

KOREA ELECTRIC POWER CORP

Form 6-K

March 06, 2017

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

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

**the Securities Exchange Act of 1934**

**For the Month of March 2017**

**KOREA ELECTRIC POWER CORPORATION**

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

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

**(Address of principal executive offices)**

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

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

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

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

Yes                      No

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

**Table of Contents**

Korea Electric Power Corporation ( KEPCO ) hereby calls the annual ordinary general meeting of shareholders ( AGM ) and seeks the attendance of its shareholders.

The following is an English translation of the notice given to the shareholders in connection with the AGM:

To: Shareholders

From: Cho, Hwan-Eik, President & CEO of KEPCO

We hereby call the fiscal year 2016 AGM pursuant to Article 18 of the Articles of Incorporation of Korea Electric Power Corporation as follows and seek your attendance. Pursuant to Article 542-4 of the Commercial Code, this notice shall be in lieu of notices to be given to the shareholders.

1. Date / Time: March 21, 2017 / 10:00 a.m. (Seoul Time)
2. Location: 55 Jeollyeok-ro, Naju-si, Jeollanam-do, 58217 Korea Electric Power Corporation
3. Items to be Reported:

Audit report

Management report on KEPCO s operation

4. Agenda for Shareholder Approval:
  - 1) Approval of financial statements for the fiscal year 2016
  - 2) Approval of the ceiling amount of remuneration for directors in 2017
  - 3) Election of President and CEO

Details on the proposed agenda for the AGM are attached hereto.

Table of Contents

SIGNATURES

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

By: /s/ Kim, Jeong-soo  
Name: Kim, Jeong-soo  
Title: Head of Finance & IR team

Date: March 6, 2017

**Table of Contents**

*Attachment*

**Agenda 1. Approval of Financial Statements for the Fiscal Year 2016**

Disclaimer: The financial statements for the fiscal year 2016 as presented below is in accordance with the International Financial Reporting Standard adopted in Korea (K-IFRS), and are subject to shareholders' approval.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION

AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2016

(With Independent Auditors' Report Thereon)

**Table of Contents**

INDEX TO FINANCIAL STATEMENTS

	<b>Page</b>
<u>Independent Auditors Report</u>	1
<u>Consolidated Statements of Financial Position</u>	3
<u>Consolidated Statements of Comprehensive Income</u>	5
<u>Consolidated Statements of Changes in Equity</u>	7
<u>Consolidated Statements of Cash Flows</u>	9
<u>Notes to the Consolidated Financial Statements</u>	11

**Table of Contents**

Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders

Korea Electric Power Corporation:

We have audited the accompanying consolidated statement of financial statements of Korea Electric Power Corporation and subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016 and 2015 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

**Emphasis of Matters**

Table of Contents



Without qualifying our audit report, we draw attention to the following key audit matters of the build-to-order industry that were of significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2016, which determination is based on auditor's professional judgment and communications with those who charged with governance, in accordance with Practical Guide of Korean Standards on Auditing 2016-1. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and we do not provide a separate opinion on this matter. We have considered the results from audit procedures for these key audit matters in forming our audit opinion on the 2016 consolidated financial statements.

When the outcome of a construction contract can be estimated reliably, the Company recognizes contract revenue and costs based on the percentage-of-completion method at the end of the reporting period. Also, the gross amount due from customers for contract work is presented for all contracts in which costs incurred plus recognized profits exceed progress billings. The gross amount due to customers for contract work is presented for all contracts in which progress billings exceed costs incurred plus recognized profits.

**Table of Contents**

Total contract revenue is measured based on an agreed contract price; however, it may fluctuate due to the variation of construction work. The measurement of contract revenue is affected by various uncertainties resulting from unexpected future events. Total contract costs are estimated based on the estimates of future costs such as material costs, labor costs and construction period. The uncertainty of estimated total contract costs and changes in such estimates have an impact on the completion progress and contract revenue.

Considering the impacts from these uncertainty and changes in estimates on profit or loss for the current or future periods, we identified the Company's revenue recognition accounting policy utilizing the input method, uncertainty of estimated total contract costs, assessment of the percentage-of-completion and accounting for the variation of construction works as significant risks.

We conducted the following audit procedures regarding the Company's accounting policy of revenue recognition utilizing the input method as of and for the year ended December 31, 2016:

Review of the appropriateness of accounting policy of revenues recognition by the input method

Inquiry and analytical review of current progress and significant changes in major projects as of period end

Inquiry and analytical review of financial indicators such as contract price, estimated contract costs, cost ratio, ratio of amounts due from customers for contract work, major components of total contract costs by the reporting period, accumulated contract costs, fluctuations in total contract costs and others

Testing of design and operating effectiveness of internal controls over construction contracts with changed terms and conditions

Testing of design and operating effectiveness of internal controls over new construction contracts

Recalculation of the percentage of completion independently for the contracts in which the percentage of completion was significantly changed

Independent testing of appropriateness of input costs, cut-off, and attribution of costs to each construction contract

Review of whether financial statement disclosures on changes in constructions are disclosed appropriately

KPMG Samjong Accounting Corp.

Seoul, Korea

March 6, 2017

This report is effective as of March 6, 2017, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Financial Position

## As of December 31, 2016 and 2015

<i>In millions of won</i>	<i>Note</i>	<b>2016</b>	<b>2015</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5,6,7,45	₩ 3,051,353	3,783,065
Current financial assets, net	5,10,11,12,45	2,671,989	5,335,621
Trade and other receivables, net	5,8,14,20,45,46,47	7,788,876	7,473,548
Inventories, net	13	5,479,443	4,946,413
Income tax refund receivables	41	19,163	9,081
Current non-financial assets	15	631,860	397,950
Assets held-for-sale	42	65,842	79,647
<b>Total current assets</b>		19,708,526	22,025,325
Non-current assets			
Non-current financial assets, net	5,6,9,10,11,12,45	2,657,494	2,495,554
Non-current trade and other receivables, net	5,8,14,45,46,47	1,903,515	1,798,419
Property, plant and equipment, net	18,27,49	145,743,056	141,361,351
Investment properties, net	19,27	353,680	269,910
Goodwill	16	2,582	2,582
Intangible assets other than goodwill, net	21,27,46	980,821	855,832
Investments in associates	4,17	4,092,252	4,405,668
Investments in joint ventures	4,17	1,418,196	1,287,862
Deferred tax assets	41	795,131	623,623
Non-current non-financial assets	15	181,789	131,233
<b>Total non-current assets</b>		158,128,516	153,232,034
<b>Total Assets</b>	4	₩ 177,837,042	175,257,359

*(Continued)*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position, Continued

As of December 31, 2016 and 2015

<i>In millions of won</i>	<i>Note</i>	<b>2016</b>	<b>2015</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables, net	5,22,24,45,47	₩ 5,585,411	4,735,697
Current financial liabilities, net	5,11,23,45,47	8,942,329	7,857,198
Income tax payables	41	1,843,288	2,218,060
Current non-financial liabilities	20,28,29	6,368,210	6,320,711
Current provisions	26,45	1,999,988	1,579,176
<b>Total current liabilities</b>		24,739,226	22,710,842
Non-current liabilities			
Non-current trade and other payables, net	5,22,24,45,47	3,558,175	3,718,435
Non-current financial liabilities, net	5,11,23,45,47	44,835,562	51,062,811
Non-current non-financial liabilities	28,29	7,591,605	7,092,252
Employee benefits liabilities, net	25,45	1,686,258	1,503,107
Deferred tax liabilities	41	8,948,520	8,362,683
Non-current provisions	26,45	13,427,151	12,864,754
<b>Total non-current liabilities</b>		80,047,271	84,604,042
<b>Total Liabilities</b>	4	₩ 104,786,497	107,314,884
<b>Equity</b>			
Contributed capital	1,30,45		
Share capital		₩ 3,209,820	3,209,820
Share premium		843,758	843,758
		4,053,578	4,053,578
Retained earnings	31		
Legal reserves		1,604,910	1,604,910
Voluntary reserves		31,847,275	23,720,167
Unappropriated retained earnings		19,721,686	22,862,164
		53,173,871	48,187,241
Other components of equity	34		
Other capital surplus		1,235,146	1,197,388
Accumulated other comprehensive loss		(33,875)	(98,713)
Other equity		13,294,973	13,294,973

		14,496,244	14,393,648
Equity attributable to owners of the controlling company		71,723,693	66,634,467
Non-controlling interests	16, 33	1,326,852	1,308,008
<b>Total Equity</b>		<b>₩ 73,050,545</b>	<b>67,942,475</b>
<b>Total Liabilities and Equity</b>		<b>₩ 177,837,042</b>	<b>175,257,359</b>

*See accompanying notes to the consolidated financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

## For the years ended December 31, 2016 and 2015

<i>In millions of won, except per share information</i>	<i>Note</i>	<b>2016</b>	<b>2015</b>
<b>Sales</b>	4,35,45,47		
Sales of goods		₩ 55,379,487	54,367,036
Sales of services		356,743	453,487
Sales of construction services	20	4,026,857	3,761,204
Revenue related to transfer of assets from customers		427,297	375,995
		60,190,384	58,957,722
<b>Cost of sales</b>	13,25,43,47		
Cost of sales of goods		(41,237,372)	(41,348,917)
Cost of sales of services		(557,037)	(545,692)
Cost of sales of construction services		(3,755,144)	(3,563,120)
		(45,549,553)	(45,457,729)
<b>Gross profit</b>		14,640,831	13,499,993
<b>Selling and administrative expenses</b>	25,36,43,47	(2,639,232)	(2,153,261)
<b>Operating profit</b>	4	12,001,599	11,346,732
<b>Other non-operating income</b>	37	412,887	432,219
<b>Other non-operating expense</b>	37	(188,624)	(108,848)
<b>Other gains, net</b>	38	70,498	8,610,773
<b>Finance income</b>	5,11,39	791,543	1,182,988
<b>Finance expenses</b>	5,11,40	(2,437,087)	(3,015,457)
<b>Profit related to associates, joint ventures and subsidiaries</b>	4,17		
Share in profit of associates and joint ventures		224,435	280,794
Gain on disposal of investments in associates and joint ventures		52	4,731
Gain on disposal of investments in subsidiaries	16		8,376
Share in loss of associates and joint ventures		(243,361)	(86,522)
Loss on disposal of investments in associates and joint ventures		(2,935)	
Impairment loss on investments in associates and joint ventures	17	(115,539)	
		(137,348)	207,379
<b>Profit before income tax</b>		10,513,468	18,655,786
<b>Income tax expense</b>	41	(3,365,141)	(5,239,413)
<b>Profit for the period</b>		₩ 7,148,327	13,416,373

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**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income, Continued

**For the years ended December 31, 2016 and 2015**

<i>In millions of won, except per share information</i>	<i>Note</i>	<b>2016</b>	<b>2015</b>
<b>Other comprehensive income (loss)</b>	5,11,25,31,34		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit liability, net of tax	25,31	₩ (75,926)	(87,861)
Share in other comprehensive loss of associates and joint ventures, net of tax	31	(2,515)	(283)
Items that are or may be reclassified subsequently to profit or loss:			
Net change in the unrealized fair value of available-for-sale financial assets, net of tax	34	61,279	9,648
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	5,11,34	28,414	4,409
Foreign currency translation of foreign operations, net of tax	34	41,360	18,535
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	34	(54,914)	89,558
<b>Other comprehensive income (loss), net of tax</b>		(2,302)	34,006
<b>Total comprehensive income for the period</b>		₩ 7,146,025	13,450,379
<b>Profit or loss attributable to:</b>			
Owners of the controlling company	44	₩ 7,048,581	13,289,127
Non-controlling interests		99,746	127,246
		₩ 7,148,327	13,416,373
<b>Total comprehensive income attributable to:</b>			
Owners of the controlling company		₩ 7,041,557	13,308,132
Non-controlling interests		104,468	142,247
		₩ 7,146,025	13,450,379
<b>Earnings per share</b>	44		
Basic and diluted earnings per share		₩ 10,980	20,701

*See accompanying notes to the consolidated financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

## For the years ended December 31, 2016 and 2015

<i>In millions of won</i>	Equity attributable to owners of the controlling company					Non-controlling interests	Total equity
	Contributed capital	Retained earnings	Other components of equity	Subtotal			
<b>Balance at January 1, 2015</b>	₩ 4,053,578	35,303,647	14,244,106	53,601,331	1,223,679	54,825,010	
<b>Total comprehensive income (loss) for the period</b>							
Profit for the period		13,289,127		13,289,127	127,246	13,416,373	
Items that will not be reclassified subsequently to profit or loss:							
Remeasurements of defined benefit liability, net of tax		(84,271)		(84,271)	(3,590)	(87,861)	
Share in other comprehensive loss of associates and joint ventures, net of tax		(280)		(280)	(3)	(283)	
Items that are or may be reclassified subsequently to profit or loss:							
Net change in the unrealized fair value of available-for-sale financial assets, net of tax			9,744	9,744	(96)	9,648	
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			3,157	3,157	1,252	4,409	
Foreign currency translation of foreign operations, net of tax			1,179	1,179	17,356	18,535	
Share in other comprehensive income of associates and joint ventures, net of tax			89,476	89,476	82	89,558	
<b>Transactions with owners of the Company, recognized directly in</b>							

**equity**

Dividends paid	(320,982)			(320,982)	(86,071)	(407,053)
Issuance of shares of capital by subsidiaries and others		2,536		2,536	12,329	14,865
Equity transaction within consolidation scope other than issuance of share capital		44,166		44,166	9,046	53,212
Changes in consolidation scope		(716)		(716)	23,229	22,513
Dividends paid (hybrid securities)					(16,455)	(16,455)
Others					4	4
<b>Balance at December 31, 2015</b>	<b>₩ 4,053,578</b>	<b>48,187,241</b>	<b>14,393,648</b>	<b>66,634,467</b>	<b>1,308,008</b>	<b>67,942,475</b>

*(Continued)*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity, Continued

## For the years ended December 31, 2016 and 2015

<i>In millions of won</i>	Equity attributable to owners of the controlling company					Non-controlling interests	Total equity
	Contributed capital	Retained earnings	Other components of equity	Subtotal			
<b>Balance at January 1, 2016</b>	₩ 4,053,578	48,187,241	14,393,648	66,634,467	1,308,008	67,942,475	
<b>Total comprehensive income (loss) for the period</b>							
Profit for the period		7,048,581		7,048,581	99,746	7,148,327	
Items that will not be reclassified subsequently to profit or loss:							
Remeasurements of defined benefit liability, net of tax		(69,330)		(69,330)	(6,596)	(75,926)	
Share in other comprehensive income (loss) of associates and joint ventures, net of tax		(2,532)		(2,532)	17	(2,515)	
Items that are or may be reclassified subsequently to profit or loss:							
Net change in the unrealized fair value of available-for-sale financial assets, net of tax			61,275	61,275	4	61,279	
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			27,075	27,075	1,339	28,414	
Foreign currency translation of foreign operations, net of tax			31,406	31,406	9,954	41,360	
Share in other comprehensive income (loss) of associates and joint ventures, net of tax			(54,918)	(54,918)	4	(54,914)	
<b>Transactions with owners of the Company, recognized directly in</b>							

**equity**

Dividends paid	(1,990,089)		(1,990,089)	(99,982)	(2,090,071)	
Issuance of shares of capital by subsidiaries and others		1,750	1,750	14,809	16,559	
Equity transaction within consolidation scope other than issuance of share capital		36,008	36,008	12,299	48,307	
Changes in consolidation scope				3,705	3,705	
Dividends paid (hybrid securities)				(16,455)	(16,455)	
<b>Balance at December 31, 2016</b>	<b>₩ 4,053,578</b>	<b>53,173,871</b>	<b>14,496,244</b>	<b>71,723,693</b>	<b>1,326,852</b>	<b>73,050,545</b>

*See accompanying notes to the consolidated financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

**For the years ended December 31, 2016 and 2015**

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Profit for the period	₩ 7,148,327	13,416,373
Adjustments for:		
Income tax expense	3,365,141	5,239,413
Depreciation	8,881,273	8,269,118
Amortization	79,715	72,266
Employee benefit expense	373,753	314,692
Bad debt expense	37,815	18,350
Interest expense	1,752,868	2,015,684
Loss on sale of financial assets	9	3,008
Loss on disposal of property, plant and equipment	4,996	1,933
Loss on abandonment of property, plant, and equipment	426,519	365,056
Impairment loss on property, plant and equipment		30,344
Impairment loss on intangible assets	3,945	22
Loss on disposal of intangible assets	158	16
Accretion expense to provisions, net	1,782,732	1,602,724
Loss on foreign currency translation, net	253,468	617,224
Valuation and transaction gain on derivative instruments, net	(231,630)	(708,120)
Share in loss (income) of associates and joint ventures, net	18,926	(194,272)
Gain on disposal of financial assets	(1,482)	(4)
Gain on disposal of property, plant and equipment	(74,035)	(8,637,508)
Gain on disposal of intangible assets		(32)
Gain on disposal of investments in associates and joint ventures	(52)	(4,731)
Loss on disposal of investments in associates and joint ventures	2,935	
Gain on disposal of investments in subsidiaries		(8,376)
Impairment loss on investments in associates and joint ventures	115,539	
Interest income	(241,778)	(241,585)
Dividend income	(9,446)	(14,069)
Impairment loss on available-for-sale securities	86,703	84,370
Others, net	66,260	(35,107)
	16,694,332	8,790,416
Changes in:		
Trade receivables	200,529	715,498
Non-trade receivables	(68,322)	(17,102)
Accrued income	69,151	17,051
Other receivables	10,093	(9,441)
Other current assets	(259,492)	67,520

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Inventories	(1,439,545)	(1,190,188)
Other non-current assets	(2,792)	(31,465)
Trade payables	141,994	(1,577,551)
Non-trade payables	(8,379)	38,223
Accrued expenses	(153,172)	(410,744)
Other payables		964
Other current liabilities	284,417	870,945
Other non-current liabilities	809,699	377,617
Investments in associates and joint ventures	75,407	114,708
Provisions	(1,527,129)	(1,033,502)
Payments of employee benefit obligations	(53,477)	(43,100)
Plan assets	(312,125)	(214,449)
	(2,233,143)	(2,325,016)

*(Continued)*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows, Continued

**For the years ended December 31, 2016 and 2015**

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Cash generated from operating activities	₩ 21,609,516	19,881,773
Dividends received	10,294	38,565
Interest paid	(2,041,379)	(2,176,040)
Interest received	240,878	133,875
Income taxes paid	(3,298,757)	(935,068)
<b>Net cash from operating activities</b>	<b>16,520,552</b>	<b>16,943,105</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposals of associates and joint ventures	46,644	22,058
Acquisition of associates and joint ventures	(113,222)	(116,114)
Proceeds from disposals of property, plant and equipment	207,960	9,843,796
Acquisition of property, plant and equipment	(12,028,789)	(14,049,887)
Proceeds from disposals of intangible assets	430	467
Acquisition of intangible assets	(124,422)	(87,946)
Proceeds from disposals of financial assets	10,876,017	242,856
Acquisition of financial assets	(8,130,621)	(5,326,151)
Increase in loans	(206,092)	(153,570)
Collection of loans	117,561	111,714
Increase in deposits	(468,734)	(352,669)
Decrease in deposits	161,166	185,154
Receipt of government grants	32,878	52,696
Usage of government grants	(33,516)	(13,372)
Net cash inflow (outflow) from changes in consolidation scope	3,754	(968)
Other cash inflow (outflow) from investing activities, net	13,116	(132,034)
<b>Net cash used in investing activities</b>	<b>(9,645,870)</b>	<b>(9,773,970)</b>
<b>Cash flows from financing activities</b>		
Repayment of short-term borrowings, net	(49,604)	(65,355)
Proceeds from long-term borrowings and debt securities	2,302,060	4,178,454
Repayment of long-term borrowings and debt securities	(7,750,047)	(8,960,706)
Payment of finance lease liabilities	(118,215)	(110,040)
Settlement of derivative instruments, net	73,246	73,348
Change in non-controlling interest	10,538	104,019
Dividends paid (hybrid bond)	(16,455)	(16,455)
Dividends paid	(2,088,429)	(409,884)
Other cash outflow from financing activities, net	(570)	



<b>Net cash used in financing activities</b>	(7,637,476)	(5,206,619)
<b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate fluctuations</b>	(762,794)	1,962,516
<b>Effect of exchange rate fluctuations on cash held</b>	31,082	24,249
<b>Net increase (decrease) in cash and cash equivalents</b>	(731,712)	1,986,765
<b>Cash and cash equivalents at January 1</b>	3,783,065	1,796,300
<b>Cash and cash equivalents at December 31</b>	₩ 3,051,353	3,783,065

*See accompanying notes to the consolidated financial statements.*

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

**December 31, 2016****1. Reporting Entity (Description of the controlling company)**

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

As of December 31, 2016, KEPCO s share capital amounts to ₩3,209,820 million and KEPCO s shareholders are as follows:

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

(\*) The number of shares held by foreign shareholders are 197,308,414 shares (30.74%) as of December 31, 2016.

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

**2. Basis of Preparation**

The consolidated financial statements of Korea Electric Power Corporation and subsidiaries (the Company ) were authorized for issuance by the Board of Directors on February 17, 2017, which will be submitted for approval at the shareholders meeting held on March 21, 2017.

**(1) Statement of compliance**

These consolidated 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.

**(2) Basis of measurement**

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

derivative financial instruments are measured at fair value

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

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

**(3) Functional and presentation currency**

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

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**2. Basis of Preparation, Continued**

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

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

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

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

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

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

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

(ii) Deferred tax

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

(iii) Valuations of financial instruments at fair values

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

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

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

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

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

(iv) Defined employee benefit liabilities

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

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**2. Basis of Preparation, Continued**

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

(v) Unbilled revenue

Energy delivered but not yet metered nor billed are estimated at the reporting date are estimated based on consumption statistics and selling price estimates. Determination of the unbilled revenues at the end of the reporting period is sensitive to the estimated consumptions and prices based on statistics. Unbilled revenue recognized as of December 31, 2016 and 2015 are ₩1,615,322 million and ₩1,599,592 million, respectively.

(vi) Construction contracts

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 utilizing the cost-based input method at the end of the reporting period. In applying the cost-based input method, it is necessary to use estimates and assumptions related to the total estimated costs expected to be incurred in the future, costs incurred which are not related to construction progress, changes in costs due to change of contract or design, etc. Total contract revenue is measured based on an agreed contract price; however, it may fluctuate due to the variation of construction work. The measurement of contract revenue is affected by various uncertainties resulting from unexpected future events.

(vii) Wolsung unit 1 nuclear power plant of the Company commenced operations on November 21, 1982 and ended its operations on November 20, 2012 pursuant to its 30-year operating license. On February 27, 2015, the Nuclear Safety and Security Commission (NSSC) evaluated the safety of operation on the Wolsung Unit 1 nuclear power plant and approved to continue its operation until November 20, 2022. As described in note 50, the lawsuit related to the validity of the approval of NSSC is currently ongoing. The consolidated financial statements were prepared based on the judgment of the Company that the approval of NSSC is valid and Wolsung Unit 1 nuclear power plant will be operating until 2022.

**(5) Changes in accounting policies**

(i) Amendments to K-IFRS 1016, Property, Plant and Equipment

The Company has adopted amendments to K-IFRS 1016, Property, Plant and Equipment, since January 1, 2016. Amendments to K-IFRS 1016, Property, Plant and Equipment, specify that the use of revenue-based methods to

calculate the depreciation of an asset is not appropriate.

Upon adoption of the amendments, there is no significant impact on the Company's consolidated financial statements.

(ii) Amendments to K-IFRS 1038, Intangible Assets

The Company has adopted amendments to K-IFRS 1038, Intangible Assets, since January 1, 2016. Amendments to K-IFRS 1038, Intangible Assets, introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be rebutted only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated, or when the intangible asset is expressed as a measure of revenue.

Upon adoption of the amendments, there is no significant impact on the Company's consolidated financial statements.

(iii) Amendments to K-IFRS 1111, Joint Arrangement

The Company has adopted amendments to K-IFRS 1111, Joint Arrangement, since January 1, 2016. Amendments to K-IFRS 1111, Joint Arrangement, require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business as defined in K-IFRS 1103, Business Combinations.

Upon adoption of the amendments, there is no significant impact on the Company's consolidated financial statements.

