30, 2013, the difference between the

standard electricity rates and the real electricity rates, which has been accumulated from the enforcement date, is in the state of reservation at Korean government's command.

The accumulated difference as of June 30, 2013 is 962,585 million, which has decreased by 914,786 million from 1,877,371 million as of December 31, 2012.

Although this accumulated difference should be charged to electricity users in the future when the Korean government lifts the reservation state, it was not accounted for as assets in the Group's consolidated financial statements, as the reservation was still being held by the government as of June 30, 2013 and therefore caused the uncertainty of collection of accounts receivables.



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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**47. Subsequent Events**

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

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

Company name	Type	Issue date	Maturity	Currency	Amounts
Korea Hydro & Nuclear Power Co., Ltd.	38-1 <sup>st</sup> Unsecured Bond	2013.07.19	2018.07.19	KRW	50,000
	38-2 <sup>nd</sup> Unsecured Bond	2013.07.19	2023.07.19	KRW	100,000
	37-3 <sup>rd</sup> Unsecured Bond	2013.07.19	2033.07.19	KRW	90,000
Korea South-East Power Co., Ltd.	36 <sup>th</sup> Public Bond	2013.07.25	2018.07.25	USD	100,000

- (2) The subsidiary of the Company, Korea West Power Co., Ltd. decided to acquire non-current asset as of July 24, 2013 as follows:

*In millions of won*

Acquisition asset	Amount	Construction Period	Board of Director s approval date
Fuel cell business of Western Incheon office	68,300	2013.10 ~ 2014.06	2013.07.24

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## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

**June 30, 2013**

(Unaudited)

**48. Adjusted Operating Income**

The operating profit or loss in the Group's consolidated statements of comprehensive income prepared in accordance with K-IFRS included in this report differs from that in its consolidated statements of comprehensive loss prepared in accordance with IFRS as issued by IASB. The table below sets forth a reconciliation of our results from operating activities as presented in our consolidated statements of comprehensive loss prepared in accordance with K-IFRS for each of the three and six-month periods ended June 30, 2013 and 2012 to the operating profit or loss as presented in our consolidated statements of comprehensive loss prepared in accordance with IFRS as issued by IASB for each of the corresponding years.

*In millions of won*

	2013		2012	
	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
<b>Operating loss on the statement of comprehensive loss</b>	(1,094,147)	(436,378)	(2,060,302)	(2,302,076)
<b>Add</b>				
Other income				
Reversal of other provisions	10,212	10,364		837
Reversal of allowance for doubtful accounts	1,142	1,142	3,749	3,749
Gains on assets contributed	36	70	793	815
Gains on liabilities exempted			595	603
Compensation and reparations revenue	10,571	33,943	36,719	64,957
Electricity infrastructure development fund	7,268	17,732	8,918	17,210
Revenue from research contracts		667	1,940	3,459
Rental income	50,837	98,251	46,497	91,843
Others	8,530	14,486	4,061	20,969
<b>Other profit</b>				
Gains on disposal of property, plant and equipment	9,434	22,180	9,646	18,789
Gains on disposal of other non-current assets				584
Reversal of impairment loss on intangible assets				2
Gains on foreign currency translation	1,072	2,422	9,385	5,404
Gains on foreign currency transaction	18,115	29,250	6,616	32,810
Gains on insurance	1,632	1,632		5,375

Other profits	35,546	90,036	48,817	95,690
<b>Deduct</b>				
Other expense				
Accretion expenses of other provisions	(241)	(276)	(32)	(71)
Depreciation expenses on investment properties	(232)	(458)	(239)	(470)
Depreciation expenses on idle assets	(1,659)	(3,317)	(1,655)	(3,307)
Other bad debt expense		(5,576)		
Donations	(2,473)	(9,796)	(2,735)	(16,334)
Others	(4,328)	(6,723)	(12,811)	(19,227)
Other loss				
Losses on disposal of property, plant and equipment	(13,086)	(24,308)	(18,035)	(22,595)
Losses on disposal of intangible assets			(5)	(8)
Impairment loss on property, plant and equipment		(1,161)		
Impairment loss on intangible assets		(2)	(18)	(18)
Losses on foreign currency translation	(4,552)	(10,017)		(2,119)
Losses on foreign currency transaction	(23,718)	(46,175)	(32,023)	(40,942)
Other losses	(17,798)	(24,329)	(6,196)	(17,600)
<b>Adjusted operating loss</b>	<b>(1,007,839)</b>	<b>(246,341)</b>	<b>(1,956,315)</b>	<b>(2,061,671)</b>

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**SIGNATURES**

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

By: /s/ Han, Key-Shik  
Name: Han, Key-Shik  
Title: Vice President

Date: August 30, 2013