(iv) Amendments to K-IFRS 1011, Construction Contracts

The Company has adopted amendments to K-IFRS 1011, Construction Contracts, since January 1, 2016. Amendments to K-IFRS 1011, Construction Contracts, require the Company to disclose the construction contracts by each project or operating segment (refer to note 20).

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**2. Basis of Preparation, Continued**

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

There are certain amendments to K-IFRS 1105, *Non-current Assets Held for Sale and Discontinued Operation*, that provides guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), K-IFRS 1107, *Financial Instruments: Disclosures*, K-IFRS 1019, *Employee Benefits*, and K-IFRS 1034, *Interim Financial Reporting*.

Upon adoption of the amendments, there is no significant impact on the Company's consolidated financial statements.

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

The following new standards, interpretations and amendments to existing standards have been published for mandatory application for annual periods beginning after January 1, 2016.

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

K-IFRS 1109, published on September 25, 2015, is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. It replaces existing guidance in K-IFRS 1039, *Financial Instruments: Recognition and Measurement*. The Company plans to adopt K-IFRS 1109 for the year beginning on January 1, 2018. K-IFRS 1109 will generally be applied retrospectively; however the Company plans to take advantage of the exemption allowing it not to restate the comparative information for prior periods with respect to classification and measurement including impairment changes. New hedge accounting requirements will generally be applied prospectively except for certain exemptions including the accounting for the time value of options.

Key features of the new standard, K-IFRS 1109, are 1) classification and measurement of financial assets that reflects the business model in which the assets are managed and their cash flow characteristics, 2) impairment methodology that reflects expected credit loss (ECL) model for financial assets, and 3) expanded scope of hedged items and hedging instruments which qualify for hedge accounting and changes in assessment method for effect of hedging relationships.

K-IFRS 1109 will require the Company to assess the financial impact from application of K-IFRS 1109 and revise its accounting processes and internal controls related to financial instruments. Actual impact of adopting K-IFRS 1109 will be dependent on the financial instruments the Company holds and economic conditions at that time as well as accounting policy elections and judgment that it will make in the future.



The Company has not initiated any changes in internal controls processes or accounting processing systems, and has not performed an assessment of the impact resulting from the application of K-IFRS 1109. The Company is currently performing a detailed assessment of the potential impact from the application of K-IFRS 1109 and plans to complete the assessment in advance of its effective date. Expected impacts on the consolidated financial statements are generally categorized as follows:

#### Classification and measurement of financial assets

Under K-IFRS 1109, financial assets are classified into three principal categories; measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) based on the business model in which assets are managed and their cash flow characteristics. Under K-IFRS 1109, derivatives embedded in hybrid contracts where the host is a financial asset are not bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

As there are additional requirements for a financial asset to be classified as measured at amortized costs or FVOCI under K-IFRS 1109 compared to the existing guidance in K-IFRS 1039, the adoption of K-IFRS 1109 would potentially increase the proportion of financial assets that are measured at FVTPL, increasing volatility in the Company's profit or loss.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**2. Basis of Preparation, Continued**

**(6) New standards and interpretations not yet adopted, continued**

The criteria for classification and measurement of financial assets under K-IFRS 1109 are as follows:

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

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

On initial recognition of equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI, and will not reclassify(recycle) the those items in OCI to profit or loss subsequently.

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

As of December 31, 2016, the Company has loans and receivables amounting to ₩16,273,877 million, available-for-sale financial assets amounting to ₩1,014,732 million, and financial assets at fair value through profit or loss amounting to ₩367,477 million.

Classification and measurement of financial liabilities

Under K-IFRS 1109, the amount of change in the fair value attributable to the changes in the credit risk of the financial liabilities is presented in OCI, not recognized in profit or loss, and the OCI amount will not be reclassified (recycled) to profit or loss. However, if doing so creates or increase an accounting mismatch, the amount of change in the fair value is recognized in profit or loss.

As a portion of fair value change which was recognized in profit or loss under the existing standard, K-IFRS 1039, will be presented in OCI under K-IFRS 1109, profit or loss related to valuation of the same financial liabilities is likely to decrease.

The Company does not have any financial liability designated as at FVTPL as of December 31, 2016.

#### Impairment: Financial assets and contract assets

K-IFRS 1109 replaces the incurred loss model in the existing standard with a forward-looking expected credit loss (ECL) model for debt instruments, lease receivables, contractual assets, loan commitments, financial guarantee contracts.

Under K-IFRS 1109, impairment losses are likely to be recognized earlier than using the incurred loss model under the existing guidance in K-IFRS 1039 as loss allowances will be measured on either of the 12-month or lifetime ECL based on the extent of increase in credit risk since inception as shown in the below table.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****2. Basis of Preparation, Continued****(6) New standards and interpretations not yet adopted, continued**

<b>Classification</b>	<b>Loss allowances</b>
Stage 1 Credit risk has not increased significantly since the initial recognition	12-month ECL: ECLs that resulted from possible default events within the 12 months after the reporting date
Stage 2 Credit risk has increase significantly since the intial recognition	Lifetime ECL: ECL that resulted from all possible default events over the expected life of a financial instrument
Stage 3 Credit-impaired	

Under K-IFRS 1109, financial assets of which the credit was impaired at the initial recognition, cumulative changes in lifetime ECL since the initial recognition are recognized as loss allowances.

As of December 31, 2016, the Company has debt instruments in financial assets measured at amortized cost amounting to ₩16,438,054 million (loans and receivables) and has recognized loss allowances for ₩164,177 million.

**Hedge accounting**

K-IFRS 1109 retains the mechanics of hedge accounting (fair value hedge, cash flow hedge, hedging on net investment in a foreign operation) which was defined in the existing guidance in K-IFRS 1109, but provides principle-based and less complex guidance in hedging which focuses on the risk management activities. More hedged items and hedging instruments would qualify for hedge accounting, more qualitative and forward-looking approach will be taken to assessing hedge effectiveness, and qualitative threshold (80~125%) is removed under K-IFRS 1109.

Certain transactions which were not qualified for hedge accounting under the existing standard will likely quality for hedge accounting under K-IFRS 1109, decreasing volatility in the Company's profits or loss.

As of December 31, 2016, the Company has asset and liabilities designated as hedged items amounting to ₩413,897 million and ₩117,157 million, respectively.

When initially applying K-IFRS 1109, the Company may choose as its accounting policy to continue to apply the hedge accounting requirements of K-IFRS 1039.

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

K-IFRS 1115, Revenue from Contracts from Customers, published on November 6, 2015, is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

It replaces existing revenue recognition guidance, including K-IFRS 1018, Revenue, K-IFRS 1011, Construction Contracts, K-IFRS 2031, Revenue-Barter transactions involving advertising services, K-IFRS, 2113 Customer Loyalty Programs, K-IFRS 2115, Agreements for the construction of real estate, K-IFRS 2118, Transfers of assets from customers.

Existing K-IFRS standards and interpretations including K-IFRS 1018 provide revenue recognition guidance by transaction types such as sales of goods, rendering of services, interest income, royalty income, dividend income and construction revenue; however, under the new standard, K-IFRS 1115, the five-step approach (Step 1: Identify the contract(s) with a customer, Step 2: Identify the performance obligations in the contract, Step 3: Determine the transaction price, Step 4: Allocate the transaction price to the performance obligations in the contract, Step 5: Recognize revenue when the entity satisfied a performance obligation) is applied for all types of contracts or agreements.

The Company is currently performing a detailed assessment of the impact resulting from the application of K-IFRS 1115 and plans to complete the assessment in advance of its effective date.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**2. Basis of Preparation, Continued**

**(6) New standards and interpretations not yet adopted, continued**

(iii) Amendments to K-IFRS 1102, Share-based Payment

The amendments include: 1) when measuring the fair value of share-based payment, the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment should be consistent with the measurement of equity-settled share-based payment, 2) Share-based payment transaction in which the company settles the share-based payment arrangement net by withholding a specified portion of the equity instruments per statutory tax withholding requirements would be classified as equity-settled in its entirety, if otherwise would be classified as equity-settled without the net settlement feature, and 3) when a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions, the original liability recognized is derecognized and the equity-settled share-based payment is recognized at the modification date fair value. Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately. The amendments are effective for annual periods beginning on or after January 1, 2018.

The adoption of the amendments is not expected to have a significant impact on the Company's consolidated financial statements.

(iv) Amendments to K-IFRS 1007, Statement of Cash Flows

The amendments require changes in liabilities arising from financing activities to be disclosed. The amendments are effective for annual periods beginning on or after January 1, 2017.

The adoption of the amendments is not expected to have a significant impact on the Company's consolidated financial statements.

(v) Amendments to K-IFRS 1012, Income Taxes

The amendments clarify that unrealized losses on fixed-rate debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the holder expects to recover the carrying amount of the debt instrument by sale or by use and that the estimate of probable future taxable profit may include the recovery of some of assets for more than their carrying amount. When the Company assesses whether there will be sufficient taxable profit, the Company should compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. The

amendments are effective for annual periods beginning on or after January 1, 2017.

The adoption of the amendments is not expected to have a significant impact on the Company's consolidated financial statements.

### **3. Significant Accounting Policies**

The significant accounting policies applied by the Company in preparation of its consolidated financial statements are included below. Except as described in note 2.(5), the accounting policies applied by the Company in these consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2015.

#### **(1) Basis of consolidation**

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

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(1) Basis of consolidation, continued**

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

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

Transactions within the Company are eliminated during the consolidation.

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

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

**(2) Business combinations**

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



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

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

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

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

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.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(2) Business combinations, continued**

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

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

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

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

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

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(3) Investments in associates**

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

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

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

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

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



**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

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

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

**(4) Joint arrangements**

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

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

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

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

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

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

**(6) Goodwill**

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(6) Goodwill, continued**

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

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

**(7) Revenue recognition**

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

**(i) Sales of goods**

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

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

**(ii) Sales of other services**



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

(iii) Dividend income and interest income

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

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

(iv) Rental income

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

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

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(8) Construction services revenue**

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

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

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

When contract costs incurred to date plus recognized income less recognized losses exceed progress billings, the surplus is presented 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 presented 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 advance received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position as accounts and other receivables.

**(9) Leases**

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

(i) The Company as lessor

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

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

(ii) The Company as lessee

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

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

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

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.

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(9) Leases, continued**

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

(iii) Determining whether an arrangement contains a lease

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

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

**(10) Foreign currencies**

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

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

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

Exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer to note 3.(25) Derivative financial instruments, including hedge accounting); and

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

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

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

#### **(11) Borrowing costs**

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

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

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(12) Government grants**

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

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

(i) If the Company received grants related to assets

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

(ii) If the Company received grants related to income

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

**(13) Employee benefits**

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

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

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

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

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(14) Income taxes**

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

(i) Current tax

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

(ii) Deferred tax

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

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

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



utilized.

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

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

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

(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.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****3. Significant Accounting Policies, Continued****(15) Property, plant and equipment**

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

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

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

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

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

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

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

Accordingly, useful lives of certain machinery were changed during 2016 and as a result, depreciation expenses increased by ₩160,985 million for the year ended December 31, 2016. Depreciation expenses are expected to increase by ₩130,514 million and ₩91,197 million for the years ending December 31, 2017 and 2018, respectively, and to decrease by ₩382,696 million for the years after December 31, 2018.

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.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(16) Investment property**

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

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

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

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

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

**(17) Intangible assets**

**(i) Intangible assets acquired separately**

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

**(ii) Research and development**

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

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

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

The ability to use or sell the intangible asset;

How the intangible asset will generate probable future economic benefits;

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

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

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

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

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****3. Significant Accounting Policies, Continued****(17) Intangible assets, continued**

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

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

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

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (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 are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in income or loss when the asset is derecognized.

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

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

(i) Greenhouse gas emissions rights

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

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

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

(ii) Greenhouse gas emissions obligations

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

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

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

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

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

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

**(20) Inventories**

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



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

**(21) Provisions**

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

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

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

**(21) Provisions, continued**

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

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

(i) Provision for employment benefits

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

(ii) Provision for decommissioning costs of nuclear power plants

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

(iii) Provision for disposal of spent nuclear fuel

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

(iv) Provision for low and intermediate radioactive wastes

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

(v) Provision for Polychlorinated Biphenyls ( PCBs )

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

(vi) Provisions for power plant regional support program

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

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

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

(viii) Renewable Portfolio Standard ( RPS ) provisions

RPS program is recognized for the governmental regulations to require the production of energies from renewable energy sources such as solar, wind and biomass.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

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

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

(i) Effective interest method

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

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

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

A financial asset is classified as held for trading if:

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

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

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

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

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

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

It forms a part of a contract containing one or more embedded derivatives, and with K-IFRS 1039, Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at financial assets at fair value through profit or loss.

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

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

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

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

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

(v) Loans and receivables

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

(vi) Impairment of financial assets

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

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

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

Significant financial difficulty of the issuer or counterparty; or

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

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

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

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

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

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 profit 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 profit or loss are not reversed through profit 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 profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.



(vii) De-recognition of financial assets

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

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

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

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

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

(i) Classification as debt or equity

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

(ii) Equity instruments

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

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

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the issue of financial liabilities are added to or deducted from the fair value of the financial liabilities, as appropriate,

on initial recognition. Transaction cost directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

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

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

A financial liability is classified as held for trading if:

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

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

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

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

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

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

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

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

(v) Other financial liabilities

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

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

(vi) Financial guarantee contract liabilities

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

(vii) De-recognition of financial liabilities

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

**(24) Service Concession Arrangements**

The Company recognizes revenues from construction services and operating services related to service concession arrangements in accordance with K-IFRS 1011, Construction Contracts and K-IFRS 1018, Revenue, respectively. If the Company performs more than one service under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

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

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

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

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

**(i) Separable embedded derivatives**

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

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

**(ii) Hedge accounting**

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

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

(iii) Fair value hedges

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

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

**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

**3. Significant Accounting Policies, Continued**

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

(iv) Cash flow hedges

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

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

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



**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

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

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

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

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

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****4. Segment, Geographic and Other Information, Continued****(2) Financial information of the segments for the years ended December 31, 2016 and 2015, respectively, are as follows:***In millions of won*

Segment	2016							
	Total segment revenue	Intersegment revenue	Revenue from external customers	Operating profit	Depreciation and amortization	Interest income	Interest expense	Profit related associates, joint ventures and subsidiaries
Transmission and distribution	₩ 60,289,581	1,890,489	58,399,092	4,881,540	3,226,700	80,882	844,200	(128,402)
Electric power generation (Nuclear)	11,168,579	11,129,385	39,194	3,819,778	3,130,820	33,111	474,590	(1,082)
Electric power generation (Non-nuclear)	21,394,223	20,561,044	833,179	3,211,318	2,523,306	24,171	359,607	(8,342)
Plant maintenance & engineering service	2,618,388	2,190,207	428,181	196,989	98,843	10,672	2,156	478
Others	567,836	77,098	490,738	89,301	26,817	115,928	97,926	
Consolidation adjustments	(35,848,223)	(35,848,223)		(197,327)	(45,498)	(22,986)	(25,611)	
	₩ 60,190,384		60,190,384	12,001,599	8,960,988	241,778	1,752,868	(137,348)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****4. Segment, Geographic and Other Information, Continued**

(2) Financial information of the segments for the years ended December 31, 2016 and 2015, respectively, are as follows, continued:

*In millions of won*

Segment	2015							
	Total segment revenue	Intersegment revenue	Revenue from external customers	Operating profit (loss)	Depreciation and amortization	Interest income	Interest expense	Profit related associates, joint ventures and subsidiaries
Transmission and distribution	₩ 58,540,389	1,230,975	57,309,414	4,425,361	2,859,037	132,809	1,092,594	220,406
Electric power generation (Nuclear)	10,642,352	10,596,189	46,163	3,784,990	3,070,828	24,612	532,490	(595)
Electric power generation (Non-nuclear)	21,469,345	20,906,081	563,264	2,732,497	2,337,353	22,171	319,647	(10,686)
Plant maintenance & engineering service	2,533,887	2,016,699	517,188	285,786	85,662	12,293	542	(1,746)
Others	672,250	150,557	521,693	42,629	27,491	108,104	127,684	
Consolidation adjustments	(34,900,501)	(34,900,501)		75,469	(38,987)	(58,404)	(57,273)	
	₩ 58,957,722		58,957,722	11,346,732	8,341,384	241,585	2,015,684	207,379

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****4. Segment, Geographic and Other Information, Continued****(3) Information related to segment assets and segment liabilities as of and for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

Segment	Segment assets	2016		Segment liabilities
		Investments in associates and joint ventures	Acquisition of non-current assets	
Transmission and distribution	₩ 105,321,129	4,121,462	6,345,004	49,854,420
Electric power generation (Nuclear)	52,782,915	15,384	1,945,610	27,366,938
Electric power generation (Non-nuclear)	47,427,642	1,320,203	3,508,313	26,205,049
Plant maintenance & engineering service	3,106,909	53,399	180,715	1,218,047
Others	7,423,132		365,470	2,761,262
Consolidation adjustments	(38,224,685)		(191,901)	(2,619,219)
<b>Consolidated totals</b>	<b>₩ 177,837,042</b>	<b>5,510,448</b>	<b>12,153,211</b>	<b>104,786,497</b>

*In millions of won*

Segment	Segment assets	2015		Segment liabilities
		Investments in associates and joint ventures	Acquisition of non-current assets	
Transmission and distribution	₩ 106,306,250	4,338,888	5,885,919	53,125,589
Electric power generation (Nuclear)	51,043,890	16,385	2,647,304	27,386,113
Electric power generation (Non-nuclear)	44,453,545	1,283,432	5,063,195	25,587,071
Plant maintenance & engineering service	2,990,862	54,825	249,627	1,172,351

Others	5,962,546		144,846	2,312,658
Consolidation adjustments	(35,499,734)		146,942	(2,268,898)
Consolidated totals	₩ 175,257,359	5,693,530	14,137,833	107,314,884

**(4) Geographic information**

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

<i>In millions of won</i> Geographical unit	Revenue from external customers		Non-current assets (*2)	
	2016	2015	2016	2015
Domestic	₩ 55,737,308	54,727,071	148,297,677	143,788,043
Overseas (*1)	4,453,076	4,230,651	4,474,699	4,526,395
	₩ 60,190,384	58,957,722	152,772,376	148,314,438

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

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

**(5) Information on significant customers**

There is no individual customer comprising more than 10% of the Company's revenue for the years ended December 31, 2016 and 2015.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****5. Classification of Financial Instruments****(1) Classification of financial assets as of December 31, 2016 and 2015 are as follows:***In millions of won*

	<b>2016</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	₩	3,051,353				3,051,353
<b>Current financial assets</b>						
Held-to-maturity investments				114		114
Derivative assets	79,709				113,574	193,283
Other financial assets		2,478,592				2,478,592
Trade and other receivables		7,788,876				7,788,876
	79,709	13,318,821		114	113,574	13,512,218
<b>Non-current assets</b>						
<b>Non-current financial assets</b>						
Available-for-sale financial assets			1,014,732			1,014,732
Held-to-maturity investments				3,130		3,130
Derivative assets	287,768				300,323	588,091
Other financial assets		1,051,541				1,051,541
Trade and other receivables		1,903,515				1,903,515
	287,768	2,955,056	1,014,732	3,130	300,323	4,561,009
	₩ 367,477	16,273,877	1,014,732	3,244	413,897	18,073,227

*In millions of won*

	<b>2015</b>					<b>Total</b>
	<b>Financial assets at fair value</b>	<b>Loans and receivables</b>	<b>Available- for-sale financial assets</b>	<b>Held-to- maturity investments</b>	<b>Derivative assets (using hedge</b>	

	through profit or loss		assets		accounting)	
<b>Current assets</b>						
Cash and cash equivalents	₩	3,783,065				3,783,065
<b>Current financial assets</b>						
Held-to-maturity investments				381		381
Derivative assets	1,498				95,759	97,257
Other financial assets		5,237,983				5,237,983
Trade and other receivables		7,473,548				7,473,548
	1,498	16,494,596		381	95,759	16,592,234
<b>Non-current assets</b>						
<b>Non-current financial assets</b>						
Available-for-sale financial assets			584,479			584,479
Held-to-maturity investments				3,242		3,242
Derivative assets	253,510				266,383	519,893
Other financial assets		1,387,940				1,387,940
Trade and other receivables		1,798,419				1,798,419
	253,510	3,186,359	584,479	3,242	266,383	4,293,973
	₩ 255,008	19,680,955	584,479	3,623	362,142	20,886,207

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

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

(2) Classification of financial liabilities as of December 31, 2016 and 2015 are as follows:

*In millions of won***2016**

	<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	₩	1,115,521		1,115,521
Debt securities		7,823,557		7,823,557
Derivative liabilities	3,251			3,251
Trade and other payables		5,585,411		5,585,411
	3,251	14,524,489		14,527,740
<b>Non-current liabilities</b>				
Borrowings		1,773,891		1,773,891
Debt securities		42,926,236		42,926,236
Derivative liabilities	18,278		117,157	135,435
Trade and other payables		3,558,175		3,558,175
	18,278	48,258,302	117,157	48,393,737
	₩ 21,529	62,782,791	117,157	62,921,477

*In millions of won***2015**

	<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>				



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Borrowings	₩	1,144,027		1,144,027
Debt securities		6,702,926		6,702,926
Derivative liabilities	9,487		758	10,245
Trade and other payables		4,735,697		4,735,697
	9,487	12,582,650	758	12,592,895
<b>Non-current liabilities</b>				
Borrowings		1,932,259		1,932,259
Debt securities		48,974,287		48,974,287
Derivative liabilities	39,524		116,741	156,265
Trade and other payables		3,718,435		3,718,435
	39,524	54,624,981	116,741	54,781,246
	₩ 49,011	67,207,631	117,499	67,374,141

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

**5. Classification of Financial Instruments, Continued****(3) Classification of comprehensive income from financial instruments for the years ended December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>		<b>2016</b>	<b>2015</b>
Cash and cash equivalents	Interest income	₩ 61,380	54,687
Available-for-sale financial assets	Dividends income	9,446	14,069
	Impairment loss on available-for-sale financial assets	(86,703)	(84,370)
	Gain (loss) on disposal of available-for-sale financial assets	1,473	(3,004)
	Interest income		29
Held-to-maturity investments	Interest income	97	99
Loans and receivables	Interest income	25,106	28,586
Trade and other receivables	Interest income	102,237	100,771
Short-term financial instruments	Interest income	45,763	46,921
Long-term financial instruments	Interest income	7,195	10,492
Financial assets at fair value through profit or loss	Gain on valuation of derivatives	113,671	220,285
	Gain (loss) on transaction of derivatives	(8,039)	8,605
Derivative assets (using hedge accounting)	Gain on valuation of derivatives (profit or loss)	145,458	244,020
	Gain (loss) on valuation of derivatives (equity, before tax) (*)	50,047	(12,572)
	Gain (loss) on transaction of derivatives	(13,994)	2,818
	Interest expense of borrowings and debt securities	(1,202,065)	(1,392,477)
Financial liabilities carried at amortized cost	Loss on retirement of financial liabilities	(23,000)	(33)
	Interest expense of trade and other payables	(68,375)	(84,527)
	Interest expense of others	(482,428)	(538,680)
	Loss on foreign currency transactions and translations	(290,485)	(708,178)

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Financial liabilities at fair value through profit or loss	Gain on valuation of derivatives	23,225	35,312
	Gain on transaction of derivatives	17,045	107,454
Derivative liabilities (using hedge accounting)	Gain on valuation of derivatives (profit or loss)	5,714	93,914
	Gain (loss) on valuation of derivatives (equity, before tax) (*)	(3,297)	9,728
	Loss on transaction of derivatives	(51,450)	(4,288)

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

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****6. Restricted Deposits****Restricted deposits as of December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>		<b>2016</b>	<b>2015</b>
Cash and cash equivalents	Escrow accounts	₩ 91	4,828
	Deposits for government project	16,457	5,839
	Collateral provided for borrowings	80,327	6,839
	Collateral provided for lawsuit	241	641
	Deposits for transmission regional support program	2,137	204
	Pledge		740
Non-current available-for-sale financial asset	Decommissioning costs of nuclear power plants	437,015	
Short-term financial instruments	Bidding guarantees	118	
	Restriction on withdrawal related to win-win growth program for small and medium enterprises	33,000	18,000
Other current receivables	Deposit for lawsuit	16,000	
Long-term financial instruments	Guarantee deposits for checking account	2	2
	Guarantee deposits for banking accounts at overseas branches	342	333
	Decommissioning costs of nuclear power plants	214,121	652,700
	Collateral provided for borrowings		20
	Funds for developing small and medium enterprises (*1)	200,000	100,000
		<b>₩ 999,851</b>	<b>790,146</b>

(\*1) Deposits for small and medium enterprise at IBK for construction of Bitgaram Energy Valley and support for the high potential businesses as of December 31, 2016.

**7. Cash and Cash Equivalents**

Cash and cash equivalents as of December 31, 2016 and 2015 are as follows:

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Cash	₩ 119	109
Other demand deposits	1,725,785	1,309,396
Short-term deposits classified as cash equivalents	120,594	374,575
Short-term investments classified as cash equivalents	1,204,855	2,098,985
	₩ 3,051,353	3,783,065

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****8. Trade and Other Receivables****(1) Trade and other receivables as of December 31, 2016 and 2015 are as follows:***In millions of won*

		<b>2016</b>		
	<b>Gross amount</b>	<b>Allowance for doubtful accounts</b>	<b>Present value discount</b>	<b>Book value</b>
<b>Current assets</b>				
Trade receivables	₩ 7,260,227	(71,985)		7,188,242
Other receivables	652,782	(50,071)	(2,077)	600,634
	7,913,009	(122,056)	(2,077)	7,788,876
<b>Non-current assets</b>				
Trade receivables	491,509			491,509
Other receivables	1,455,860	(37,590)	(6,264)	1,412,006
	1,947,369	(37,590)	(6,264)	1,903,515
	₩ 9,860,378	(159,646)	(8,341)	9,692,391

*In millions of won*

		<b>2015</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	₩ 6,862,762	(51,956)	(14)	6,810,792
Other receivables	718,717	(52,778)	(3,183)	662,756
	7,581,479	(104,734)	(3,197)	7,473,548
<b>Non-current assets</b>				
Trade receivables	447,010			447,010
Other receivables	1,396,107	(38,968)	(5,730)	1,351,409
	1,843,117	(38,968)	(5,730)	1,798,419
	₩ 9,424,596	(143,702)	(8,927)	9,271,967



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****8. Trade and Other Receivables, Continued**

(2) Other receivables as of December 31, 2016 and 2015 are as follows:

*In millions of won*

		2016		
	Gross amount	Allowance for doubtful accounts	Present value discount	Book value
<b>Current assets</b>				
Non-trade receivables	₩ 360,021	(50,071)		309,950
Accrued income	62,063			62,063
Deposits	193,720		(2,077)	191,643
Finance lease receivables	12,225			12,225
Others	24,753			24,753
	652,782	(50,071)	(2,077)	600,634
<b>Non-current assets</b>				
Non-trade receivables	80,393	(26,942)		53,451
Accrued income	174			174
Deposits	320,935		(6,264)	314,671
Finance lease receivables	960,649			960,649
Others	93,709	(10,648)		83,061
	1,455,860	(37,590)	(6,264)	1,412,006
	₩ 2,108,642	(87,661)	(8,341)	2,012,640

*In millions of won*

		2015		
	Gross amount	Allowance for doubtful accounts	Present value discount	Book value
<b>Current assets</b>				
Non-trade receivables	₩ 330,669	(52,778)		277,891
Accrued income	88,256			88,256
Deposits	235,745		(3,183)	232,562



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Finance lease receivables	12,098			12,098
Others	51,949			51,949
	718,717	(52,778)	(3,183)	662,756
<b>Non-current assets</b>				
Non-trade receivables	93,782	(31,829)		61,953
Accrued income	582			582
Deposits	256,745		(5,730)	251,015
Finance lease receivables	941,710			941,710
Others	103,288	(7,139)		96,149
	1,396,107	(38,968)	(5,730)	1,351,409
	₩ 2,114,824	(91,746)	(8,913)	2,014,165

- (3) Trade and other receivables are classified as loans and receivables, and are measured using the effective interest method. No interest is accrued for trade receivables related to electricity for the duration between the billing date and the payment due dates. But once trade receivables are overdue, the Company imposes a monthly interest rate of 1.5% on the overdue trade receivables. The Company holds deposits of three-months expected electricity usage for customers requesting temporary usage and customers with past defaulted payments.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****8. Trade and Other Receivables, Continued****(4) Aging analysis of trade receivables as of December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Trade receivables: (not overdue, not impaired)	₩ 7,592,363	7,198,403
Trade receivables: (overdue, not impaired)	820	891
Less than 60 days	820	891
Trade receivables: (impairment reviewed)	158,553	110,478
60 ~ 90 days	44,277	31,973
90 ~ 120 days	18,917	11,010
120 days ~ 1 year	42,534	35,097
Over 1 year	52,825	32,398
	7,751,736	7,309,772
Less: allowance for doubtful accounts	(71,985)	(51,956)
Less: present value discount		(14)
	₩ 7,679,751	7,257,802

The Company assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired, and provides allowances for doubtful accounts which includes impairment for trade receivables that are individually significant. The Company considers receivables as overdue if the receivables are outstanding 60 days after the maturity and sets an allowance based on past experience of collection.

**(5) Aging analysis of other receivables as of December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Other receivables: (not overdue, not impaired)	₩ 1,887,620	1,918,132
Other receivables: (overdue, not impaired)	46,887	20,249

Less than 60 days	46,887	20,249
Other receivables: (impairment reviewed)	174,135	176,443
60 ~ 90 days	7,352	2,409
90 ~ 120 days	2,160	10,097
120 days ~ 1year	17,613	21,433
Over 1 year	147,010	142,504
	2,108,642	2,114,824
Less: allowance for doubtful accounts	(87,661)	(91,746)
Less: present value discount	(8,341)	(8,913)
	₩ 2,012,640	2,014,165

(6) **Changes in the allowance for doubtful accounts for the years ended December 31, 2016 and 2015 are as follows:**

*In millions of won*

	2016		2015	
	Trade receivables	Other receivables	Trade receivables	Other receivables
<b>Beginning balance</b>	₩ 51,956	91,746	80,644	67,932
Bad debt expense	38,719	233	1,308	18,473
Write-off	(18,939)	(928)	(28,978)	(888)
Reversal		(5,489)	(1,018)	(413)
Others	249	2,099		6,642
<b>Ending balance</b>	₩ 71,985	87,661	51,956	91,746

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

	<b>2016</b>					<b>Ending</b>	
	<b>Beginning</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Valuation</b>	<b>Impairment</b>	<b>Others</b>	<b>balance</b>
	<b>balance</b>			<b>Impairment</b>			
<b>Listed:</b>							
Korea District Heating Corp.	₩ 130,410			23,773			154,183
Kwanglim Co., Ltd. (*1)	262		(214)	598		(646)	
Ssangyong Motor Co., Ltd.	299			5			304
Sungjee Construction. Co., Ltd.	5			16			21
Korea Line Corp.							
Namkwang Engineering & Construction Co., Ltd.	1			(1)			
Pumyang Construction Co., Ltd.							
ELCOMTEC Co., Ltd.	53			21			74
PAN ocean Co., Ltd.	6			1			7
Borneo International Furniture Co., Ltd.	103						103
TONGYANG Inc. (*1)	217		(44)	25		(198)	
TONGYANG networks Inc. (*1)	6		(3)			(3)	
Nexolon Co., Ltd. (*1)	3,196		(3,137)	569		(628)	
Dongbu Corporation, PT Adaro Energy Tbk	21,012			52,049			73,061
Energy Fuels Inc.	5,926			(2,775)	(3,273)	3,507	3,385
Baralaba Coal Company Limited (formerly, Cockatoo Coal Limited)	42						42
Denison Mines Corp.	34,457				(5,849)	7,896	36,504
Fission 3.0	30			(16)		2	16
Fission Uranium Corp.	554			(126)		31	459
	196,579		(3,398)	74,139	(9,122)	9,973	268,171
<b>Unlisted:</b>							
K&C Gyeongnam youth job creation Investment Fund	1,207						1,207

Korea investment Korea EXIM Bank CERs Private Special Asset Investment Trust I	571			571
Troika Overseas Resource Development Private Equity Firm	1,553			1,553
IBK-AUCTUS Green Growth Private Equity firm (*1)	855	(814)		41
Global Dynasty Overseas Resource Development Private Equity Firm	2,233			2,233
Intellectual Discovery, Ltd.	1,375			1,375
Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 (*1)	1,069	3,685	(365)	4,389
Construction Guarantee	805		14	819
Plant & Mechanical Contractors Financial Cooperative of Korea	36			36
Fire Guarantee	20			20
Korea Software Financial Cooperative	301	3,000		3,301
Engineering Financial Cooperative	60			60
Electric Contractors Financial Cooperative	152			152
Korea Specialty Contractor Financial Cooperative	417			417
Information & Communication Financial Cooperative	10			10
Korea Electric Engineers Association	40			40
Korea investment Investment Pool for Public funds 10		142,470	(1,155)	141,315
Samsung investment Investment Pool for Public funds 2		213,710	(1,790)	211,920
Samsung investment Investment Pool for Public funds 1		53,220	(8)	53,212
Korea investment Hanwha KT Mater Lease Private Special Investment Trust (*1)		31,200	(640) 8	30,568

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

	2016				Ending		
	Beginning	Acquisition	Disposal	Valuation	Impairment	Others	balance
	balance						
Hwan Young Steel Co., Ltd.	₩ 97						97
Woobang ENC Co., Ltd.	22				(22)		
Dongnam Co., Ltd.	72				(72)		
SAMBO AUTO. Co., Ltd.	38						38
Mobo Co., Ltd.	14						14
Poonglim Industrial Co., Ltd.	93				(93)		
HANKOOK Silicon Co., Ltd.	7,513				(6,018)		1,495
Kun Young Engineering & Construction Co., Ltd.	5				(3)	(2)	
Pumyang Asset Management Co., Ltd.	3				(3)		
Dae Kwang Semiconductor Co., Ltd.	6						6
Sanbon Department Store	3						3
Woori Ascon Co., Ltd.	10					(10)	
Miju Steel Mfg. Co., Ltd.	51						51
BnB Sungwon Co., Ltd.	15						15
Hana Civil Engineering Co., Ltd.	1						1
KC Development Co., Ltd.	6						6
IMHWA Corp.	5						5
DALIM Special Vehicle Co., Ltd.	10						10
ASA JEONJU Co., Ltd.	69						69
KYUNGWON Co., Ltd.	14				(14)		
Moonkyung Silica Co., Ltd.							
Yousung Remicon Co., Ltd.	4				(4)		
Sungkwang Timber Co., Ltd.	4						4
Yongbo Co., Ltd.	3						3
HJ Steel Co., Ltd.	2						2
KS Remicon Co., Ltd.	3						3
Sewoong Heavy Industries Co., Ltd.	40				(40)		
SIN-E Steel Co., Ltd.	33						33
Joongang Platec Co., Ltd.	72				(37)		35

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Pyungsan SI Ltd.	9	9
Samgong Development Co., Ltd.	7	7
Joongang Development Co., Ltd.	8	8
AJS Co., Ltd.	32	32
SHIN-E B&P Co., Ltd.	10	10
MSE Co., Ltd.	9	9
Iirim Nano Tec Co., Ltd.	15	15
Kwang Myeong Electronics Technology Co., Ltd.	11	(11)
Youngjin Hi-Tech Co., Ltd.	21	21
Dong Woo International Co., Ltd.	18	18
Bench Mark Construction Co., Ltd.		
Buyoung Co., Ltd.	3	3
Ilsuk Co., Ltd.	10	10
Dongyang Telecom Co., Ltd.	11	11
Han Young Construction Co., Ltd.	3	3
Jongwon Remicon Co., Ltd.	13	13
Ace Heat Treating Co., Ltd.	72	72
Zyle Daewoo Motor Sales Co., Ltd.		
Daewoo Development Co., Ltd.		
Seyang Inc.	27	27
Seungri Enterprise Co., Ltd.	3	3

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

	2016				Ending	
	Beginning	Acquisition	Disposal	Valuation Impairment	Others	balance
	balance					balance
Onggane Food Co., Ltd.	₩ 1					1
Shin-E P&C Co., Ltd.	1					1
Ejung Ad Co., Ltd.	3					3
Solvus Co., Ltd.	3					3
Myung Co., Ltd.	2					2
Emotion Co., Ltd.	8					8
Youngdong Concrete Co., Ltd.	7					7
Shinil Engineering Co., Ltd.	3					3
Korea Castiron Industrial Co., Ltd.	22			(22)		
FFG DMC Co., Ltd.	17			(68)	51	
Daeseong Metal Co., Ltd.	47				(47)	
Biwang Industry Co., Ltd.	2					2
Huimun Co., Ltd.	4					4
Sunun IT F Co., Ltd.	8				(8)	
Young Sung Co., Ltd.	27					27
Yuil Industrial Electronics Co., Ltd.	16					16
DN TEK Inc.	62			(56)		6
Daeyang F.M.S Corporation	3				20	23
Kwang Jin Structure Co., Ltd.	31					31
Woojin Industry Corporation	16					16
Kwang Sung Industry Co., Ltd.	7					7
Matsaeng Food Co., Ltd.	6				(6)	
Futech Mold Co., Ltd.	14					14
Samcheonri Industrial Co., Ltd.	13					13
Woojoo Environment Ind. Co., Ltd.	13					13
Cheongatti Co., Ltd.	4					4
Hyungji Esquire Co., Ltd.	21				1	22
Kolmar Pharma Co., Ltd.	52			(49)		3
Morado Co., Ltd.	2					2
Myung Sung Tex Co., Ltd.	2					2



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Kwang Sung Co., Ltd.		31	31
EverTechno. Co.,Ltd.	(140)	147	7
Autowel Co.,Ltd.		13	13
Woobang Constructon Co., Ltd.		8	8
Shin Pyung Co., Ltd.		3	3
JMC Heavy Industries Co., Ltd.		27	27
Najin Steel Co., Ltd.		5	5
Kunyang Food Co., Ltd.	(1)	1	
Sinkwang Industry Co., Ltd.		5	5
Join Land Co., Ltd.		1	1
Crystal Co., Ltd.		2	2
Elephant & Friends Co., Ltd.		3	3
Mireco Co., Ltd.		11	11
L&K Industry Co., Ltd.		24	24
JO Tech Co., Ltd.		25	25
Samwoo EMC Co., Ltd.	(117)	117	
Kendae Printing Co., Ltd.		21	21
Golden Tech Co., Ltd.	(114)	114	
Dauning Co., Ltd.		6	6
Korea Trecision Co., Ltd.		5	5
Buhmwoo Chemical Corp.	(20)	20	
Ace Track Co., Ltd.	(160)	219	59

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

	2016				Ending	
	Beginning	Acquisition	Disposal	Valuation Impairment	Others	balance
	balance					
Taebok Machinery Co., Ltd.	₩				11	11
Yooah Industry Co., Ltd.					13	13
Yoo-A Construction Co., Ltd.					11	11
Dung Hwan Co., Ltd.					5	5
Dongjin Metal Co., Ltd.				(27)	27	
Hurim Biocell Co., Ltd.					5	5
P. J, Trading Co., LTd.						
Sunjin Power Tech Co., Ltd.				(157)	247	90
Smart Power Co.,Ltd.		200				200
Sunjin Inprecision Co.,Ltd.				(169)	169	
Haseung Industries Co.,Ltd.					28	28
Beer Yeast Korea Inc.					7	7
Daeryung Corporation					10	10
Korea Bio Red Ginseng Co.,Ltd.					10	10
ESGI Co.,Ltd.				(120)	120	
ENH Co.,Ltd.				(55)	55	
HS Development Co.,Ltd.					54	54
OCO Co.,Ltd.					11	11
B CON Co.,Ltd.					6	6
Doosun Co.,Ltd.				(62)	62	
CheonIl Metal Co., Ltd.					4	4
Teakwang Tech Co., Ltd.					12	12
SsangMa Machine Co., Ltd.					1	1
SinJin Co., Ltd.					9	9
Ace Integration Co., Ltd					21	21
AceInti Agricultural Co., Ltd.					1	1
KyungDong Co., Ltd.					1	1
ChunWon Development Co., Ltd.					39	39

WonIl Co., Ltd.						50	50
SungLim Industrial Co., Ltd.						1	1
DaeHa Co., Ltd.						11	11
Korea Minerals Co., Ltd.						135	135
HyoDong Development Co., Ltd.						24	24
Haspe Tech Co., Ltd.						20	20
JoHyun Co., Ltd.						18	18
KC Co., Ltd.						3	3
SeongJi Industrial Co.,Ltd.						1	1
SsangYong E&C Co., Ltd. (*1)			(9)			9	
Areva nc Expansion	170,118				(69,927)	(1,719)	98,472
Navanakorn Electric Co., Ltd.	17,951					558	18,509
PT. Kedap Saayq							
Set Holding	179,585				(9,415)		170,170
PT. Cirebon Energi Prasarana	635	1,999				75	2,709
	387,900	449,484	(1,828)	(12,346)	(77,581)	932	746,561
	₩584,479	449,484	(5,226)	61,793	(86,703)	10,905	1,014,732

(\*1) The Company recognized gain and loss on disposal of available-for-sale financial assets amounted to ₩1,482 million and ₩9 million, respectively, from the sales of shares of Kwanglim Co., Ltd., TONGYANG Inc., TONGYANG networks Inc., Nexolon Co., Ltd. and SsangYong E&C Co., Ltd. and from the partial sales of IBK-AUCTUS Green Growth Private Equity Firm, Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 and Korea investment Hanwha KT Mater Lease Private Special Investment Trust for the year ended December 31, 2016.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

	Beginning balance	Acquisition	Disposal	2015 Valuation	Impairment	Others	Ending Balance
<b>Listed:</b>							
Korea District Heating Corp.	₩ 127,241			3,169			130,410
Kwanglim Co., Ltd.	128			134			262
Ssangyong Motor Co., Ltd.	357			(58)			299
Sungjee Construction. Co., Ltd.	5						5
Korea Line Corp.							
Namkwang Engineering & Construction Co., Ltd.	2			(3)		2	1
Pumyang Construction Co., Ltd.							
ELCOMTEC Co., Ltd.	48			5			53
PAN ocean Co., Ltd.	5			1			6
Borneo International Furniture Co., Ltd.	4			7		92	103
TONGYANG Inc.	66			140		11	217
TONGYANG networks Inc.	3			3			6
Nexolon Co., Ltd				59		3,137	3,196
PT Adaro Energy Tbk	44,109			(23,097)	(23,206)	23,206	21,012
Energy Fuels Inc.	11,568			(4,866)	(9,391)	8,615	5,926
Baralaba Coal Company Limited (formerly, Cockatoo Coal Limited)	628			(572)	(572)	558	42
Denison Mines Corp.	62,339			(22,187)	(20,154)	14,459	34,457
Fission 3.0 (*1)	61		(57)	11		15	30
Fission Uranium Corp.	651			(28)		(69)	554
	247,215		(57)	(47,282)	(53,323)	50,026	196,579
<b>Unlisted:</b>							
K&C Gyeongnam youth job creation Investment Fund (*1)	1,340		(133)				1,207

Hanwha Electric Power Venture Fund(*1)	1,804	(1,804)		
Korea Investment Korea EXIM Bank CERs Private Special Asset Investment Trust I (*1)	4,752	(3,000)	(1,181)	571
Troika Overseas Resource Development Private Equity Firm	13,340		(11,787)	1,553
IBK-AUCTUS Green Growth Private Equity firm (*1)	2,325	(1,470)		855
Global Dynasty Overseas Resource Development Private Equity Firm	2,233			2,233
Intellectual Discovery, Ltd.	5,000		(3,625)	1,375
Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 (*1)	498	802	(231)	1,069
Construction Guarantee	795		10	805
Plant & Mechanical Contractors Financial Cooperative of Korea	36			36
Fire Guarantee	20			20
Korea Software Financial Cooperative	301			301
Engineering Financial Cooperative	60			60
Electric Contractors Financial Cooperative	152			152
Korea Specialty Contractor Financial Cooperative	417			417
Information & Communication Financial Cooperative	10			10
Korea Electric Engineers Association	40			40
Hwan Young Steel Co., Ltd.	97			97
Woobang ENC Co., Ltd	22			22
Dongnam Co., Ltd.	72			72
SAMBO AUTO. Co., Ltd.	38			38
Mobo Co., Ltd.	14			14
Poonglim Industrial Co., Ltd.	78		15	93

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued**

(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:

<i>In millions of won</i>	2015					Ending Balance
	Beginning balance	Acquisition	Disposal	Valuation Impairment	Others	
HANKOOK Silicon Co., Ltd.	₩ 7,513					7,513
Kun Young Engineering & Construction Co., Ltd.	5					5
Pumyang Asset Management Co., Ltd.	3					3
Dae Kwang Semiconductor Co., Ltd.	6					6
Sanbon Department Store	124			(121)		3
Woori Ascon Co., Ltd.	10					10
Miju Steel Mfg. Co., Ltd.	51					51
BnB Sungwon Co., Ltd.	15					15
Hana Civil Engineering Co., Ltd.	1					1
KC Development Co., Ltd.	6					6
IMHWA Corp.	5					5
IXELON Co., Ltd.	23			(23)		10
DALIM Special Vehicle Co., Ltd.	10					10
ASA KIMJE Co., Ltd.	465			(465)		69
ASA JEONJU Co., Ltd.	697			(628)		14
KYUNGWON Co., Ltd.	14					14
Moonkyung Silica Co., Ltd.						
Yousung Remicon Co., Ltd.	4					4
Sungkwang Timber Co., Ltd.	4					4
Yongbo Co., Ltd.	3					3
HJ Steel Co., Ltd.					2	2
Ildong Air Conditioning Co., Ltd.				(2)	2	3
KS Remicon Co., Ltd.					3	40
Sewoong Heavy Industries Co., Ltd.					40	33
SIN-E Steel Co., Ltd.					33	72
Joongang Platec Co., Ltd.					72	116
Hangjin Steel Co., Ltd.				(116)	116	

Pyungsan SI Ltd.		9	9
Samgong Development Co., Ltd.		7	7
Joongang Development Co., Ltd.		8	8
AJS Co., Ltd.		32	32
SHIN-E B&P Co., Ltd.		10	10
MSE Co., Ltd.		9	9
Ilim Nano Tec Co., Ltd.		15	15
Kwang Myeong Electronics Technology Co., Ltd.		11	11
Youngjin Hi-Tech Co., Ltd.	(105)	126	21
Dong Woo International Co., Ltd.		18	18
Bench Mark Construction Co., Ltd.			
Buyoung Co., Ltd.		3	3
Ilsuk Co., Ltd.		10	10
Dongyang Telecom Co., Ltd.		11	11
Han Young Construction Co., Ltd.		3	3
Jongwon Remicon Co., Ltd.		13	13
Ace Heat Treating Co., Ltd.		72	72
Zyle Daewoo Motor Sales Co., Ltd.			
Daewoo Development Co., Ltd.			
Daewoo Songdo Development Co., Ltd.	(2)	2	
Seyang Inc.		27	27
Seungri Enterprise Co., Ltd.		3	3
Onggane Food Co., Ltd		1	1

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:**

*In millions of won*

	2015				Ending	
	Beginning	Acquisition	Disposal	Valuation Impairment	Others	Balance
	balance					
Shin-E P&C Co., Ltd.	₩				1	1
Montista Telecom Co., Ltd.					(3)	3
Ejung Ad Co., Ltd.					3	3
Solvus Co., Ltd.					3	3
Myung Co., Ltd.					2	2
Emotion Co., Ltd.					8	8
Youngdong Concrete Co., Ltd.					7	7
Shinil Engineering Co., Ltd.					3	3
Korea Castiron Industrial Co., Ltd.					22	22
FFG DMC Co., Ltd.					17	17
Daeseong Metal Co., Ltd.					47	47
Biwang Industry Co., Ltd.					2	2
Huimun Co., Ltd.					4	4
Sunun IT F Co., Ltd.					8	8
Young Sung Co., Ltd.					27	27
Yuil Industrial Electronics Co., Ltd.					16	16
DN TEK Inc.					62	62
Daeyang F.M.S Corporation					3	3
Kwang Jin Structure Co., Ltd.					31	31
Woojin Industry Corporation					16	16
Kwang Sung Industry Co., Ltd.					7	7
Matsaeng Food Co., Ltd.					6	6
Futech Mold Co., Ltd.					14	14
Samcheonri Industrial Co., Ltd.					13	13
Woojoo Environment Ind. Co., Ltd.					13	13
Cheongatti Co., Ltd.					4	4
Hyungji Esquire Co., Ltd.					21	21



Kolmar Pharma Co., Ltd.						52	52
Morado Co., Ltd.						2	2
Myung Sung Tex Co., Ltd.						2	2
Areva nc Expansion	227,876					(57,758)	170,118
Navanakorn Electric Co., Ltd.	16,836					1,115	17,951
PT. Kedap Saayq	12,989					(12,989)	
Set Holding	167,832			11,753			179,585
PT. Cirebon Energi Prasarana		635					635
	467,936	1,437	(6,638)	11,763	(31,047)	(55,551)	387,900
	<b>₩715,151</b>	<b>1,437</b>	<b>(6,695)</b>	<b>(35,519)</b>	<b>(84,370)</b>	<b>(5,525)</b>	<b>584,479</b>

(\*1) The Company recognized gain and loss on disposal of available-for-sale financial assets amounted to ~~₩~~4 million and ~~₩~~3,008 million, respectively, from the sales of shares of Fission 3.0, K&C- Gyeongnam Youth Job Creation Investment Fund, Korea Investment Korea EXIM Bank CERs Private Special Asset Investment Trust 1, IBK-AUCTUS Green Growth Private Equity Firm and others and from the liquidation of Hanwha Electric Power Venture fund for the year ended December 31, 2015.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows:***In millions of won*

	Shares	Ownership	2016 Acquisition cost	Book value	Fair value
<b>Listed</b>					
Korea District Heating Corp.	2,264,068	19.55%	₩ 173,201	154,183	154,183
Ssangyong Motor Co., Ltd.	38,568	0.03%	428	304	304
Sungjee Construction. Co., Ltd.	10,530	0.01%	49	21	21
Korea Line Corp.	18	0.00%	1		
Namkwang Engineering & Construction Co., Ltd.	46	0.00%	15		
Pumyang Construction Co., Ltd.	7	0.00%	2		
ELCOMTEC Co., Ltd.	32,875	0.04%	217	74	74
PAN ocean Co., Ltd.	1,492	0.00%	14	7	7
Borneo International Furniture Co., Ltd.	64,037	0.28%	97	103	103
Dongbu Corporation,	1,229	0.02%	12	12	12
PT Adaro Energy Tbk	480,000,000	1.50%	71,554	73,061	73,061
Energy Fuels Inc.	1,711,814	2.59%	16,819	3,385	3,385
Baralaba Coal Company Limited (formerly, Cockatoo Coal Limited) (*6)	99,763	0.07%	18,445	42	42
Denison Mines Corp.	58,284,000	10.93%	84,134	36,504	36,504
Fission 3.0	300,000	0.17%		16	16
Fission Uranium Corp.	800,000	0.17%	785	459	459
			365,773	268,171	268,171
<b>Unlisted (*1)</b>					
K&C Gyeongnam youth job creation Investment Fund	24	10.00%	1,207	1,207	
Korea investment Korea EXIM Bank CERs Private Special Asset Investment Trust I	1,758,731,002	14.18%	1,752	571	
Troika Overseas Resource Development Private Equity Firm	13,340,012,100	3.66%	13,340	1,553	

IBK-AUCTUS Green Growth Private Equity firm	152	6.29%	41	41	
Global Dynasty Overseas Resource Development Private Equity Firm	2,233,407,439	7.46%	2,233	2,233	
Intellectual Discovery, Ltd.	1,000,000	8.81%	5,000	1,375	
Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1	4,256,096,329	5.00%	4,389	4,389	
Construction Guarantee (*2) Plant & Mechanical Contractors	571	0.02%	601	819	819
Financial Cooperative of Korea	50	0.01%	36	36	
Fire Guarantee	40	0.02%	20	20	
Korea Software Financial Cooperative	5,186	1.39%	3,301	3,301	
Engineering Financial Cooperative	486	0.05%	60	60	
Electric Contractors Financial Cooperative	800	0.03%	152	152	
Korea Specialty Contractor Financial Cooperative	476	0.01%	417	417	
Information & Communication Financial Cooperative	70	0.01%	10	10	
Korea Electric Engineers Association	400	0.24%	40	40	
Korea investment Investment Pool for Public funds 10 (*5)			142,470	141,315	141,315
Samsung investment Investment Pool for Public funds 2 (*5)			213,710	211,920	211,920
Samsung investment Investment Pool for Public funds 1 (*5)			53,220	53,212	53,212
Korea investment Hanwha KT Mater Lease Private Special Investment Trust (*5)			30,560	30,568	30,568
Hwan Young Steel Co., Ltd.	10,916	0.14%	1,092	97	
SAMBO AUTO. Co., Ltd.	15,066	0.02%	38	38	
Mobo Co., Ltd.	504	0.00%	14	14	
HANKOOK Silicon Co., Ltd.	3,005,208	10.44%	7,513	1,495	
Dae Kwang Semiconductor Co., Ltd.	589	0.07%	6	6	

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued**

(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued :

*In millions of won*

	Shares	Ownership	2016		
			Acquisition cost	Book value	Fair value
Sanbon Department Store	828	0.01%	₩ 124	3	
Miju Steel Mfg. Co., Ltd.	99,804	0.23%	51	51	
BnB Sungwon Co., Ltd.	589	0.07%	15	15	
Hana Civil Engineering Co., Ltd.	23	0.00%	1	1	
KC Development Co., Ltd.	839	0.02%	6	6	
IMHWA Corp.	329	0.11%	5	5	
DALIM Special Vehicle Co., Ltd.	58	0.08%	10	10	
ASA JEONJU Co., Ltd.	34,846	1.34%	697	69	
Moonkyung Silica Co., Ltd.	42	0.56%			
Sungkwang Timber Co., Ltd.	9	0.34%	4	4	
Yongbo Co., Ltd.	61	0.20%	3	3	
HJ Steel Co., Ltd.	218	0.07%	2	2	
KS Remicon Co., Ltd.	12	0.04%	3	3	
SIN-E Steel Co., Ltd.	109	0.08%	33	33	
Joongang Platec Co., Ltd.	3,591	0.75%	72	35	
Pyungsan SI Ltd.	434	0.01%	9	9	
Samgong Development Co., Ltd.	12	0.01%	7	7	
Joongang Development Co., Ltd.	540	0.12%	8	8	
AJS Co., Ltd.	12,906	0.23%	32	32	
SHIN-E B&P Co., Ltd.	119	0.13%	10	10	
MSE Co., Ltd.	429	0.13%	9	9	
Ilim Nano Tec Co., Ltd.	1,520	0.07%	15	15	
Youngjin Hi-Tech Co., Ltd.	2,512	0.25%	126	21	
Dong Woo International Co., Ltd.	90	0.37%	18	18	
Buyoung Co., Ltd.	270	0.00%	3	3	
Ilsuk Co., Ltd.	152	0.17%	10	10	
Dongyang Telecom Co., Ltd.	1,760	0.01%	11	11	
Han Young Construction Co., Ltd.	35	0.03%	3	3	
Jongwon Remicon Co., Ltd.	31	0.18%	13	13	
Ace Heat Treating Co., Ltd.	477	1.43%	72	72	
Zyle Daewoo Motor Sales Co., Ltd.	22	0.00%			
Daewoo Development Co., Ltd.	8	0.00%			

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Seyang Inc.	537	0.05%	27	27
Seungri Enterprise Co., Ltd.	93	0.05%	3	3
Onggane Food Co., Ltd	5	0.07%	1	1
Shin-E P&C Co., Ltd.	12	0.00%	1	1
Ejung Ad Co., Ltd.	132	0.09%	3	3
Solvus Co., Ltd.	1,056	0.04%	3	3
Myung Co., Ltd.	89	0.05%	2	2
Emotion Co., Ltd.	167	0.61%	8	8
Youngdong Concrete Co., Ltd.	32	0.32%	7	7
Shinil Engineering Co., Ltd.	887	0.06%	3	3
Biwang Industry Co., Ltd	406	0.04%	2	2
Huimun Co., Ltd.	263	0.26%	4	4
Young Sung Co., Ltd.	89	0.40%	27	27
Yuil Industrial Electronics Co., Ltd.	804	0.32%	16	16
DN TEK Inc.	12,401	0.29%	62	6
Daeyang F.M.S Corporation	593	0.40%	23	23
Kwang Jin Structure Co., Ltd.	3,072	0.60%	31	31

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued :***In millions of won*

	Shares	Ownership	2016 Acquisition cost	Book value	Fair value
Woojin Industry Corporation	3	0.00%	₩ 16	16	
Kwang Sung Industry Co., Ltd.	325	0.35%	7	7	
Futech Mold Co., Ltd.	274	0.27%	14	14	
Samcheonri Industrial Co., Ltd.	533	0.98%	13	13	
Woojoo Environment Ind. Co., Ltd.	101	0.11%	13	13	
Cheongatti Co., Ltd.	57	0.10%	4	4	
Hyungji Esquire Co., Ltd.	55	0.02%	22	22	
Kolmar Pharma Co., Ltd.	1,426	0.01%	52	3	
Morado Co., Ltd.	209	0.04%	2	2	
Myung Sung Tex Co., Ltd.	20	0.00%	2	2	
Kwang Sung Co., Ltd.	610	0.53%	31	31	
EverTechno. Co.,Ltd.	29,424	0.73%	147	7	
Autowel Co.,Ltd.	260	0.38%	13	13	
Woobang Construction Co., Ltd.	8	0.00%	8	8	
Shin Pyung Co., Ltd.	6	0.03%	3	3	
JMC Heavy Industries Co., Ltd.	2,724	0.10%	27	27	
Najin Steel Co., Ltd.	37	0.06%	5	5	
Sinkwang Industry Co., Ltd.	1,091	1.68%	5	5	
Join Land Co., Ltd.	33	0.00%	1	1	
Crystal Co., Ltd.	22	0.07%	2	2	
Elephant & Friends Co., Ltd.	563	0.61%	3	3	
Mireco Co., Ltd.	109	0.25%	11	11	
L&K Industry Co., Ltd.	1,615	0.60%	24	24	
JO Tech Co., Ltd.	1,263	0.62%	25	25	
Kendae Printing Co., Ltd.	422	0.60%	21	21	
Dauning Co., Ltd.	231	0.41%	6	6	
Korea Trecision Co., Ltd.	22	0.45%	5	5	
Ace Track Co., Ltd.	3,130	1.08%	219	59	
Taebok Machinery Co., Ltd.	109	1.08%	11	11	
Yooah Industry Co., Ltd.	130	0.02%	13	13	
Yoo-A Construction Co., Ltd.	105	0.20%	11	11	
Dung Hwan Co., Ltd.	531	0.02%	5	5	

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Hurim Biocell Co., Ltd.	113	0.00%	5	5
P. J, Trading Co., LTd.	12	0.04%		
Sunjin Power Tech Co., Ltd.	4,941	0.92%	247	90
Smart Power Co.,Ltd.	133,333	5.55%	200	200
Haseung Industries Co.,Ltd.	55	0.62%	28	28
Beer Yeast Korea Inc.	1,388	0.43%	7	7
Daeryung Corporation	207	0.19%	10	10
Korea Bio Red Ginseng Co.,Ltd.	194	0.09%	10	10
ENH Co.,Ltd.	1,086	0.19%	54	54
OCO Co.,Ltd.	123	0.37%	11	11
B CON Co.,Ltd.	96	1.16%	6	6
Teakwang Tech Co., Ltd.	11	0.15%	4	4
SsangMa Machine Co., Ltd.	2,460	0.11%	12	12
SinJin Co., Ltd.	4	0.05%	1	1
Ace Integration Co., Ltd	233	0.30%	9	9
AceInti Agricultural Co., Ltd.	93	0.09%	21	21
Teakwang Tech Co., Ltd.	3	0.00%	1	1

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued :***In millions of won*

			2016		
	Shares	Ownership	Acquisition cost	Book value	Fair value
KyungDong Co., Ltd.	130	0.01%	₩ 1	1	
ChunWon Development Co., Ltd.	193	0.19%	39	39	
WonIl Co., Ltd.	999	0.15%	50	50	
SungLim Industrial Co., Ltd.	29	0.03%	1	1	
DaeHa Co., Ltd.	141	0.54%	11	11	
Korea Minerals Co., Ltd.	191	0.05%	135	135	
HyoDong Development Co., Ltd.	119	0.15%	24	24	
Haspe Tech Co., Ltd.	652	0.55%	20	20	
JoHyun Co., Ltd.	350	1.56%	18	18	
KC Co., Ltd.	5,107	0.17%	3	3	
SeongJi Industrial Co.,Ltd.	41	0.05%	1	1	
Areva nc Expansion	1,077,124	13.49%	288,443	98,472	98,472
Navanakorn Electric Co., Ltd. (*3)	8,885,600	26.93%	17,216	18,509	
PT. Kedap Saayq	671	10.00%	18,540		
Set Holding (*4)	1,100,220	2.50%	229,255	170,170	170,170
PT. Cirebon Energi Prasarana	22,420	10.00%	2,612	2,709	
			1,040,553	746,561	706,476
			₩ 1,406,326	1,014,732	974,647

(\*1) Book values of unlisted equity securities held by the Company for which a quoted market price does not exist in an active market and fair value cannot be measured reliably were measured at cost.

(\*2) The Company has estimated the fair value of the investment in Construction Guarantee based upon the price which would be applied when the investment is returned. The Company has recognized the difference between its fair value and book value as a gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2016.

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



- (\*4) The Company has estimated the fair value of Set Holding by using the discounted cash flow method and has recognized the difference between its fair value and book value as gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2016.
- (\*5) As of December 31, 2016, the Company invested in ₩437,015 million as beneficiary securities exclusively for payment of decommissioning cost of nuclear power plants. The Company has measured the fair value of the beneficiary securities based on its net asset value.
- (\*6) The number of shares has changed due to the merger of shares (500:1) during the year ended December 31, 2016.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

			2015	2015	2015
	Shares	Ownership	Acquisition cost	Book value	Fair value
<b>Listed</b>					
Korea District Heating Corp.	2,264,068	19.55%	₩ 173,201	130,410	130,410
Kwanglim Co., Ltd.	84,515	0.44%	386	262	262
Ssangyong Motor Co., Ltd.	38,568	0.03%	428	299	299
Sungjee Construction. Co., Ltd.	1,053	0.01%	49	5	5
Korea Line Corp.	18	0.00%	1		
Namkwang Engineering & Construction Co., Ltd.	232	0.00%	15	1	1
Pumyang Construction Co., Ltd.	7	0.00%	2		
ELCOMTEC Co., Ltd.	32,875	0.04%	217	53	53
PAN ocean Co., Ltd.	1,492	0.00%	14	6	6
Borneo International Furniture Co., Ltd.	64,037	0.28%	97	103	103
TONGYANG Inc.	78,511	0.03%	45	217	217
TONGYANG networks Inc.	4,422	0.01%	3	6	6
Nexolon Co., Ltd	3,665,367	2.59%	3,138	3,196	3,196
PT Adaro Energy Tbk	480,000,000	1.50%	71,554	21,012	21,012
Energy Fuels Inc.	1,711,814	3.79%	16,819	5,926	5,926
Baralaba Coal Company Limited (formerly, Cockatoo Coal Limited)	49,881,423	0.07%	18,445	42	42
Denison Mines Corp.	58,284,000	11.24%	84,134	34,457	34,457
Fission 3.0	300,000	0.17%		30	30
Fission Uranium Corp.	800,000	0.21%	785	554	554
			369,333	196,579	196,579
<b>Unlisted (*1)</b>					
K&C - Gyeongnam youth job creation Investment Fund	24	10.00%	1,207	1,207	
Korea Investment - Korea EXIM Bank CERs Private Special Asset InvestmentTrust I	1,758,731,002	14.18%	1,752	571	
Troika Overseas Resource Development Private Equity Firm	13,340,012,100	3.66%	13,340	1,553	
IBK-AUCTUS Green Growth Private Equity firm	233	6.30%	855	855	
Global Dynasty Overseas Resource Development Private Equity Firm	2,233,407,439	7.46%	2,233	2,233	

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Intellectual Discovery, Ltd.	1,000,000	8.81%	5,000	1,375	
Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1	1,069,432,095	5.00%	1,069	1,069	
Construction Guarantee (*2)	571	0.02%	601	805	805
Plant & Mechanical Contractors Financial Cooperative of Korea	50	0.01%	36	36	
Fire Guarantee	40	0.02%	20	20	
Korea Software Financial Cooperative	301	0.15%	301	301	
Engineering Financial Cooperative	528	0.10%	60	60	
Electric Contractors Financial Cooperative	800	0.03%	152	152	
Korea Specialty Contractor Financial Cooperative	476	0.01%	417	417	
Information & Communication Financial Cooperative	70	0.01%	10	10	
Korea Electric Engineers Association	400	0.26%	40	40	
Hwan Young Steel Co., Ltd.	10,916	0.14%	1,092	97	
Woobang ENC Co., Ltd	14	0.00%	22	22	
Dongnam Co., Ltd.	2,070	0.46%	72	72	
SAMBO AUTO. Co., Ltd.	15,066	0.02%	38	38	
Mobo Co., Ltd.	504	0.00%	14	14	
Poonglim Industrial Co., Ltd.	1,915	0.01%	93	93	
HANKOOK Silicon Co., Ltd.	7,513,022	10.44%	7,513	7,513	
Kun Young Engineering & Construction Co., Ltd.	100	0.00%	5	5	
Pumyang Asset Management Co., Ltd.	13	0.00%	3	3	
Dae Kwang Semiconductor Co., Ltd.	589	0.07%	6	6	
Sanbon Department Store	828	0.01%	124	3	
Woori Ascon Co., Ltd.	25	0.34%	10	10	
Miju Steel Mfg. Co., Ltd.	99,804	0.23%	51	51	
BnB Sungwon Co., Ltd.	589	0.07%	15	15	

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

	Shares	Ownership	2015 Acquisition cost	Book value	Fair value
Hana Civil Engineering Co., Ltd.	23	0.00%	₩ 1	1	
KC Development Co., Ltd.	839	0.02%	6	6	
IMHWA Corp.	329	0.11%	5	5	
IXELON Co., Ltd.	2,292	0.02%	23		
DALIM Special Vehicle Co., Ltd.	58	0.08%	10	10	
ASA KIMJE Co., Ltd.	23,245	1.11%	465		
ASA JEONJU Co., Ltd.	34,846	1.34%	697	69	
KYUNGWON Co., Ltd.	2,812	0.17%	14	14	
Moonkyung Silica Co., Ltd.	42	0.56%			
Yousung Remicon Co., Ltd.	8	0.26%	4	4	
Sungkwang Timber Co., Ltd.	9	0.34%	4	4	
Yongbo Co., Ltd.	61	0.20%	3	3	
HJ Steel Co., Ltd.	218	0.07%	2	2	
Ildong Air Conditioning Co., Ltd.	218	0.16%	3		
KS Remicon Co., Ltd.	12	0.04%	3	3	
Sewoong Heavy Industries Co., Ltd.	7,931	0.10%	40	40	
SIN-E Steel Co., Ltd.	109	0.08%	33	33	
Joongang Platec Co., Ltd.	3,591	0.75%	72	72	
Hangjin Steel Co., Ltd.	116	1.08%	116		
Pyungsan SI Ltd.	434	0.01%	9	9	
Samgong Development Co., Ltd.	12	0.01%	7	7	
Joongang Development Co., Ltd.	540	0.12%	8	8	
AJS Co., Ltd.	12,906	0.23%	32	32	
SHIN-E B&P Co., Ltd.	119	0.13%	10	10	
MSE Co., Ltd.	429	0.13%	9	9	
Ilim Nano Tec Co., Ltd.	1,520	0.07%	15	15	
Kwang Myeong Electronics Technology Co., Ltd.	113	0.37%	11	11	
Youngjin Hi-Tech Co., Ltd.	2,512	0.25%	126	21	
Dong Woo International Co., Ltd.	90	0.37%	18	18	
Bench Mark Construction Co., Ltd.	2	0.00%			
Buyoung Co., Ltd.	270	0.00%	3	3	

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Ilsuk Co., Ltd.	152	0.17%	10	10
Dongyang Telecom Co., Ltd.	1,760	0.01%	11	11
Han Young Construction Co., Ltd.	35	0.03%	3	3
Jongwon Remicon Co., Ltd.	31	0.18%	13	13
Ace Heat Treating Co., Ltd.	477	1.43%	72	72
Zyle Daewoo Motor Sales Co., Ltd.	22	0.00%		
Daewoo Development Co., Ltd.	8	0.00%		
Daewoo Songdo Development Co., Ltd.	301	0.00%	2	
Seyang Inc.	537	0.05%	27	27
Seungri Enterprise Co., Ltd.	93	0.05%	3	3
Onggane Food Co., Ltd	5	0.07%	1	1
Shin-E P&C Co., Ltd.	12	0.00%	1	1
Montista Telecom Co., Ltd.	5,409	0.00%	3	
Ejung Ad Co., Ltd.	132	0.09%	3	3
Solvus Co., Ltd.	1,056	0.04%	3	3
Myung Co., Ltd.	89	0.05%	2	2
Emotion Co., Ltd.	167	0.61%	8	8
Youngdong Concrete Co., Ltd.	32	0.32%	7	7
Shinil Engineering Co., Ltd.	887	0.06%	3	3
Korea Castiron Industrial Co., Ltd.	617	1.86%	22	22
FFG DMC Co., Ltd.	12	0.00%	17	17
Daeseong Metal Co., Ltd.	518	2.37%	47	47
Biwang Industry Co., Ltd	406	0.04%	2	2
Huimun Co., Ltd.	263	0.26%	4	4

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****9. Available-for-sale Financial Assets, Continued****(2) Available-for sale financial assets as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

	Shares	Ownership	2015 Acquisition cost	Book value	Fair value
Sunun IT F Co., Ltd.	133	0.52%	₩ 8	8	
Young Sung Co., Ltd.	89	0.40%	27	27	
Yuil Industrial Electronics Co., Ltd.	804	0.32%	16	16	
DN TEK Inc.	12,401	0.29%	62	62	
Daeyang F.M.S Corporation	84	0.05%	3	3	
Kwang Jin Structure Co., Ltd.	3,072	0.60%	31	31	
Woojin Industry Corporation	3	0.00%	16	16	
Kwang Sung Industry Co., Ltd.	325	0.35%	7	7	
Matsaeng Food Co., Ltd.	277	0.56%	6	6	
Futech Mold Co., Ltd.	274	0.27%	14	14	
Samcheonri Industrial Co., Ltd.	533	0.98%	13	13	
Woojoo Environment Ind. Co.,Ltd.	101	0.11%	13	13	
Cheongatti Co., Ltd.	57	0.10%	4	4	
Hyungji Esquire Co., Ltd.	52	0.02%	21	21	
Kolmar Pharma Co., Ltd.	1,426	0.01%	52	52	
Morado Co., Ltd.	209	0.04%	2	2	
Myung Sung Tex Co., Ltd.	20	0.00%	2	2	
Areva nc Expansion	1,077,124	13.49%	288,443	170,118	
Navanakorn Electric Co., Ltd. (*3)	4,442,800	29.00%	17,216	17,951	
PT. Kedap Saayq	671	10.00%	18,540		
Set Holding (*4)	1,100,220	2.50%	229,255	179,585	179,585
PT. Cirebon Energi Prasarana	420	10.00%	635	635	
			592,550	387,900	180,390
			₩ 961,883	584,479	376,969

(\*1) Book values of unlisted equity securities held by the Company for which a quoted market price does not exist in an active market and fair value cannot be measured reliably were measured at cost.

(\*2)

The Company has estimated the fair value of the investment in Construction Guarantee based upon the price which would be applied when the investment is returned. The Company has recognized the difference between its fair value and book value as a gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2015.

- (\*3) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.
- (\*4) The Company has estimated the fair value of Set Holding by using the discounted cash flow method and has recognized the difference between its fair value and book value as gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2015.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****10. Held-to-maturity Investments****Held-to-maturity investments as of December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>	<b>Beginning balance</b>	<b>Acquisition</b>	<b>2016 Disposal</b>	<b>Others</b>	<b>Ending balance</b>
Government bonds	₩ 3,623	149	(528)		3,244
	₩ 3,623	149	(528)		3,244
Current	₩ 380		(380)	114	114
Non-current	3,243	149	(148)	(114)	3,130

<i>In millions of won</i>	<b>Beginning balance</b>	<b>Acquisition</b>	<b>2015 Disposal</b>	<b>Others</b>	<b>Ending balance</b>
Government bonds	₩ 3,601	432	(410)		3,623
Corporate bonds	13			(13)	
	₩ 3,614	432	(410)	(13)	3,623
Current	₩ 265		(186)	301	380
Non-current	3,349	432	(224)	(314)	3,243

**11. Derivatives****(1) Derivatives as of December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>	<b>2016</b>		<b>2015</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>Derivative assets</b>				
Currency forward	₩ 8,370	32,806	1,498	24,896
Currency swap	184,913	540,057	95,759	491,219
Interest rate swap		4,705		3,778
Others (*1)		10,523		



	₩ 193,283	588,091	97,257	519,893
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**Derivative liabilities**

Currency forward	₩ 1,153	34	1,142	
Currency swap		56,612	758	66,976
Interest rate swap	2,098	78,789	8,345	89,289
	₩ 3,251	135,435	10,245	156,265

(\*1) The Company has a put option to sell shares of DS POWER Co., Ltd, a related party of the Company, and the fair value of the option is recorded in Others . (Note 17)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****11. Derivatives, Continued**

(2) Currency forward contracts which are not designated as hedge instruments as of December 31, 2016 are as follows:

*In millions of won and thousands of foreign currencies*

Counterparty	Contract Date	Maturity date	Contract amounts		Contract exchange rate
			Pay	Receive	
KEB Hana Bank	2014.04.10	2021.07.12	₩ 55,120	USD 52,000	1,060.00
KEB Hana Bank	2014.04.28	2021.07.12	50,784	USD 48,000	1,058.00
Bank of America	2014.04.29	2021.07.12	105,400	USD 100,000	1,054.00
KEB Hana Bank	2014.05.09	2021.07.12	104,600	USD 100,000	1,046.00
JP Morgan	2016.12.09	2017.01.09	35,215	USD 30,219	1,165.31
Woori Bank	2016.12.08	2017.01.09	59,657	USD 51,411	1,160.40
Standard Chartered	2016.12.06	2017.01.03	11,712	USD 10,000	1,171.20
Nova Scotia	2016.12.08	2017.01.09	11,590	USD 10,000	1,159.00
BNP Paribas	2016.12.13	2017.01.17	2,681	USD 2,300	1,165.65
BNP Paribas	2016.12.14	2017.01.17	4,673	USD 4,000	1,168.20
BTMU	2016.12.08	2017.01.12	11,594	USD 10,000	1,159.40
BTMU	2016.12.12	2017.01.17	11,704	USD 10,000	1,170.40
BTMU	2016.12.14	2017.01.17	2,330	USD 2,000	1,165.10
Mizuho Bank	2016.12.08	2017.01.12	11,594	USD 10,000	1,159.35
Nonghyup Bank	2016.12.12	2017.01.17	5,852	USD 5,000	1,170.40
Societe Generale	2016.12.12	2017.01.17	3,979	USD 3,400	1,170.40
Societe Generale	2016.12.15	2017.01.19	14,160	USD 12,000	1,180.00
Societe Generale	2016.12.28	2017.01.31	8,212	USD 6,800	1,207.60
BNP Paribas	2016.11.22	2017.01.25	2,351	USD 2,000	1,175.40
BNP Paribas	2016.11.25	2017.01.31	2,353	USD 2,000	1,176.40
Citibank	2016.11.25	2017.01.31	1,029	USD 874	1,177.85
Mizuho Bank	2016.12.30	2017.03.03	9,596	USD 8,000	1,199.45
HSBC	2016.11.18	2017.05.22	4,717	USD 4,000	1,179.35
HSBC	2016.11.22	2017.01.25	7,046	USD 6,000	1,174.32
HSBC	2016.12.07	2017.02.09	4,669	USD 4,000	1,167.15
HSBC	2016.12.15	2017.01.25	USD 2,489	2,923	1,174.32
HSBC	2016.12.28	2017.02.09	USD 3,424	3,997	1,167.15
HSBC	2016.12.29	2017.01.25	USD 2,693	3,162	1,174.32
HSBC	2016.12.30	2017.03.03	3,605	USD 3,000	1,201.55
HSBC	2016.12.30	2017.03.03	8,396	USD 7,000	1,199.45

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Standard Chartered	2016.12.13	2017.02.15	871	USD 748	1,163.60
Nova Scotia	2016.11.22	2017.01.23	7,080	USD 6,000	1,180.03
Nova Scotia	2016.11.24	2017.01.31	3,004	USD 2,540	1,182.55
Nova Scotia	2016.12.26	2017.02.28	2,397	USD 2,000	1,198.70
Nova Scotia	2016.12.30	2017.03.03	6,017	USD 5,000	1,203.30
Nova Scotia	2016.12.30	2017.03.03	9,597	USD 8,000	1,199.60
Nonghyup Bank	2016.11.22	2017.01.25	2,446	USD 2,083	1,174.73
Nonghyup Bank	2016.12.27	2017.02.28	2,410	USD 2,000	1,205.20
Credit Agricole	2016.11.21	2017.01.23	1,182	USD 1,000	1,181.55
Credit Agricole	2016.12.26	2017.02.28	2,397	USD 2,000	1,198.25
Societe Generale	2016.11.22	2017.01.25	2,352	USD 2,000	1,175.90
Societe Generale	2016.11.30	2017.02.02	1,167	USD 1,000	1,166.70
Societe Generale	2016.12.29	2017.02.02	USD 913	1,065	1,166.70
Societe Generale	2016.12.06	2017.02.08	1,168	USD 1,000	1,167.65
Societe Generale	2016.12.23	2017.02.27	4,807	USD 4,000	1,201.78
Mizuho Bank	2016.12.12	2017.01.10	19,887	USD 17,000	1,169.83
Credit Agricole	2016.12.19	2017.01.13	8,302	USD 7,000	1,186.05
Standard Chartered	2016.12.15	2017.01.13	16,503	USD 14,000	1,178.76
KEB Hana Bank	2016.12.29	2017.01.05	341	EUR 270	1,262.26
KEB Hana Bank	2016.08.26	2017.02.16	4,812	EUR 3,800	1,266.30
KEB Hana Bank	2016.09.07	2017.09.06	3,121	EUR 2,500	1,248.20
KEB Hana Bank	2016.08.26	2017.08.09	1,280	CNY 7,800	164.13
KEB Hana Bank	2016.09.07	2017.09.06	834	CNY 5,200	160.48
Societe Generale	2016.12.14	2017.06.16	2,245	USD 1,929	1,163.90
Nova Scotia	2016.12.13	2017.06.15	2,328	USD 2,000	1,164.20
Nomura	2016.12.07	2017.06.12	1,000	USD 858	1,165.10
Nova Scotia	2016.11.16	2017.05.18	23	USD 20	1,166.50
Societe Generale	2016.11.30	2017.06.02	771	USD 661	1,166.70
Nova Scotia	2016.12.07	2017.06.09	737	USD 631	1,167.70
Nomura	2016.12.01	2017.06.05	5,839	USD 5,000	1,167.80
Credit Suisse	2016.11.29	2017.06.01	5,840	USD 5,000	1,167.90

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****11. Derivatives, Continued**

(2) **Currency forward contracts which are not designated as hedge instruments, as of December 31, 2016 are as follows, continued:**

*In millions of won and thousands of foreign currencies*

Counterparty	Contract Date	Maturity date	Contract amounts		Contract exchange rate
			Pay	Receive	
Nova Scotia	2016.12.07	2017.06.09	3,505	USD 3,000	1,168.20
Societe Generale	2016.11.28	2017.05.31	2,047	USD 1,751	1,168.50
BNP Paribas	2016.12.29	2017.07.03	4,241	USD 3,513	1,207.40
Nova Scotia	2016.12.15	2017.03.20	USD 15,000	17,678	1,178.50
Nova Scotia	2016.12.16	2017.03.20	USD 3,000	3,552	1,184.00
Nova Scotia	2016.12.20	2017.03.22	USD 3,000	3,571	1,190.40
Nova Scotia	2016.12.23	2017.03.27	USD 3,000	3,606	1,202.00
KEB Hana Bank	2015.08.26	2017.07.31	JPY 630,000	6,377	10.12
BNP Paribas	2015.02.12	2017.01.10	IDR 6,567,882	USD 486	13,525.00
BNP Paribas	2015.02.12	2017.02.10	IDR 6,567,882	USD 486	13,525.00
BNP Paribas	2015.02.12	2017.03.10	IDR 6,567,882	USD 486	13,525.00
BNP Paribas	2015.02.12	2017.04.10	IDR 6,567,882	USD 486	13,525.00
BNP Paribas	2015.02.12	2017.05.10	IDR 6,567,882	USD 486	13,525.00
BNP Paribas	2015.02.12	2017.06.12	IDR 6,567,882	USD 486	13,525.00
BNP Paribas	2015.02.12	2017.07.10	IDR 6,567,882	USD 486	13,525.00
BNP Paribas	2015.02.12	2017.08.10	IDR 2,889,868	USD 214	13,525.00

(3) **Currency swap contracts which are not designated as hedge instruments as of December 31, 2016 are as follows:**

*In millions of won and thousands of foreign currencies*

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay	Receive	
Deutsche Bank	2013~2018	₩ 110,412	JPY 10,000,000	6.21%	4.19%	11.04
IBK	2013~2018	111,800	USD 100,000	3.16%	2.79%	1,118.00
Bank of America	2013~2018	103,580	JPY 10,000,000	7.05%	4.19%	10.36
Credit Suisse	2014~2019	118,632	CHF 100,000	2.98%	1.50%	1,186.32

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Standard Chartered	2014~2019	114,903	CHF 100,000	4.00%	1.50%	1,149.03
Standard Chartered	2014~2029	102,470	USD 100,000	3.14%	3.57%	1,024.70
Standard Chartered	2014~2017	51,215	USD 50,000	2.24%	3M Libor + 0.55%	1,024.30
Mizuho Bank	2014~2017	153,645	USD 150,000	2.35%	3M Libor + 0.65%	1,024.30
Societe Generale	2014~2024	105,017	USD 100,000	4.92%	5.13%	1,050.17
KEB Hana Bank	2015~2024	107,970	USD 100,000	4.75%	5.13%	1,079.70
Credit Agricole	2015~2024	94,219	USD 86,920	4.85%	5.13%	1,083.97
Citibank	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
JP Morgan	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
Bank of America	2012~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
Shinhan Bank	2016~2022	112,930	USD 100,000	2.79%	3.00%	1,129.30
HSBC	2012~2022	111,770	USD 100,000	2.89%	3.00%	1,117.70
KEB Hana Bank	2012~2022	111,770	USD 100,000	2.87%	3.00%	1,117.70
Standard Chartered	2012~2022	111,770	USD 100,000	2.89%	3.00%	1,117.70
Deutsche Bank	2012~2022	55,885	USD 50,000	2.79%	3.00%	1,117.70
DBS	2013~2018	108,140	USD 100,000	2.63%	3M Libor+0.84%	1,081.40
DBS	2013~2018	108,140	USD 100,000	2.57%	3M Libor+0.84%	1,081.40
DBS	2013~2018	108,140	USD 100,000	2.57%	3M Libor+0.84%	1,081.40
HSBC	2013~2018	107,450	USD 100,000	3.41%	2.88%	1,074.50
Standard Chartered	2013~2018	107,450	USD 100,000	3.44%	2.88%	1,074.50
JP Morgan	2013~2018	107,450	USD 100,000	3.48%	2.88%	1,074.50
Bank of America	2014~2018	107,450	USD 100,000	3.09%	2.88%	1,074.50
Citibank	2014~2018	107,450	USD 100,000	3.09%	2.88%	1,074.50
JP Morgan	2014~2017	102,670	USD 100,000	2.89%	3M Libor+0.78%	1,026.70
Deutsche Bank	2014~2017	102,670	USD 100,000	2.89%	3M Libor+0.78%	1,026.70
HSBC	2014~2019	105,260	USD 100,000	2.48%	2.38%	1,052.60
Standard Chartered	2014~2019	105,260	USD 100,000	2.48%	2.38%	1,052.60
Korea Development Bank	2016~2019	105,260	USD 100,000	2.48%	2.38%	1,052.60
Nomura	2015~2025	111,190	USD 100,000	2.60%	3.25%	1,111.90
Korea Development Bank	2015~2025	111,190	USD 100,000	2.62%	3.25%	1,111.90
Woori Bank	2015~2025	55,595	USD 50,000	2.62%	3.25%	1,111.90
KEB Hana Bank	2015~2025	55,595	USD 50,000	2.62%	3.25%	1,111.90

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****11. Derivatives, Continued****(4) Currency swap contracts which are designated as hedge instruments as of December 31, 2016 are as follows:***In millions of won and thousands of foreign currencies*

Counterparty	Contract year	Contract amount		Contract interest rate		Contract exchange rate
		Pay	Receive	Pay	Receive	
Standard						
Chartered	2011~2017	₩ 105,260	USD 100,000	3.99%	3.63%	1,052.60
Barclays Bank						
PLC	2011~2017	105,260	USD 100,000	3.99%	3.63%	1,052.60
Citibank	2011~2017	105,260	USD 100,000	3.99%	3.63%	1,052.60
Citibank	2013~2018	54,570	USD 50,000	2.90%	3M Libor+1.01%	1,091.40
Standard						
Chartered	2013~2018	54,570	USD 50,000	2.90%	3M Libor+1.01%	1,091.40
Credit Suisse	2013~2018	111,410	USD 100,000	3.22%	3M Libor+1.50%	1,114.10
HSBC	2014~2020	99,901	AUD 100,000	3.52%	5.75%	999.01
HSBC	2014~2020	100,482	AUD 100,000	3.48%	5.75%	1,004.82
Standard						
Chartered	2013~2020	USD 117,250	AUD 125,000	3M Libor+1.25%	5.75%	0.94
Standard						
Chartered	2014~2020	126,032	USD 117,250	3.55%	3M Libor+1.25%	1,074.90
JP Morgan	2014~2019	107,190	USD 100,000	3M Libor+3.25%	2.75%	1,071.90
Morgan Stanley	2014~2019	107,190	USD 100,000	3M Libor+3.25%	2.75%	1,071.90
Deutsche Bank	2014~2019	107,190	USD 100,000	3M Libor+3.25%	2.75%	1,071.90
Korea						
Development						
Bank	2016~2021	121,000	USD 100,000	2.15%	2.50%	1,210.00
Morgan Stanley	2016~2021	121,000	USD 100,000	3M Libor+2.10%	2.50%	1,210.00
BNP Paribas	2016~2021	121,000	USD 100,000	3M Libor+2.10%	2.50%	1,210.00
Morgan Stanley	2012~2017	285,000	USD 250,000	3.76%	3.13%	1,140.00
Credit Agricole	2012~2017	142,500	USD 125,000	3.83%	3.13%	1,140.00
JP Morgan	2012~2017	142,500	USD 125,000	3.83%	3.13%	1,140.00
Credit Agricole	2013~2019	118,343	CHF 100,000	3.47%	1.63%	1,183.43
Morgan Stanley	2013~2019	59,172	CHF 50,000	3.40%	1.63%	1,183.43
Nomura	2013~2019	59,172	CHF 50,000	3.47%	1.63%	1,183.43
Morgan Stanley	2013~2018	107,360	USD 100,000	3.27%	2.88%	1,073.60

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Credit Agricole	2013~2018	107,360	USD 100,000	3.34%	2.88%	1,073.60
JP Morgan	2013~2018	161,040	USD 150,000	3.34%	2.88%	1,073.60
Standard						
Chartered	2013~2018	161,040	USD 150,000	3.34%	2.88%	1,073.60
Standard						
Chartered	2014~2019	104,490	USD 100,000	2.77%	2.63%	1,044.90
Credit Agricole	2014~2019	104,490	USD 100,000	2.77%	2.63%	1,044.90
Morgan Stanley	2014~2019	104,490	USD 100,000	2.70%	2.63%	1,044.90
Barclays Bank						
PLC	2013~2018	81,188	USD 75,000	2.65%	1.88%	1,082.50
Credit Agricole	2013~2018	81,188	USD 75,000	2.65%	1.88%	1,082.50
Deutsche Bank	2013~2018	81,188	USD 75,000	2.65%	1.88%	1,082.50
Citibank	2013~2018	81,188	USD 75,000	2.65%	1.88%	1,082.50
Standard						
Chartered	2014~2017	54,205	USD 50,000	2.93%	3M Libor+1.05%	1,084.10
Credit Agricole	2014~2017	54,205	USD 50,000	2.93%	3M Libor+1.05%	1,084.10
HSBC	2012~2017	115,140	USD 100,000	3.38%	2.50%	1,151.40
BNP Paribas	2012~2017	115,140	USD 100,000	3.38%	2.50%	1,151.40
KEB Hana Bank	2012~2017	115,140	USD 100,000	3.38%	2.50%	1,151.40
Barclays Bank						
PLC	2012~2017	57,570	USD 50,000	3.38%	2.50%	1,151.40
Standard						
Chartered	2012~2017	57,570	USD 50,000	3.38%	2.50%	1,151.40
Nomura	2012~2017	57,570	USD 50,000	3.38%	2.50%	1,151.40
Credit Agricole	2012~2017	57,570	USD 50,000	3.38%	2.50%	1,151.40
Societe Generale	2013~2018	106,190	USD 100,000	3.48%	2.63%	1,061.90
BNP Paribas	2013~2018	53,095	USD 50,000	3.48%	2.63%	1,061.90
KEB Hana Bank	2013~2018	53,095	USD 50,000	3.48%	2.63%	1,061.90
Standard						
Chartered	2013~2018	106,030	USD 100,000	3.48%	2.63%	1,060.30
Barclays Bank						
PLC	2013~2018	53,015	USD 50,000	3.48%	2.63%	1,060.30
KEB Hana Bank	2013~2018	31,809	USD 30,000	3.48%	2.63%	1,060.30
Societe Generale	2013~2018	21,206	USD 20,000	3.48%	2.63%	1,060.30
HSBC	2013~2018	53,015	USD 50,000	3.47%	2.63%	1,060.30
Nomura	2013~2018	53,015	USD 50,000	3.47%	2.63%	1,060.30
Credit Agricole	2014~2020	110,680	USD 100,000	2.29%	2.50%	1,106.80
Societe Generale	2014~2020	55,340	USD 50,000	2.16%	2.50%	1,106.80
KEB Hana Bank	2014~2020	55,340	USD 50,000	2.16%	2.50%	1,106.80
KEB Hana Bank	2014~2020	55,340	USD 50,000	2.21%	2.50%	1,106.80
Standard						
Chartered	2014~2020	55,340	USD 50,000	2.21%	2.50%	1,106.80
HSBC	2014~2020	55,340	USD 50,000	2.21%	2.50%	1,106.80
Nomura	2014~2020	55,340	USD 50,000	2.21%	2.50%	1,106.80
Barclays Bank						
PLC	2014~2020	55,340	USD 50,000	2.21%	2.50%	1,106.80
HSBC	2014~2020	55,340	USD 50,000	2.21%	2.50%	1,106.80

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****11. Derivatives, Continued**

(5) Interest rate swap contracts which are not designated as hedge instruments as of December 31, 2016 are as follows:

*In millions of won*

Counterparty	Contract year	Contract amount	Contract interest rate per annum	
			Pay	Receive
Standard Chartered	2012~2017	₩ 160,000	3.57%	3M CD + 0.32%
JP Morgan	2013~2018	150,000	3.58%	3M CD + 0.31%
Credit Suisse	2014~2018	200,000	2.98%	1Y CMT + 0.31%
Korea Development Bank (*)	2014~2029	40,000	3M CD - 0.03%	4.65%
Export-Import Bank of Korea	2015~2031	USD 15,893	2.67%	6M USD Libor
ING Bank	2015~2031	USD 7,861	2.67%	6M USD Libor
BNP Paribas	2015~2031	USD 7,861	2.67%	6M USD Libor

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

(6) Interest rate swap contracts which are designated as hedge instruments as of December 31, 2016 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 94,790	4.16%	6M USD Libor
KFW	2009~2027	USD 94,790	4.16%	6M USD Libor
Credit Agricole	2016~2033	USD 99,694	3.98% ~ 4.10%	6M USD Libor
SMBC	2016~2033	USD 130,369	4.05% ~ 4.18%	6M USD Libor

(7) Gains and losses on valuation and transaction of derivatives for the years ended December 31, 2016 and 2015 are as follows and included in finance income and costs in the consolidated statements of comprehensive income (loss):



<i>In millions of won</i>	Net income effects of valuation gain (loss)		Net income effects of transaction gain (loss)		Accumulated other comprehensive income (loss) (*)	
	2016	2015	2016	2015	2016	2015
Currency forward	₩ 15,993	357	4,266	8,523		
Currency swap	253,035	431,565	(68,266)	75,752	40,031	(6,926)
Interest rate swap	8,517	161,609	7,562	30,314	6,719	4,082
Other derivatives	10,523					
	₩ 288,068	593,531	(56,438)	114,589	46,750	(2,844)

(\*) As of December 31, 2016, the net gain on valuation of derivatives using cash flow hedge accounting of ₩28,414 million, net of tax, is included in other comprehensive income or loss.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****12. Other Financial Assets****(1) Other financial assets as of December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>	<b>2016</b>		<b>2015</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Loans and receivables	₩ 198,133	683,353	106,013	678,126
Allowance for doubtful accounts		(4,532)		
Present value discount	(1,001)	(41,746)	(859)	(48,223)
Long-term/short-term financial instruments	2,281,460	414,466	5,132,829	758,037
	₩ 2,478,592	1,051,541	5,237,983	1,387,940

**(2) Loans and receivables as of December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>	<b>2016</b>			
	<b>Face value</b>	<b>Allowance for doubtful accounts</b>	<b>Present value discount</b>	<b>Book value</b>
<b>Short-term loans and receivables</b>				
Loans for tuition	₩ 29,028		(1,001)	28,027
Loans for housing	12,556			12,556
Fisheries loan	352			352
Other loans	156,197			156,197
	198,133		(1,001)	197,132
<b>Long-term loans and receivables</b>				
Loans for tuition	404,200		(41,593)	362,607
Loans for housing	125,850			125,850
Loans for related parties	91,249	(4,532)		86,717
Fisheries loan	1,312		(153)	1,159
Other loans	60,742			60,742
	683,353	(4,532)	(41,746)	637,075

₩ 881,486                      (4,532)                      (42,747)                      834,207

*In millions of won*

	<b>Face value</b>	<b>2015 Present value discount</b>	<b>Book value</b>
<b>Short-term loans and receivables</b>			
Loans for tuition	₩ 29,210	(859)	28,351
Loans for housing	11,170		11,170
Fisheries loan	6,032		6,032
Other loans	59,601		59,601
	106,013	(859)	105,154
<b>Long-term loans and receivables</b>			
Loans for tuition	390,738	(47,822)	342,916
Loans for housing	132,239		132,239
Loans for related parties	99,768		99,768
Fisheries loan	1,664	(401)	1,263
Other loans	53,717		53,717
	678,126	(48,223)	629,903
	₩ 784,139	(49,082)	735,057

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****12. Other Financial Assets, Continued****(3) Changes in the allowance for doubtful accounts of Loans and receivables for the the year ended December 31, 2016 is as follows:**

<i>In millions of won</i>	<b>2016</b>
<b>Beginning balance</b>	<b>₩</b>
Bad debt expense	4,352
Other	180
<b>Ending balance</b>	<b>₩4,532</b>

**(4) Long-term and short-term financial instruments as of December 31, 2016 and 2015 are as follows:**

<i>In millions of won</i>	<b>2016</b>		<b>2015</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Time deposits	₩ 1,820,391	30,000	2,131,089	3
ABCP	351,800	132,600	2,598,791	5,000
CP	16,000		48,350	
CD	60,443		163,649	
RP		1,521		652,700
Others	32,826	250,345	190,950	100,334
	<b>₩ 2,281,460</b>	<b>414,466</b>	<b>5,132,829</b>	<b>758,037</b>

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****13. Inventories**

Inventories as of December 31, 2016 and 2015 are as follows:

<i>In millions of won</i>	<b>2016</b>		<b>Book value</b>
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	
Raw materials	₩ 3,182,711	(1,323)	3,181,388
Merchandise	20		20
Work-in-progress	118,640		118,640
Finished goods	57,659		57,659
Supplies	1,289,160	(4,553)	1,284,607
Inventories in transit	827,437		827,437
Other inventories	9,692		9,692
	₩ 5,485,319	(5,876)	5,479,443

<i>In millions of won</i>	<b>2015</b>		<b>Book value</b>
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	
Raw materials	₩ 3,304,220	(1,238)	3,302,982
Work-in-progress	133,226		133,226
Finished goods	51,073		51,073
Supplies	1,062,307	(4,428)	1,057,879
Inventories in transit	392,340		392,340
Other inventories	8,913		8,913
	₩ 4,952,079	(5,666)	4,946,413

The reversal of the allowance for loss on inventory valuation due to increase in the net realizable value of inventory deducted from cost of sales was ₩2,473 million for the year ended December 31, 2016. The allowance for loss on inventory valuation due to decrease in the net realizable value of inventory added to cost of sales was ₩533 million for the year ended December 31, 2015. The amounts of loss from inventory valuation included in other gains or losses were ₩2,683 million and ₩1,318 million for the years ended December 31, 2016 and 2015, respectively.



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****14. Finance Lease Receivables****(1) Finance lease contracts**

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

**(2) Finance lease receivables as of December 31, 2016 and 2015 are as follows and included in current and non-current trade and other receivables, net, in the consolidated statements of financial position:**

<i>In millions of won</i>	2016		2015	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Less than 1 year	₩ 55,708	12,225	98,488	12,098
1 ~ 5 years	423,152	214,176	407,426	203,699
More than 5 years	1,690,492	746,473	1,689,281	738,011
	₩ 2,169,352	972,874	2,195,195	953,808

**(3) There are no impaired finance lease receivables as of December 31, 2016 and 2015.****15. Non-Financial Assets**

Non-financial assets as of December 31, 2016 and 2015 are as follows:

<i>In millions of won</i>	2016		2015	
	Current	Non-current	Current	Non-current

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Advance payment	₩ 93,279	71,238	102,842	25,172
Prepaid expenses	228,142	78,066	159,378	85,105
Others (*)	310,439	32,485	135,730	20,956
	₩ 631,860	181,789	397,950	131,233

(\*) Details of others as of December 31, 2016 and 2015 are as follows:

<i>In millions of won</i>	2016		2015	
	Current	Non-current	Current	Non-current
Tax refund receivables	₩ 30,959	2,188	39,158	2,658
Greenhouse gas emissions rights	145,105		51,158	
Others	134,375	30,297	45,414	18,298
	₩ 310,439	32,485	135,730	20,956



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****16. Consolidated Subsidiaries****(1) Consolidated subsidiaries as of December 31, 2016 and 2015 are as follows:**

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			2016	2015
Korea Hydro & Nuclear Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea South-East Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea Midland Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea Western Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea Southern Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Korea East-West Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
KEPCO Engineering & Construction Company, Inc. (*1)	Architectural engineering for utility plant and others	KOREA	65.77%	66.32%
KEPCO Plant Service & Engineering Co., Ltd.	Utility plant maintenance and others	KOREA	51.00%	52.48%
KEPCO Nuclear Fuel Co., Ltd.	Nuclear fuel	KOREA	96.36%	96.36%
KEPCO KDN Co., Ltd.	Electric power information technology and others	KOREA	100.00%	100.00%
Garolim Tidal Power Plant Co., Ltd. (*2)	Power generation	KOREA	49.00%	49.00%
KEPCO International HongKong Ltd.	Holding company	HONG KONG	100.00%	100.00%
KEPCO International Philippines Inc.	Holding company	PHILIPPINES	100.00%	100.00%
KEPCO Gansu International Ltd.	Holding company	HONG KONG	100.00%	100.00%
KEPCO Philippines Holdings Inc.	Holding company	PHILIPPINES	100.00%	100.00%
KEPCO Philippines Corporation	Operation of utility plant	PHILIPPINES	100.00%	100.00%
KEPCO Ilijan Corporation	Utility plant rehabilitation and operation	PHILIPPINES	51.00%	51.00%
KEPCO Lebanon SARL	Operation of utility plant	LEBANON	100.00%	100.00%
KEPCO Neimenggu International Ltd.	Holding company	HONG KONG	100.00%	100.00%
KEPCO Shanxi International Ltd.	Holding company	HONG KONG	100.00%	100.00%

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KOMIPO Global Pte Ltd.	Holding company	SINGAPORE	100.00%	100.00%
KEPCO Canada Energy Ltd.	Resources development	CANADA	100.00%	100.00%
KEPCO Netherlands B.V.	Holding company	NETHERLANDS	100.00%	100.00%
KOREA Imouraren Uranium Investment Corp.	Resources 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%
Korea Electric Power Nigeria Ltd.	Operation of utility plant	NIGERIA	100.00%	100.00%
KEPCO Holdings de Mexico	Holding company	MEXICO	100.00%	100.00%
KST Electric Power Company	Construction and operation of utility plant	MEXICO	56.00%	56.00%
KEPCO Energy Service Company	Operation of utility plant	MEXICO	100.00%	100.00%
KEPCO Netherlands S3 B.V.	Holding company	NETHERLANDS	100.00%	100.00%
PT. KOMIPO Pembangkitan Jawa Bali	Operation of utility plant	INDONESIA	51.00%	51.00%
PT. Cirebon Power Service (*2)	Operation of utility plant	INDONESIA	27.50%	27.50%
KOWEPO International Corporation	Operation of utility plant	PHILIPPINES	99.99%	99.99%
KOSPO Jordan LLC	Operation of utility plant	JORDAN	100.00%	100.00%
EWP Philippines Corporation	Operation of utility plant	PHILIPPINES	100.00%	100.00%
EWP 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, LLC	Power generation	USA		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	Holding company	INDONESIA	100.00%	100.00%

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****16. Consolidated Subsidiaries, Continued**

(1) Consolidated subsidiaries as of December 31, 2016 and 2015 are as follows, continued:

Subsidiaries	Key operation activities	Location	Percentage of ownership (%)	
			2016	2015
EWP Barbados 1 SRL	Holding company	BARBADOS	100.00%	100.00%
California Power Holdings, LLC	Power generation	USA	100.00%	100.00%
Gyeonggi Green Energy Co., Ltd.	Power generation	KOREA	62.01%	62.01%
PT. Tanggamus Electric Power	Power generation	INDONESIA	52.50%	52.50%
Gyeongju Wind Power Co., Ltd.	Power generation	KOREA	70.00%	70.00%
KOMIPO America Inc.	Holding company	USA	100.00%	100.00%
EWPRC Biomass Holdings, LLC	Holding company	USA	100.00%	100.00%
KOSEP USA, INC.	Power generation	USA	100.00%	100.00%
PT. EWP Indonesia	Holding company	INDONESIA	99.95%	99.95%
KEPCO Netherlands J3 B.V.	Holding company	NETHERLANDS	100.00%	100.00%
Korea Offshore Wind Power Co., Ltd.	Operation of utility plant	KOREA	100.00%	100.00%
Global One Pioneer B.V.	Holding company	NETHERLANDS	100.00%	100.00%
Global Energy Pioneer B.V.	Holding company	NETHERLANDS	100.00%	100.00%
Mira Power Limited (*3)	Power generation	PAKISTAN	76.00%	76.00%
KOSEP Material Co., Ltd. (*4)	Power generation	KOREA	46.22%	46.22%
Commerce and Industry Energy Co., Ltd. (*5)	Power generation	KOREA	59.03%	59.03%
KEPCO Singapore Holdings Pte., Ltd.	Holding company	SINGAPORE	100.00%	100.00%
KOWEPO India Private Limited	Holding company	INDIA	100.00%	100.00%
KEPCO KPS Philippines Corp.	Utility plant maintenance and others	PHILIPPINES	51.00%	52.48%
KOSPO Chile SpA	Holding company	CHILE	100.00%	100.00%
PT. KOWEPO Sumsel Operation and Maintenance Services	Utility plant maintenance and others	INDONESIA	95.00%	95.00%
HeeMang Sunlight Power Co., Ltd.	Power generation	KOREA	100.00%	100.00%
Fujeij Wind Power Company	Operation of utility plant	JORDAN	100.00%	100.00%
KOSPO Youngnam Power Co., Ltd.	Operation of utility plant	KOREA	50.00%	50.00%

Global One Carbon Private Equity Investment Trust 2	Holding company	KOREA	96.67%
Chitose Solar Power Plant LLC	Power generation	JAPAN	80.10%
KEPCO Energy Solution Co. Ltd.	Energy service	KOREA	100.00%
Solar School Plant Co., Ltd.	Power generation	KOREA	100.00%
KOSPO Power Services Limitada	Utility plant maintenance and others	CHILE	65.00%
Energy New Industry Specialized Investment Private Investment Trust	Holding company	KOREA	99.75%
KOEN Bylong Pty., Ltd.	Resources development	AUSTRALIA	100.00%
KOMIPO Bylong Pty., Ltd.	Resources development	AUSTRALIA	100.00%
KOWEPO Bylong Pty., Ltd.	Resources development	AUSTRALIA	100.00%
KOSPO Bylong Pty., Ltd.	Resources development	AUSTRALIA	100.00%
EWP Bylong Pty., Ltd.	Resources development	AUSTRALIA	100.00%
KOWEPO Lao International	Utility plant maintenance and others	LAOS	100.00%

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

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

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

(\*4) According to the shareholders' agreement reached in April 2014, Korea South-East Power Co., Ltd. ( KOSEP ) signed a contract with Long Lasting Value( LLV ) to guarantee the principal and certain rate of return on LLV's shares in KOSEP Material Co., Ltd. Moreover, LLV has put options to sell their investment to KOSEP. Therefore, the Company accounted for this agreement as KOSEP acquiring the shares of KOSEP Material from LLV. As such, the effective percentage of ownership is 86.20% as of December 31, 2016.

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

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****6. Consolidated Subsidiaries, Continued****(2) Subsidiaries included in and excluded from consolidation for the year ended December 31, 2016 are as follows:**

&lt;Subsidiaries included in consolidation for the year ended December 31, 2016&gt;

<b>Subsidiary</b>	<b>Reason</b>
Global One Carbon Private Equity Investment Trust 2	Newly Established
Chitose Solar Power Plant LLC	Newly Established
KEPCO Energy Solution Co. Ltd.	Newly Established
Solar School Plant Co., Ltd.	Newly Established
KOSPO Power Services Limitada	Newly Established
Energy New Industry Specialized Investment Private Investment Trust	Newly Established
KOEN Bylong Pty., Ltd.	Newly Established
KOMIPO Bylong Pty., Ltd.	Newly Established
KOWEPO Bylong Pty., Ltd.	Newly Established
KOSPO Bylong Pty., Ltd.	Newly Established
EWP Bylong Pty., Ltd.	Newly Established
KOWEPO Lao International	Newly Established

&lt;Subsidiaries excluded from consolidation for the year ended December 31, 2016&gt;

<b>Subsidiary</b>	<b>Reason</b>
KEPCO Canada Uranium Investment Limited Partnership	Dissolved
DG Kings Plaza, LLC	Liquidated

**(3) Summary of financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

<b>Subsidiaries</b>	<b>2016</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.	₩ 52,782,915	27,366,938	11,168,579	2,454,810

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Korea South-East Power Co., Ltd.	9,773,778	4,794,330	5,093,598	531,061
Korea Midland Power Co., Ltd.	9,066,666	5,416,336	3,719,981	400,696
Korea Western Power Co., Ltd.	9,810,714	5,866,916	4,169,712	401,936
Korea Southern Power Co., Ltd.	9,806,023	5,637,950	4,200,035	426,337
Korea East-West Power Co., Ltd.	8,967,951	4,488,911	4,210,898	467,603
KEPCO Engineering & Construction Company, Inc.	786,596	364,676	506,012	17,796
KEPCO Plant Service & Engineering Co., Ltd.	1,086,421	301,490	1,214,304	86,657
KEPCO Nuclear Fuel Co., Ltd.	713,230	346,012	309,911	33,115
KEPCO KDN Co., Ltd.	519,901	205,869	588,160	43,127
Garolim Tidal Power Plant Co., Ltd.	632	346		-24
KEPCO International HongKong Ltd.	173,138	41		4,532
KEPCO International Philippines Inc.	114,141	1,468		56,783
KEPCO Gansu International Ltd.	17,928	557		(18)
KEPCO Philippines Holdings Inc.	125,100	27		13,517
KEPCO Philippines Corporation	13,704	8,949		(8,717)
KEPCO Ilijan Corporation	558,030	58,449	116,667	51,552
KEPCO Lebanon SARL	1,458	10,312		810
KEPCO Neimenggu International Ltd.	186,636			7,082
KEPCO Shanxi International Ltd.	549,189	218,047		5,812
KOMIPO Global Pte Ltd.	223,082	1,095		36,764
KEPCO Canada Energy Ltd.	202	24		(27,216)
KEPCO Netherlands B.V.	128,014	35		224
KOREA Imouraren Uranium Investment Corp.	154,302	764		(68,417)
KEPCO Australia Pty., Ltd.	503,657	1,545	3,670	(19,006)
KOSEP Australia Pty., Ltd.	25,174	521	5,357	4,028
KOMIPO Australia Pty., Ltd.	25,413	10	5,388	4,023
KOWEPO Australia Pty., Ltd.	25,550	10	5,357	4,012
KOSPO Australia Pty., Ltd.	25,625	10	5,357	4,033
KEPCO Middle East Holding Company	128,846	125,008		6,840

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****16. Consolidated Subsidiaries, Continued**

(3) Summary of financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015 are as follows, continued:

*In millions of won*

	<b>2016</b>			
<b>Subsidiaries</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Sales</b>	<b>Profit (loss) for the period</b>
Qatrana Electric Power Company	₩ 546,123	417,800	18,866	19,601
KHNP Canada Energy, Ltd.	54,374	46		(6,304)
KEPCO Bylong Australia Pty., Ltd.	220,721	277,358		(2,357)
Korea Waterbury Uranium Limited Partnership	20,882	149		2,348
Korea Electric Power Nigeria Ltd.	696	493	9,794	35
KEPCO Holdings de Mexico	262	19		251
KST Electric Power Company	596,823	539,459	146,295	17,322
KEPCO Energy Service Company	1,309	310	5,337	580
KEPCO Netherlands S3 B.V.	55,609	54		3,731
PT. KOMIPO Pembangkitan Jawa Bali	16,246	4,549	21,632	8,989
PT. Cirebon Power Service	3,456	1,228	7,463	301
KOWEPO International Corporation				
KOSPO Jordan LLC	11,524	687	7,321	317
EWP Philippines Corporation	1,966	955		(41)
EWP America Inc. (*)	104,809	80,252	33,616	(8,704)
KNF Canada Energy Limited	1,967	20		(46)
PT KEPCO Resource Indonesia	913	18		(341)
EWP Barbados 1 SRL	267,859	425	1,656	(902)
Gyeonggi Green Energy Co., Ltd.	301,126	221,078	108,557	19,211
PT. Tanggamus Electric Power	184,861	167,641	40,903	2,041
Gyeongju Wind Power Co., Ltd.	76,569	49,293	6,413	1,269
KOMIPO America Inc.	11,518	2,432		(2,240)
KOSEP USA, INC.	159	39,028	3,791	(72,817)
PT. EWP Indonesia	2,154	50		1,088
KEPCO Netherlands J3 B.V.	125,337	68		12,433
Korea Offshore Wind Power Co., Ltd.	37,826	2,048		(4,960)
Global One Pioneer B.V.	161	22		(54)

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Global Energy Pioneer B.V.	338	22		(59)
Mira Power Limited	178,141	133,730		(954)
KOSEP Material Co., Ltd.	2,398	1,497	3,232	(901)
Commerce and Industry Energy Co., Ltd.	99,432	87,316	28,375	(536)
KEPCO Singapore Holdings Pte., Ltd.	2,568	13		(33)
KOWEPO India Private Limited	879			1
KEPCO KPS Philippines Corp.	7,897	1,213	12,843	2,060
KOSPO Chile SpA	6,656	4,787		125
PT. KOWEPO Sumsel Operation and				
Maintenance Services	1,439	700	6,165	(96)
HeeMang Sunlight Power Co., Ltd.	7,102	3,391	12	(308)
Fujeij Wind Power Company	47,935	46,636		(873)
KOSPO Youngnam Power Co.,Ltd.	284,368	205,680		(931)
Global One Carbon Private Equity Investment Trust 2	3,002			9
Chitose Solar Power Plant LLC	49,728	38,806		(811)
KEPCO Energy Solution Co. Ltd.	299,933	233		(300)
Solar School Plant Co., Ltd.	200,268	259	1	9
KOSPO Power Services Limitada	4,385	1,262	7,300	2,963
Energy New Industry Specialized Investment Private				
Investment Trust	501,275	33		(7)
KOEN Bylong Pty., Ltd.	6,135			
KOMIPO Bylong Pty., Ltd.	6,135			
KOWEPO Bylong Pty., Ltd.	6,135			
KOSPO Bylong Pty., Ltd.	6,135			
EWP Bylong Pty., Ltd.	6,135			
KOWEPO Lao International	218	181		(108)

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



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

**16. Consolidated Subsidiaries, Continued****(3) Summary of financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Subsidiaries	2015			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
Korea Hydro & Nuclear Power Co., Ltd.	₩ 51,043,890	27,386,113	10,642,352	2,465,244
Korea South-East Power Co., Ltd.	9,326,835	4,859,827	4,961,711	601,204
Korea Midland Power Co., Ltd.	7,857,199	4,648,144	3,927,443	226,244
Korea Western Power Co., Ltd.	9,225,791	5,719,032	4,214,540	294,617
Korea Southern Power Co., Ltd.	9,216,084	5,525,865	4,317,995	224,757
Korea East-West Power Co., Ltd.	8,828,603	4,836,904	4,047,655	454,942
KEPCO Engineering & Construction Company, Inc.	855,156	438,371	657,603	31,047
KEPCO Plant Service & Engineering Co., Ltd.	1,029,304	246,342	1,171,082	168,632
KEPCO Nuclear Fuel Co., Ltd.	666,677	328,364	253,524	35,115
KEPCO KDN Co., Ltd.	439,725	159,275	451,678	33,578
Garolim Tidal Power Plant Co., Ltd.	655	346		(76)
KEPCO International HongKong Ltd.	172,686	18		4,993
KEPCO International Philippines Inc.	115,594	1,542		38,541
KEPCO Gansu International Ltd.	17,405	540		(6)
KEPCO Philippines Holdings Inc.	132,094	26		24,690
KEPCO Philippines Corporation	13,998	218		265
KEPCO Ilijan Corporation	603,865	58,572	126,234	54,596
KEPCO Lebanon SARL	741	10,182		(1,541)
KEPCO Neimenggu International Ltd.	184,860	348		8,027
KEPCO Shanxi International Ltd.	562,652	242,270		22,949
KOMIPO Global Pte Ltd.	187,885	29		16,572
KEPCO Canada Energy Ltd.	55,945	23		(64)
KEPCO Netherlands B.V.	169,496	61		1,409
KOREA Imouraren Uranium Investment Corp.	224,499	263		5,964
KEPCO Australia Pty., Ltd.	510,892	2,541	4,510	168
KOSEP Australia Pty., Ltd.	18,180	1,581	4,729	346

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KOMIPO Australia Pty., Ltd.	17,397	559	4,729	349
KOWEPO Australia Pty., Ltd.	18,320	1,578	4,729	353
KOSPO Australia Pty., Ltd.	18,358	1,567	4,729	356
KEPCO Middle East Holding Company	147,618	150,798		14,142
Qatrana Electric Power Company	521,206	412,587	17,844	31,767
KHNP Canada Energy, Ltd.	42,731	22		(123)
KEPCO Bylong Australia Pty., Ltd.	183,468	236,545		(23,352)
Korea Waterbury Uranium Limited Partnership	20,370	699		(48)
KEPCO Canada Uranium Investment Limited Partnership	38,804	14		(26,171)
Korea Electric Power Nigeria Ltd.	1,721	1,179	55,768	309
KEPCO Holdings de Mexico	39	34		(13)
KST Electric Power Company	564,358	529,439	97,879	14,631
KEPCO Energy Service Company	1,435	604	6,034	875
KEPCO Netherlands S3 B.V.	66,251	189		716
PT. KOMIPO Pembangkitan Jawa Bali	16,536	6,170	20,143	8,047
PT. Cirebon Power Service	2,795	1,010	6,663	459
KOWEPO International Corporation				
KOSPO Jordan LLC	12,998	1,117	9,840	2,693
EWP Philippines Corporation	2,664	1,592		258
EWP America Inc. (*)	115,562	82,167	59,124	3,227
KNF Canada Energy Limited	1,874	18		(66)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****16. Consolidated Subsidiaries, Continued****(3) Summary of financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Subsidiaries	2015			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
PT KEPCO Resource Indonesia	1,210			(217)
EWP Barbados 1 SRL	260,638	370	2,829	273
Gyeonggi Green Energy Co., Ltd.	315,299	249,608	104,674	(4,111)
PT. Tanggamus Electric Power	106,892	91,416	60,044	(7,138)
Gyeongju Wind Power Co., Ltd.	62,600	27,822	5,993	968
KOMIPO America Inc.	13,487	2,480		218
KOSEP USA, INC.	40,035	4,178	4,975	153
PT. EWP Indonesia	1,039	15		(374)
KEPCO Netherlands J3 B.V.	121,492	81		18,858
Korea Offshore Wind Power Co., Ltd.	7,579	2,317		(4,213)
Global One Pioneer B.V.	40	20		(48)
Global Energy Pioneer B.V.	42	20		(48)
Mira Power Limited	110,918	66,963		(1,581)
KOSEP Material Co., Ltd.	29,768	28,013	26,310	(17,665)
Commerce and Industry Energy Co., Ltd.	99,638	86,727	24,774	(3,387)
KEPCO Singapore Holdings Pte., Ltd.	1,817			(9)
KOWEPO India Private Limited	911	10		(105)
KEPCO KPS Philippines Corp.	5,688	953	14,278	1,677
KOSPO Chile SpA	133	4,642		(942)
PT. KOWEPO Sumsel Operation and Maintenance Services	2,053	51	5,405	1,762
HeeMang Sunlight Power Co., Ltd.	4,711			(9)
Fujeij Wind Power Company	83			
KOSPO Younghan Power Co.,Ltd.	82,173	32,166		7

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

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

<b>Company</b>	<b>Nature and extent of any significant restrictions</b>
Gyeonggi Green Energy Co., Ltd.	Acquisition or disposal of assets of more than ₩35 billion, change in the capacity of cogeneration units (except for the change due to performance improvement of equipment, maintenance) will require unanimous consent of all directors.
KOSPO Youngnam Power Co., Ltd.	Dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. Shares cannot be wholly or partially transferred without prior written consent of financial institutions.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

**16. Consolidated Subsidiaries, Continued**

(5) Details of non-controlling interest prior to intra-group eliminations as of and for the years ended December 31, 2016 and 2015 are as follows:

*In millions of won*

Description	2016				Total
	KEPCO Ilijan Corporation	KEPCO Plant Service & Engineering Co., Ltd.	KEPCO Engineering & Construction Company, Inc.	Others	
Percentage of ownership	49.00%	49.00%	33.92%		
Current assets	₩ 154,758	553,924	270,553	1,211,510	2,190,745
Non-current assets	403,272	532,497	516,043	2,379,882	3,831,694
Current liabilities	(19,256)	(264,506)	(286,444)	(297,510)	(867,716)
Non-current liabilities	(39,193)	(36,984)	(78,232)	(1,919,924)	(2,074,333)
Net assets	499,581	784,931	421,920	1,373,958	3,080,390
Book value of non-controlling interest	244,794	384,616	143,115	684,093	1,456,618
Sales	116,667	1,214,304	506,012	674,461	2,511,444
Profit for the period	51,552	86,657	17,796	102,170	258,175
Profit for the period attributable to non-controlling interest	25,260	42,462	6,036	26,709	100,467
Cash flows from operating activities	102,546	121,240	18,748	84,086	326,620
Cash flows from investing activities	(117)	79,807	(7,556)	(367,674)	(295,540)
Cash flows from financing activities before dividends to non-controlling interest	(56,863)	(39,911)	(1,634)	877,863	779,455
Dividends to non-controlling interest	(55,705)	(36,139)	(2,539)	(22,054)	(116,437)
Effect of exchange rate fluctuation	1,529	127	(854)	7,216	8,018
Net increase (decrease) of cash and cash equivalents	(8,610)	125,124	6,165	579,437	702,116

*In millions of won*

Description	2015			Total
	KEPCO Ilijan Corporation	KEPCO Plant Service &	KEPCO Engineering &	

		<b>Engineering Co., Ltd.</b>	<b>Construction Company, Inc.</b>			
Percentage of ownership		49.00%	47.52%	33.37%		
Current assets	₩	161,855	547,152	341,559	631,442	1,682,008
Non-current assets		442,010	482,152	513,597	1,976,302	3,414,061
Current liabilities		(22,522)	(195,030)	(342,315)	(296,152)	(856,019)
Non-current liabilities		(36,050)	(51,312)	(96,056)	(1,566,200)	(1,749,618)
Net assets		545,293	782,962	416,785	745,392	2,490,432
Book value of non-controlling interest		267,194	372,064	139,081	644,787	1,423,126
Sales		126,234	1,171,082	657,603	637,544	2,592,463
Profit for the period		54,596	168,632	31,047	61,554	315,829
Profit for the period attributable to non-controlling interest		26,752	78,852	10,360	11,802	127,766
Cash flows from operating activities		83,697	140,625	11,280	(29,888)	205,714
Cash flows from investing activities		(16,021)	(104,477)	(134,874)	(178,241)	(433,613)
Cash flows from financing activities before dividends to non-controlling interest		(39,730)	(40,581)	69,955	226,976	216,620
Dividends to non-controlling interest		(36,080)	(34,569)	(7,300)	(24,577)	(102,526)
Effect of exchange rate fluctuation		4,123	3	(51)	6,399	10,474
Net increase (decrease) of cash and cash equivalents		(4,011)	(38,999)	(60,990)	669	(103,331)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****16. Consolidated Subsidiaries, Continued****(6) Changes in goodwill**

(i) Details of goodwill as of December 31, 2016 and 2015 are as follows:

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Acquisition cost	₩ 2,582	2,582
Accumulated impairment		
Carrying book value	₩ 2,582	2,582

(ii) There are no changes in goodwill for the years ended December 31, 2016 and 2015.

**(7) Disposals of subsidiaries**

KEPCO Canada Uranium Investment Limited Partnership was dissolved and the Company liquidated DG Kings Plaza, LLC during the year ended December 31, 2016. The Company disposed of the shares of Boulder Solar Power, LLC and liquidated KOWEPO America LLC during the year ended December 31, 2015.

(i) The fair value of consideration as of December 31, 2016 and 2015 are as follows:

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Consideration received in cash	₩ 898	10,664
Fair value of remaining shares after disposal		13,860
Net assets transferred due to dissolution	34,148	
	₩ 35,046	24,524

(ii)

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The carrying value of assets and liabilities of subsidiaries as at the date the Company lost its control during the year ended December 31, 2016 and 2015 are as follows:

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Current assets		
Cash and cash equivalents	₩ 898	10,071
Current financial assets, net	81	1,077
Non-current assets		
Available-for-sale financial assets	34,089	
Property, plant and equipment, net		2,460
Other		2,893
Current liabilities		
Current financial liabilities	(22)	
Current non-financial liabilities		(7)
	₩ 35,046	16,494



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****16. Consolidated Subsidiaries, Continued****(7) Disposals of subsidiaries, continued**

(iii) Gain from disposals of subsidiaries for the year ended December 2016 and 2015 are as follows:

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Fair value of sale price	₩ 35,046	24,524
Net assets disposed	(35,046)	(16,494)
Non-controlling interests		
Realization of unrealized gain		
Other comprehensive income (*1)		346
Gain from disposals of subsidiaries (*2)	₩	8,376

(\*1) This represents the amount subsequently reclassified from other comprehensive income to profit for the period when the Company lost its control of the subsidiaries.

(\*2) Gain from disposals of subsidiaries is included in the consolidated financial statements of comprehensive income.

(iv) Net cashflow from sales of subsidiaries for the year ended December 31, 2016 and 2015 are as follows:

<i>In millions of won</i>	<b>2016</b>	<b>2015</b>
Consideration received in cash	₩ 898	10,664
Less: cash held by disposed subsidiaries	(898)	(10,071)
Net cash flow	₩	593

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures****(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows:***In millions of won*

Investees	Key operation activities	2016		Acquisition cost	Book value
		Location	Percentage of ownership		
<b>&lt;Associates&gt;</b>					
Korea Gas Corporation (*1)	Importing and wholesaling LNG	KOREA	20.47%	₩ 94,500	1,933,877
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering and others	KOREA	29.00%	4,727	20,475
YTN Co., Ltd.	Broadcasting	KOREA	21.43%	59,000	38,156
Cheongna Energy Co., Ltd.	Generating and distributing vapor and hot/cold water	KOREA	43.90%	48,353	12,373
Gangwon Wind Power Co., Ltd. (*2)	Power generation	KOREA	15.00%	5,725	13,069
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29.00%	88,885	115,998
Korea Power Exchange (*6)	Management of power market and others	KOREA	100.00%	127,839	223,238
AMEC Partners Korea Ltd. (*3)	Resources development	KOREA	19.00%	707	225
Hyundai Energy Co., Ltd. (*9)	Power generation	KOREA	30.66%	71,070	1,031
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	36.10%	1,516	
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25.00%	3,810	4,750
Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.)	Power generation	KOREA	25.00%	3,420	3,131

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Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25.00%	3,875	3,383
Daeryun Power Co., Ltd. (*3, 10)	Power generation	KOREA	13.13%	25,477	29,873
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30.00%	3,801	6,930
KNH Solar Co., Ltd.	Power generation	KOREA	27.00%	1,296	2,073
SPC Power Corporation	Power generation	PHILIPPINES	38.00%	20,635	56,818
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34.00%	413,153	680,065
PT. Cirebon Electric Power	Power generation	INDONESIA	27.50%	40,365	96,658
KNOC Nigerian East Oil Co., Ltd. (*4)	Resources development	NIGERIA	14.63%	12	
KNOC Nigerian West Oil Co., Ltd. (*4)	Resources development	NIGERIA	14.63%	12	
PT Wampu Electric Power	Power generation	INDONESIA	46.00%	21,292	23,188
PT. Bayan Resources TBK	Resources development	INDONESIA	20.00%	615,860	402,667
S-Power Co., Ltd.	Power generation	KOREA	49.00%	132,300	123,912
Pioneer Gas Power Limited (*8)	Power generation	INDIA	40.00%	49,831	50,740
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40.00%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25.00%	49,119	51,544
Hadong Mineral Fiber Co., Ltd. (*17)	Recycling fly ashes	KOREA	8.33%	50	
Green Biomass Co., Ltd. (*12)	Power generation	KOREA	14.00%	714	47
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29.00%	2,978	
Samcheok Eco Materials Co., Ltd. (*3, 11)	Recycling fly ashes	KOREA	2.35%	686	
Noeul Green Energy Co., Ltd.	Power generation	KOREA	29.00%	1,740	1,217
Naepo Green Energy Co., Ltd.	Power generation	KOREA	25.00%	29,200	25,438
Goseong Green Energy Co., Ltd. (*2)	Power generation	KOREA	1.12%	2,900	2,663
Gangneung Eco Power Co., Ltd. (*2)	Power generation	KOREA	1.61%	2,900	2,646
Shin Pyeongtaek Power Co., Ltd.	Power generation	KOREA	40.00%	40	
Heang Bok Do Si Photovoltaic Power Co., Ltd.	Power generation	KOREA	28.00%	194	181
DS POWER Co., Ltd. (*2)	Power generation	KOREA	14.44%	17,900	7,190

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Dongducheon Dream Power Co., Ltd.	Power generation	KOREA	33.61%	61,535	46,876
KS Solar Co., Ltd. (*3)	Power generation	KOREA	19.00%	637	604
Yeongwol Energy Station Co., Ltd. (*2)	Power generation	KOREA	10.00%	1,400	
Jimbhuvish Power Generation Pvt. Ltd. (*2)	Power generation	INDIA	5.16%	9,000	
SE Green Energy Co., Ltd.	Power generation support	KOREA	47.76%	3,821	3,525
Daegu Photovoltaic Co., Ltd.	Power generation	KOREA	29.00%	1,230	1,700
Jeongam Wind Power Co., Ltd.	Power generation	KOREA	40.00%	5,580	4,000
Korea Power Engineering Service Co., Ltd.	Construction and service	KOREA	29.00%	290	2,810
Busan Green Energy Co., Ltd.	Power generation	KOREA	29.00%	14,564	13,803
Jungbu Bio Energy Co., Ltd.(*2)	Power generation	KOREA	18.87%	1,000	
Korea Electric Vehicle Charging Service	Electric vehicle charge service	KOREA	28.00%	1,596	1,103
Ulleungdo Natural Energy Co., Ltd.	Renewable power generation	KOREA	29.85%	8,000	6,894
Korea Nuclear Partners Co., Ltd.	Electric material agency	KOREA	29.00%	290	248
Tamra Offshore Wind Power Co., Ltd.	Power generation	KOREA	27.00%	8,910	7,015
Korea Electric Power Corporation Fund (*13)	Developing electric enterprises	KOREA	98.09%	51,500	50,856
Energy Infra Asset Management Co., Ltd. (*3)	Asset management	KOREA	9.90%	297	259
Daegu clean Energy Co., Ltd.	Renewable power generation	KOREA	28.00%	140	140
YaksuESS Co.,Ltd	Installing ESS related equipment	KOREA	29.00%	210	196

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	Key operation activities	Location	2016		Book value
			Percentage of ownership	Acquisition cost	
Nepal Water & Energy Development Company Private Limited (*14)	Construction and operation of utility plant	NEPAL	52.77%	₩ 18,568	18,667
				2,134,911	4,092,252
<b>&lt;Joint ventures&gt;</b>					
KEPCO-Uhde Inc. (*7)	Power generation	KOREA	52.8%	11,355	301
Eco Biomass Energy Sdn. Bhd. (*7)	Power generation	MALAYSIA	61.53%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40.00%	27,660	28,239
Shuweihaat Asia Power Investment B.V.	Holding company	NETHERLANDS	49.00%	46,037	
Shuweihaat Asia Operation & Maintenance Company (*7)	Maintenance of utility plant	CAYMAN	55.00%	30	450
Waterbury Lake Uranium L.P.	Resources development	CANADA	36.97%	26,602	21,314
ASM-BG Investicii AD	Power generation	BULGARIA	50.00%	16,101	21,488
RES Technology AD	Power generation	BULGARIA	50.00%	15,595	13,582
KV Holdings, Inc.	Power generation	PHILIPPINES	40.00%	2,103	2,098
KEPCO SPC Power Corporation (*7)	Construction and operation of utility plant	PHILIPPINES	75.20%	94,579	245,367
Canada Korea Uranium Limited Partnership (*5)	Resources development	CANADA	12.50%	5,404	
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40.00%	16,621	12,821

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Datang Chifeng Renewable Power Co., Ltd.	Power generation	CHINA	40.00%	121,928	166,535
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40.00%	10,858	10,843
Rabigh Electricity Company	Power generation	SAUDI ARABIA	40.00%	109,743	97,802
Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40.00%	70	4,427
Jamaica Public Service Company Limited	Power generation	JAMAICA	40.00%	301,910	249,453
KW Nuclear Components Co., Ltd.	Manufacturing	KOREA	45.00%	833	7,133
Busan Shinho Solar Power Co., Ltd.	Power generation	KOREA	25.00%	2,100	3,814
GS Donghae Electric Power Co., Ltd.	Power generation	KOREA	34.00%	204,000	205,948
Global Trade Of Power System Co., Ltd.	Exporting products and technology of small or medium business by proxy	KOREA	29.00%	290	477
Expressway Solar-light Power Generation Co., Ltd.	Power generation	KOREA	29.00%	1,856	2,343
KODE NOVUS I LLC	Power generation	USA	50.00%	19,213	
KODE NOVUS II LLC	Power generation	USA	50.00%	12,756	
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	49.90%	4,990	3,015
Amman Asia Electric Power Company (*7)	Power generation	JORDAN	60.00%	111,476	153,857
KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) (*7)	R&D	KOREA	51.00%	5,629	4,758
Dangjin Eco Power Co., Ltd.	Power generation	KOREA	34.00%	56,100	53,253
Honam Wind Power Co., Ltd.	Power generation	KOREA	29.00%	3,480	4,451
Chun-cheon Energy Co., Ltd.	Power generation	KOREA	29.90%	52,700	50,592
Yeonggwangbaeksu Wind Power Co., Ltd. (*3)	Power generation	KOREA	15.00%	3,000	2,689
Nghi Son 2 Power Ltd.	Power generation	VIETNAM	50.00%	1,788	229
Kelar S.A (*7)	Power generation	CHILE	65.00%	4,180	
PT. Tanjung Power Indonesia	Power generation	INDONESIA	35.00%	746	1,946
Incheon New Power Co., Ltd.	Power generation	KOREA	29.00%	461	563
Seokmun Energy Co., Ltd.	Power generation	KOREA	29.00%	580	391

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Daehan Wind Power PSC Barakah One Company (*16)	Power generation	JORDAN	50.00%	285	16
Nawah Energy Company (*16)	Power generation	UAE	18.00%	118	116
MOMENTUM	Operation of utility plant	UAE	18.00%	296	290
	International thermonuclear experimental reactor construction management	FRANCE	33.33%	1	67
Daegu Green Power Co., Ltd. (*15)	Power generation	KOREA	29.00%	46,225	47,528
				1,349,360	1,418,196
				₩ 3,484,271	5,510,448

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**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

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

**(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:**

- (\*1) The effective percentage of ownership is 21.57% considering treasury stocks.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*3) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*4) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions, which can affect its influence on the entity.
- (\*5) The Company has joint control over the entity by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*6) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (\*7) According to the shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (\*8) As of reporting date, the reporting period of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (\*9) As of December 31, 2016, 15.64% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 46.30% of ownership.
- (\*10) The Company's percentage of ownership has decreased due to the acquisition of Daeryun Power Co., Ltd. and the effective percentage of ownership is 19.45% considering stock purchase options.
- (\*11) The Company's effective percentage of ownership excluding the redeemable convertible preferred stock is 25.54%.
- (\*12) The effective percentage of ownership is less than 20% but the Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity and the fact that the dominant portion of the investee's sales transactions is generated from the Company.
- (\*13)



The effective percentage of ownership is more than 50% but the Company does not hold control over relevant business while it exercises significant influence by participating in the Investment Decision Committee. For this reason, the entity is classified as an associate.

- (\*14) The effective percentage of ownership is more than 50%, but the Company does not control the entity according to the shareholders' agreement. For this reason, the entity is classified as an associate.
- (\*15) The entity is reclassified from associates to joint ventures since the terms of the shareholders' agreement had been amended.
- (\*16) The effective percentage of ownership is less than 20%, but the Company has joint control over the entity as decisions on the major activities require the unanimous consent of the parties that collectively control the entity.
- (\*17) Although the percentage of ownership temporarily decreased to 8.33% from the difference in timing of capital payment by shareholders, the Company can exercise significant influence by virtue of its right to appoint a director to the board of directors of the entity based on the shareholders' agreement. The percentage of ownership is 25.00% at the time of completion of capital payment.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	Key operation activities	2015			
		Location	Percentage of ownership	Acquisition cost	Book value
<b>&lt;Associates&gt;</b>					
Daegu Green Power Co., Ltd.	Power generation	KOREA	47.80%	₩ 76,193	80,267
Korea Gas Corporation (*1)	Importing and wholesaling LNG	KOREA	20.47%	94,500	2,102,813
Korea Electric Power Industrial Development Co., Ltd.	Electricity metering and others	KOREA	29.00%	4,727	18,994
YTN Co., Ltd.	Broadcasting	KOREA	21.43%	59,000	38,365
Cheongna Energy Co., Ltd.	Generating and distributing vapor and hot/cold water	KOREA	43.90%	48,353	19,490
Gangwon Wind Power Co., Ltd. (*2)	Power generation	KOREA	15.00%	5,725	12,890
Hyundai Green Power Co., Ltd.	Power generation	KOREA	29.00%	88,885	113,664
Korea Power Exchange (*6)	Management of power market and others	KOREA	100.00%	127,839	208,735
AMEC Partners Korea Ltd. (*3)	Resources development	KOREA	19.00%	707	230
Hyundai Energy Co., Ltd. (*9)	Power generation	KOREA	30.66%	30,118	6,990
Ecollite Co., Ltd.	Artificial light-weight aggregate	KOREA	36.10%	1,516	
Taebaek Wind Power Co., Ltd.	Power generation	KOREA	25.00%	3,810	4,956
Taebaek Guinemi Wind Power Co., Ltd.	Power generation	KOREA	25.00%	2,850	2,587

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(formerly, Muju Wind Power Co., Ltd.) Pyeongchang Wind Power Co., Ltd.	Power generation	KOREA	25.00%	3,875	3,402
Daeryun Power Co., Ltd. (*3, 10)	Power generation	KOREA	13.13%	25,477	36,156
JinanJangsu Wind Power Co., Ltd.	Power generation	KOREA	25.00%	100	77
Changjuk Wind Power Co., Ltd.	Power generation	KOREA	30.00%	3,801	6,143
KNH Solar Co., Ltd.	Power generation	KOREA	27.00%	1,296	1,924
SPC Power Corporation	Power generation	PHILIPPINES	38.00%	20,635	58,033
Gemeng International Energy Co., Ltd.	Power generation	CHINA	34.00%	413,153	728,396
PT. Cirebon Electric Power	Power generation	INDONESIA	27.50%	40,365	60,574
KNOC Nigerian East Oil Co., Ltd. (*4)	Resources development	NIGERIA	14.63%	12	
KNOC Nigerian West Oil Co., Ltd. (*4)	Resources development	NIGERIA	14.63%	12	
Dolphin Property Limited (*4)	Rental company	NIGERIA	15.00%	12	61
PT Wampu Electric Power	Power generation	INDONESIA	46.00%	21,292	18,963
PT. Bayan Resources TBK	Resources development	INDONESIA	20.00%	615,860	525,066
S-Power Co., Ltd.	Power generation	KOREA	49.00%	132,300	130,908
Pioneer Gas Power Limited (*8)	Power generation	INDIA	40.00%	49,831	51,187
Eurasia Energy Holdings	Power generation and resources development	RUSSIA	40.00%	461	
Xe-Pian Xe-Namnoy Power Co., Ltd.	Power generation	LAOS	25.00%	32,717	31,863
Busan Solar Co., Ltd. (*3)	Power generation	KOREA	19.80%	793	925
Hadong Mineral Fiber Co., Ltd.	Recycling fly ashes	KOREA	25.00%	50	
Green Biomass Co., Ltd. (*12)	Power generation	KOREA	14.00%	714	
PT. Mutiara Jawa	Manufacturing and operating floating coal terminal	INDONESIA	29.00%	2,978	
Samcheok Eco Materials Co., Ltd. (*3, 11)	Recycling fly ashes	KOREA	2.67%	686	
Noeul Green Energy Co., Ltd.	Power generation	KOREA	20.00%	400	295
Naepo Green Energy Co., Ltd.	Power generation	KOREA	25.00%	29,200	26,746

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Goseong Green Energy Co., Ltd. (*2)	Power generation	KOREA	2.90%	2,900	2,670
Gangneung Eco Power Co., Ltd. (*2)	Power generation	KOREA	3.72%	2,900	2,688
Shin Pyeongtaek Power Co., Ltd.	Power generation	KOREA	40.00%	40	
Heang Bok Do Si Photovoltaic Power Co., Ltd.	Power generation	KOREA	28.00%	194	189
DS POWER Co., Ltd. (*2)	Power generation	KOREA	14.44%	17,900	10,960
Dongducheon Dream Power Co., Ltd.	Power generation	KOREA	33.61%	61,535	55,667
KS Solar Co., Ltd. (*3)	Power generation	KOREA	19.00%	637	618
Yeongwol Energy Station Co., Ltd. (*2)	Power generation	KOREA	10.00%	1,400	1,290
Jimbhuvish Power Generation Pvt. Ltd. (*2)	Power generation	INDIA	5.16%	9,000	8,350
SE Green Energy Co., Ltd.	Power generation	KOREA	47.76%	3,821	3,575
Daegu Photovoltaic Co., Ltd.	Power generation	KOREA	29.00%	1,230	1,886
Jeongam Wind Power Co., Ltd.	Power generation	KOREA	40.00%	1,680	702
Korea Power Engineering Service Co., Ltd.	Construction and service	KOREA	29.00%	290	1,805
Busan Green Energy Co., Ltd.	Power generation	KOREA	29.00%	14,564	14,512
Jungbu Bio Energy Co., Ltd. (*2)	Power generation	KOREA	18.87%	1,000	904
Korea Electric Vehicle Charging Service	Electric vehicle charge service	KOREA	28.00%	1,596	1,446
Ulleungdo Natural Energy Co., Ltd.	Renewable power generation	KOREA	29.85%	8,000	7,417
Korea Nuclear Partners Co., Ltd.	Electric material agency	KOREA	29.00%	290	289
				2,069,220	4,405,668

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	Key operation activities	2015		Acquisition cost	Book value
		Location	Percentage of ownership		
<b>&lt;Joint ventures&gt;</b>					
KEPCO-Uhde Inc. (*7)	Power generation	KOREA	52.80%	₩ 11,355	8,549
Eco Biomass Energy Sdn. Bhd. (*7)	Power generation	MALAYSIA	61.53%	9,661	
Datang Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40.00%	27,660	27,640
Shuweihaat Asia Power Investment B.V.	Holding company	NETHERLANDS	49.00%	60,191	20,474
Shuweihaat Asia Operation & Maintenance Company (*7)	Maintenance of utility plant	CAYMAN	55.00%	30	486
Waterbury Lake Uranium L.P.	Resources development	CANADA	40.00%	26,602	20,299
ASM-BG Investicii AD	Power generation	BULGARIA	50.00%	16,101	20,203
RES Technology AD	Power generation	BULGARIA	50.00%	15,595	13,789
KV Holdings, Inc.	Power generation	PHILIPPINES	40.00%	2,103	2,010
KEPCO SPC Power Corporation (*7)	Construction and operation of utility plant	PHILIPPINES	75.20%	94,579	208,524
Canada Korea Uranium Limited Partnership (*5)	Resources development	CANADA	12.50%	5,404	
KEPCO Energy Resource Nigeria Limited	Holding company	NIGERIA	30.00%	8,463	
Gansu Datang Yumen Wind Power Co., Ltd.	Power generation	CHINA	40.00%	16,621	16,107
Datang Chifeng Renewable Power Co.,	Power generation	CHINA	40.00%	121,928	171,224

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Ltd.					
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	Power generation	CHINA	40.00%	10,858	10,580
Rabigh Electricity Company	Power generation	SAUDI ARABIA	40.00%	109,743	59,368
Rabigh Operation & Maintenance Company	Maintenance of utility plant	SAUDI ARABIA	40.00%	70	3,586
Jamaica Public Service Company Limited	Power generation	JAMAICA	40.00%	301,910	241,918
KW Nuclear Components Co., Ltd.	Manufacturing	KOREA	45.00%	833	4,985
Busan Shinho Solar Power Co., Ltd.	Power generation	KOREA	25.00%	2,100	3,678
GS Donghae Electric Power Co., Ltd.	Power generation	KOREA	34.00%	204,000	200,379
Global Trade Of Power System Co., Ltd.	Exporting products and  technology of small or  medium business by proxy	KOREA	29.00%	290	426
Expressway Solar-light Power Generation Co., Ltd.	Power generation	KOREA	29.00%	1,856	2,100
KODE NOVUS I LLC	Power generation	USA	50.00%	19,213	
KODE NOVUS II LLC	Power generation	USA	49.00%	12,498	
Daejung Offshore Wind Power Co., Ltd.	Power generation	KOREA	49.90%	4,990	3,352
Amman Asia Electric Power Company (*7)	Power generation	JORDAN	60.00%	111,476	137,668
KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) (*7)	R&D	KOREA	51.00%	5,629	4,501
Dangjin Eco Power Co., Ltd.	Power generation	KOREA	34.00%	51,000	48,281
Honam Wind Power Co., Ltd.	Power generation	KOREA	29.00%	3,480	3,926
Nepal Water & Energy Development Company Private Limited (*7)	Construction and operation of utility plant	NEPAL	52.77%	18,568	17,765
Chun-cheon Energy Co., Ltd.	Power generation	KOREA	29.90%	32,868	31,976
Yeonggwangbaeksu Wind Power Co., Ltd. (*3)	Power generation	KOREA	15.00%	3,000	2,668
Nghi Son 2 Power Ltd.	Power generation	VIETNAM	50.00%	1,072	269
Kelar S.A (*7)	Power generation	CHILE	65.00%	4,180	

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PT. Tanjung Power Indonesia	Power generation	INDONESIA	35.00%	746	617
Incheon New Power Co., Ltd.	Power generation	KOREA	29.00%	461	514
Seokmun Energy Co., Ltd.	Power generation	KOREA	29.00%	580	
				1,317,714	1,287,862
				₩ 3,386,934	5,693,530

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**Table of Contents**

**KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

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

**(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:**

- (\*1) The effective percentage of ownership is 21.57% considering treasury stocks.
- (\*2) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*3) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (\*4) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions, which can affect its influence on the entity.
- (\*5) The Company has joint control over the entity by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (\*6) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (\*7) According to the shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (\*8) As of reporting date, the reporting period of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (\*9) As of December 31, 2015, 15.64% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 46.30% of ownership.
- (\*10) The Company's percentage of ownership has decreased due to the acquisition of Daeryun Power Co., Ltd. and the effective percentage of ownership is 19.45% considering stock purchase options.
- (\*11) The Company's effective percentage of ownership excluding the redeemable convertible preferred stock is 25.54%.
- (\*12) The effective percentage of ownership is less than 20% but the Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity and the fact that the dominant portion of the investee's sales transactions is generated from the Company.



- (2) The fair value of associates which are actively traded on the open market and have a readily available market value as of December 31, 2016 and 2015 are as follows:

*In millions of won*

<b>Investees</b>	<b>2016</b>	<b>2015</b>
<b>&lt;Associates&gt;</b>		
Korea Electric Power Industrial Development Co., Ltd.	₩ 45,474	46,514
Korea Gas Corporation	915,705	696,465
YTN Co., Ltd.	22,320	26,235
SPC Power Corporation	70,253	65,552
PT. Bayan Resources TBK	359,200	446,250

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

Investees	2016							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.	₩ 80,267	3,347	(34,422)		(1,814)	148	(47,526)	
Korea Gas Corporation	2,102,813			(3,213)	(146,308)	(14,551)	(4,864)	1,933,877
Korea Electric Power Industrial Development Co., Ltd.	18,994			(1,598)	4,491		(1,412)	20,475
YTN Co., Ltd.	38,365				(227)	32	(14)	38,156
Cheongna Energy Co., Ltd.	19,490				(7,117)			12,373
Gangwon Wind Power Co., Ltd.	12,890			(1,136)	1,270	45		13,069
Hyundai Green Power Co., Ltd.	113,664			(8,888)	11,222			115,998
Korea Power Exchange	208,735				15,847		(1,344)	223,238
AMEC Partners Korea Ltd.	230				(5)			225
Hyundai Energy Co., Ltd.	6,990				(21,163)		15,204	1,031
Ecollite Co., Ltd.	4,956				(206)			4,750

Taebaek Wind Power Co., Ltd.							
Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.)	2,587	570		(26)			3,131
Pyeongchang Wind Power Co., Ltd.	3,402			(19)			3,383
Daeryun Power Co., Ltd.	36,156			(6,282)	(1)		29,873
JinanJangsu Wind Power Co., Ltd.	77	(64)		(13)			
Changjuk Wind Power Co., Ltd.	6,143		(190)	977			6,930
KNH Solar Co., Ltd.	1,924			144	5		2,073
SPC Power Corporation	58,033		(7,151)	6,416	(477)	(3)	56,818
Gemeng International Energy Co., Ltd.	728,396		(16,476)	26,714	(58,493)	(76)	680,065
PT. Cirebon Electric Power	60,574		(1,242)	31,511	2,568	3,247	96,658
KNOC Nigerian East Oil Co., Ltd.				(1,346)	(398)	1,744	
KNOC Nigerian West Oil Co., Ltd.				(973)	(356)	1,329	
Dolphin Property Limited	61		(35)		(69)	43	
PT Wampu Electric Power	18,963			3,493	(3)	735	23,188
PT. Bayan Resources TBK (*2)	525,066			(23,257)	208	(99,350)	402,667
S-Power Co., Ltd.	130,908			(7,006)		10	123,912
Pioneer Gas Power Limited	51,187			(698)	251		50,740
Eurasia Energy Holdings							
Xe-Pian Xe-Namnoy Power Co., Ltd.	31,863	16,402		1,576	1,703		51,544
Busan Solar Co., Ltd.	925	(887)		(38)			
Hadong Mineral Fiber Co., Ltd.							
Green Biomass Co., Ltd.				(138)		185	47
PT. Mutiara Jawa							

Samcheok Eco Materials Co., Ltd.					
Noeul Green Energy Co., Ltd.	295	1,340	(418)		1,217
Naepo Green Energy Co., Ltd.	26,746		(1,308)		25,438
Goseong Green Energy Co., Ltd.	2,670		71	(78)	2,663
Gangneung Eco Power Co., Ltd.	2,688		56	(98)	2,646
Shin Pyeongtaek Power Co., Ltd.					
Heang Bok Do Si Photovoltaic Power Co., Ltd.	189		(10)	2	181
DS POWER Co., Ltd.	10,960		(3,738)	(32)	7,190
Dongducheon Dream Power Co., Ltd.	55,667		(8,757)	(34)	46,876
KS Solar Co., Ltd.	618		(14)		604
Yeongwol Energy Station Co., Ltd. (*1)	1,290		85	25	(1,400)
Jinhuvish Power Generation Pvt. Ltd. (*3)	8,350		(49)	(198)	(8,103)
SE Green Energy Co., Ltd.	3,575		(50)		3,525
Daegu Photovoltaic Co., Ltd.	1,886		(411)	225	1,700
Jeongam Wind Power Co., Ltd.	702	3,900	(602)		4,000
Korea Power Engineering Service Co., Ltd.	1,805		1,005		2,810
Busan Green Energy Co., Ltd.	14,512		(709)		13,803
Jungbu Bio Energy Co., Ltd.	904		(904)		
Korea Electric Vehicle Charging Service	1,446		(343)		1,103

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	2016							
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss)	Others	Ending balance
Ulleungdo Natural Energy Co., Ltd.	7,417				(516)		(7)	6,894
Korea Nuclear Partners Co., Ltd.	289				(41)			248
Tamra Offshore Wind Power Co., Ltd.		8,910			(1,895)			7,015
Korea Electric Power Corporation Fund		51,500			(644)			50,856
Energy Infra Asset Management Co., Ltd.		297			(38)			259
Daegu clean Energy Co., Ltd.		140						140
YaksuESS Co.,Ltd		210			(14)			196
Nepal Water & Energy Development Company Private Limited							18,667	18,667
	4,405,668	86,616	(35,373)	(40,340)	(131,583)	(69,561)	(123,175)	4,092,252
<b>&lt;Joint ventures&gt;</b>								
KEPCO-Uhde Inc. (*4)	8,549				(159)		(8,089)	301

Eco Biomass Energy Sdn. Bhd.							
Datang Chaoyang Renewable Power Co., Ltd.	27,640			1,417	(818)		28,239
Shuweiha Asia Power Investment B.V.	20,474	(14,154)	(2,957)	6,131	(9,494)		
Shuweiha Asia Operation & Maintenance Company	486		(931)	941	(46)		450
Waterbury Lake Uranium L.P.	20,299				1,138	(123)	21,314
ASM-BG Investicii AD	20,203			1,508	(223)		21,488
RES Technology AD	13,789			(68)	(139)		13,582
KV Holdings, Inc.	2,010		(302)	429	(39)		2,098
KEPCO SPC Power Corporation	208,524		(5,955)	48,132	(5,308)	(26)	245,367
Canada Korea Uranium Limited Partnership							
Gansu Datang Yumen Wind Power Co., Ltd.	16,107			(2,836)	(450)		12,821
Datang Chifeng Renewable Power Co., Ltd.	171,224		(7,384)	7,455	(4,760)		166,535
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	10,580		(440)	1,002	(299)		10,843
Rabigh Electricity Company	59,368			18,961	19,473		97,802
Rabigh Operation & Maintenance Company	3,586		(1,934)	2,253	229	293	4,427
Jamaica Public Service Company Limited	241,918				7,535		249,453
KW Nuclear Components Co., Ltd.	4,985		(2,191)	4,344		(5)	7,133
Busan Shinho Solar Power Co., Ltd.	3,678		(185)	321			3,814
GS Donghae Electric Power Co., Ltd.	200,379			5,575		(6)	205,948
Global Trade Of Power System Co., Ltd.	426			51			477
Expressway Solar-light Power Generation Co., Ltd.	2,100			243			2,343
KODE NOVUS I LLC							
KODE NOVUS II LLC		258		(260)		2	
	3,352			(337)			3,015

Daejung Offshore Wind Power Co., Ltd.						
Amman Asia Electric Power Company	137,668		(12,684)	17,811	11,062	153,857
KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.)	4,501			311	(54)	4,758
Dangjin Eco Power Co., Ltd.	48,281	5,100		(696)	(26)	594
Honam Wind Power Co., Ltd.	3,926		(104)	629		4,451
Nepal Water & Energy Development Company Private Limited	17,765			359	543	(18,667)
Chun-cheon Energy Co., Ltd.	31,976	19,832		(1,121)	(95)	50,592
Yeonggwangbaeksu Wind Power Co., Ltd.	2,668			16		5
Nghi Son 2 Power Ltd.	269	716		(740)	(16)	229

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	2016							Ending balance
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss)	Others	
Kelar S.A	₩							
PT. Tanjung Power Indonesia	617				1,337		(8)	1,946
Incheon New Power Co., Ltd.	514				41	8		563
Seokmun Energy Co., Ltd.					(197)	793	(205)	391
Daehan Wind Power PSC		285			(261)	(8)		16
Barakah One Company		118					(2)	116
Nawah Energy Company		296					(6)	290
MOMENTUM		1			65		1	67
Daegu Green Power Co., Ltd.							47,528	47,528
	1,287,862	26,606	(14,154)	(35,067)	112,657	19,060	21,232	1,418,196
	₩ 5,693,530	113,222	(49,527)	(75,407)	(18,926)	(50,501)	(101,943)	5,510,448

(\*1) Others include ₩1,400 million of assets held-for-sale (note 42).



- (\*2) It was determined that there is objective evidence of impairment due to prolonged operating losses. As a result, the Company recognized an impairment loss of ~~₩~~99,338 million in impairment loss on investments in associates and joint ventures for the year ended December 31, 2016.
- (\*3) Due to discontinue of operations during the current year, the Company recognized an impairment loss of ~~₩~~8,103 million in impairment loss on investments in associates and joint ventures for the year ended December 31, 2016.
- (\*4) It was determined that there is objective evidence of impairment due to prolonged operating losses. As a result, the Company recognized an impairment loss of ~~₩~~8,099 million in impairment loss on investments in associates and joint ventures for the year ended December 31, 2016.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint for the years ended December 31, 2016 and 2015 are as follows, continued;***In millions of won*

Investees	2015						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.	₩ 71,387				8,902	(22)	80,267
Korea Gas Corporation	2,097,539			(4,725)	67,949	(55,453) (2,497)	2,102,813
Korea Electric Power Industrial Development Co., Ltd.	21,622			(1,267)	(1,792)	431	18,994
YTN Co., Ltd.	39,889			(90)	(188)	(935) (311)	38,365
Cheongna Energy Co., Ltd.	28,771				(9,281)		19,490
Gangwon Wind Power Co., Ltd.	12,385			(852)	1,279	78	12,890
Hyundai Green Power Co., Ltd.	113,033			(8,889)	9,520		113,664
Korea Power Exchange	198,021				9,944	770	208,735
AMEC Partners Korea Ltd.	200				30		230
Hyundai Energy Co., Ltd. (*1)	35,925				(13,731)	(15,204)	6,990
Ecollite Co., Ltd.							
Taebaek Wind Power Co., Ltd.	5,525				(569)		4,956

Taebak Guinemi Wind  
Power Co., Ltd.

(formerly, Muju Wind Power Co., Ltd.)	2,706		(119)			2,587
Pyeongchang Wind Power Co., Ltd.	3,693		(291)			3,402
Daeryun Power Co., Ltd.	41,951		(5,798)		3	36,156
JinanJangsu Wind Power Co., Ltd.	77					77
Changjuk Wind Power Co., Ltd.	6,486		(343)			6,143
KNH Solar Co., Ltd.	1,744		178		2	1,924
SPC Power Corporation	47,799		(1,349)	5,375	381	5,827
Gemeng International Energy Co., Ltd.	667,578		(37,163)	51,766	89,481	(43,266)
PT. Cirebon Electric Power	43,335			12,210	5,029	
KNOC Nigerian East Oil Co., Ltd.			(880)		(641)	1,521
KNOC Nigerian West Oil Co., Ltd.			(1,092)		(599)	1,691
Dolphin Property Limited	61					61
PT Wampu Electric Power	16,071	2,357	(600)		1,135	18,963
PT. Bayan Resources TBK	540,011		(11,341)		(3,604)	525,066
S-Power Co., Ltd.	104,244	24,300		2,364		130,908
Pioneer Gas Power Limited	50,668			59	460	51,187
Eurasia Energy Holdings Xe-Pian Xe-Namnoy Power Co., Ltd.	22,152	9,244	(749)		1,216	31,863
Busan Solar Co., Ltd.	853			72		925
Hadong Mineral Fiber Co., Ltd.	3		(3)			
Green Biomass Co., Ltd. PT. Mutiara Jawa	818		(818)			
Samcheok Eco Materials Co., Ltd.	212		(178)		(34)	
Noeul Green Energy Co., Ltd.	189	200	(91)		(3)	295
Naepo Green Energy Co., Ltd.	28,064		(1,318)			26,746
Goseong Green Energy Co., Ltd.	2,586			84		2,670
Gangneung Eco Power Co., Ltd.	2,783		(95)			2,688
Shin Pyeongtaek Power Co., Ltd.						
Heang Bok Do Si Photovoltaic Power Co.,	221		(32)			189

Ltd.				
DS POWER Co., Ltd.	15,642	(4,671)	(11)	10,960
Dongducheon Dream Power Co., Ltd. (*2)	100,545	(3,412)	(41,466)	55,667
KS Solar Co., Ltd.	325	293		618
Yeongwol Energy Station Co., Ltd.	1,741	(451)		1,290

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	2015						
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss) Others	Ending balance
Jinhvish Power Generation Pvt. Ltd.	₩ 8,344				(42)	48	8,350
SE Green Energy Co., Ltd.	3,623				(48)		3,575
Daegu Photovoltaic Co., Ltd.	1,581				305		1,886
Jeongam Wind Power Co., Ltd.	93	880			(271)		702
Korea Power Engineering Service Co., Ltd.	1,334			(44)	542	(27)	1,805
Busan Green Energy Co., Ltd.		14,564			(52)		14,512
Jungbu Bio Energy Co., Ltd.		1,000			(96)		904
Korea Electric Vehicle Charging Service		1,596			(135)	(15)	1,446
Ulleungdo Natural Energy Co., Ltd.		8,000			(583)		7,417
Korea Nuclear Partners Co., Ltd.		290			(1)		289
	4,341,830	62,431		(54,379)	111,801	36,561 (92,576)	4,405,668

**<Joint ventures>**

KEPCO-Uhde Inc.	9,042		(493)			8,549	
Eco Biomass Energy Sdn. Bhd.							
Datang Chaoyang Renewable Power Co., Ltd.	27,514		(135)	261		27,640	
Shuweiha Asia Power Investment B.V.	16,241	108	4,008	117		20,474	
Shuweiha Asia Operation & Maintenance Company	345		(798)	922	24	(7)	486
Waterbury Lake Uranium L.P.	22,010				(2,507)	796	20,299
ASM-BG Investicii AD	19,608		1,384		(789)		20,203
RES Technology AD	14,725		(318)		(618)		13,789
KV Holdings, Inc.	1,902		74		34		2,010
KEPCO SPC Power Corporation	190,519		(28,986)	43,801	3,190		208,524
Canada Korea Uranium Limited Partnership							
KEPCO Energy Resource Nigeria Limited							
Gansu Datang Yumen Wind Power Co., Ltd.	17,467		(1,546)		186		16,107
Datang Chifeng Renewable Power Co., Ltd.	169,496		(8,239)	8,512	1,464	(9)	171,224
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	10,539			(33)	74		10,580
Rabigh Electricity Company	8,121			21,582	29,703	(38)	59,368
Rabigh Operation & Maintenance Company	4,628		(1,780)	533	205		3,586
Jamaica Public Service Company Limited	226,892				15,027	(1)	241,918
KW Nuclear Components Co., Ltd.	2,899		(1,016)	3,065		37	4,985
Busan Shinho Solar Power Co., Ltd.	3,284			394			3,678
GS Donghae Electric Power Co., Ltd.	201,409			(1,064)		34	200,379
Global Trade Of Power System Co., Ltd.	343			83			426
Expressway Solar-light Power Generation Co., Ltd.	2,087			13			2,100
KODE NOVUS I LLC	12,207		(11,639)		588	(1,156)	
KODE NOVUS II LLC	8,248		(8,104)		413	(557)	

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Daejung Offshore Wind Power Co., Ltd.	3,711			(359)			3,352
Amman Asia Electric Power Company	122,391		(19,510)	25,131	10,244	(588)	137,668
KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.)	4,617			(98)		(18)	4,501
Dangjin Eco Power Co., Ltd.	37,837	20,000	(8,851)	(712)	70	(63)	48,281
Honam Wind Power Co., Ltd.	3,555			371			3,926
Nepal Water & Energy Development Company Private Limited	17,872			(1,277)	1,170		17,765
Chun-cheon Energy Co., Ltd.		32,853		(719)	(158)		31,976
Yeonggwangbaeksu Wind Power Co., Ltd.	2,962			(294)			2,668
Nghi Son 2 Power Ltd.	102	722		(562)	2	5	269

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	2015							
	Beginning balance	Acquisition	Disposal	Dividends received	Share of income (loss)	Other comprehensive income (loss)	Others	Ending balance
Kelar S.A	₩ 3,156					(407)	(2,749)	
PT. Tanjung Power Indonesia	700				(98)		15	617
Incheon New Power Co., Ltd.	465				49			514
Seokmun Energy Co., Ltd.			(100)				100	
	1,166,894	53,683	(8,951)	(60,329)	82,471	58,293	(4,199)	1,287,862
	₩5,508,724	116,114	(8,951)	(114,708)	194,272	94,854	(96,775)	5,693,530

(\*1) Others include W15,204 million of assets held-for-sale (note 42).

(\*2) Others include W41,170 million of assets held-for-sale (note 42).



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the year ended December 31, 2016 and 2015 are as follows:***In millions of won*

Investees	2016			
	Total assets	Total liabilities	Sales	Profit (loss) for the period
<b>&lt;Associates&gt;</b>				
Korea Gas Corporation	₩ 39,927,836	30,541,350	21,108,116	(673,558)
Korea Electric Power Industrial Development Co., Ltd.	144,346	73,742	304,067	17,187
YTN Co., Ltd.	304,536	126,324	130,690	2,051
Cheongna Energy Co., Ltd.	469,843	447,216	46,484	(16,127)
Gangwon Wind Power Co., Ltd.	102,550	15,753	22,774	8,133
Hyundai Green Power Co., Ltd.	1,151,975	751,981	469,547	38,743
Korea Power Exchange	255,533	32,295	101,222	15,087
AMEC Partners Korea Ltd.	1,216	32	103	(25)
Hyundai Energy Co., Ltd.	505,979	499,205	61,813	(45,800)
Ecollite Co., Ltd.	2,157	336		(105)
Taebaek Wind Power Co., Ltd.	43,162	24,162	5,741	(2,796)
Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.)	12,523	1		(106)
Pyeongchang Wind Power Co., Ltd.	75,440	61,909	3,997	(45)
Daeryun Power Co., Ltd.	793,283	644,930	249,558	(32,291)
Changjuk Wind Power Co., Ltd.	37,878	15,162	5,782	1,739
KNH Solar Co., Ltd.	25,878	18,199	4,006	638
SPC Power Corporation	191,562	42,042	73,674	42,617
Gemeng International Energy Co., Ltd.	5,822,879	3,821,905	1,233,972	66,370
PT. Cirebon Electric Power	988,975	637,491	265,813	114,653
KNOC Nigerian East Oil Co., Ltd.	272,964	358,211		(7,051)
KNOC Nigerian West Oil Co., Ltd.	165,396	243,713		(6,562)
PT Wampu Electric Power	222,004	171,595	19,260	7,550
PT. Bayan Resources TBK	945,436	845,963	593,441	402
S-Power Co., Ltd.	886,841	629,992	453,606	(14,885)

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Pioneer Gas Power Limited	345,791	276,978	14,353	396
Eurasia Energy Holdings	618	1,103		
Xe-Pian Xe-Namnoy Power Co., Ltd.	772,699	543,472		6,458
Hadong Mineral Fiber Co., Ltd.		20		
Green Biomass Co., Ltd.	9,336	9,001	2,892	(972)
PT. Mutiara Jawa	28,104	34,671	7,175	(1,361)
Samcheok Eco Materials Co., Ltd.	24,143	254		(1,945)
Noeul Green Energy Co., Ltd.	115,062	110,866	203	(1,155)
Naepo Green Energy Co., Ltd.	104,029	2,276	4,912	(5,230)
Goseong Green Energy Co., Ltd.	356,546	110,753		(5,489)
Gangneung Eco Power Co., Ltd.	176,805	6,503		(3,494)
Shin Pyeongtaek Power Co., Ltd.	54,174	60,518		(3,291)
Heang Bok Do Si Photovoltaic Power Co., Ltd.	2,937	2,297	427	(47)
DS POWER Co., Ltd.	726,699	618,793	276,324	(10,031)
Dongducheon Dream Power Co., Ltd.	1,670,945	1,427,773	946,379	(27,936)
KS Solar Co., Ltd.	27,213	24,035	4,152	(79)
Jinbhuvish Power Generation Pvt. Ltd.	70,273	14,513		(950)
SE Green Energy Co., Ltd.	7,381			(103)
Daegu Photovoltaic Co., Ltd.	18,909	13,047	3,317	739
Jeongam Wind Power Co., Ltd.	13,199	3,199		(1,496)
Korea Power Engineering Service Co., Ltd.	13,401	3,713	27,394	3,463
Busan Green Energy Co., Ltd.	147,843	100,247		(2,444)
Jungbu Bio Energy Co., Ltd.	11,340	12,037		(5,489)
Korea Electric Vehicle Charging Service	10,545	6,604	5,177	(1,225)
Ulleungdo Natural Energy Co., Ltd.	24,836	1,738		(1,730)
Korea Nuclear Partners Co., Ltd.	1,363	507	372	(140)
Tamra Offshore Wind Power Co., Ltd.	127,880	101,900	983	(6,307)
Korea Electric Power Corporation Fund	51,970	128	3	(647)
Energy Infra Asset Management Co., Ltd.	2,779	160	32	(381)
Daegu clean Energy Co., Ltd.	500			
YaksuESS Co., Ltd	6,474	5,801		(48)
Nepal Water & Energy Development Company Private Limited	43,788	10,477		(703)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

	2016			Profit (loss) for the period
Investees	Total assets	Total liabilities	Sales	
<b>&lt;Joint ventures&gt;</b>				
KEPCO-Uhde Inc.	₩ 624	33		(16,855)
Eco Biomass Energy Sdn. Bhd.				
Datang Chaoyang Renewable Power Co., Ltd.	142,684	72,086	18,628	3,462
Shuweiha Asia Power Investment B.V.	282	4		12,380
Shuweiha Asia Operation & Maintenance Company	1,016	13	2,388	1,723
Waterbury Lake Uranium L.P.	56,181	47		
ASM-BG Investicii AD	79,898	36,921	12,604	3,105
RES Technology AD	68,553	41,389	7,798	(139)
KV Holdings, Inc.	5,245	1		1,072
KEPCO SPC Power Corporation	448,069	121,783	165,046	63,689
Canada Korea Uranium Limited Partnership	285	144		(59)
Gansu Datang Yumen Wind Power Co., Ltd.	89,517	57,464	4,263	(6,815)
Datang Chifeng Renewable Power Co., Ltd.	813,804	397,344	99,795	19,042
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	62,600	35,493	8,742	2,505
Rabigh Electricity Company	2,691,654	2,258,772	278,431	37,791
Rabigh Operation & Maintenance Company	25,032	13,965	25,607	4,870
Jamaica Public Service Company Limited	1,291,008	659,296	827,298	25,324
KW Nuclear Components Co., Ltd.	26,417	11,990	26,481	9,452
Busan Shinho Solar Power Co., Ltd.	47,789	32,533	6,770	1,247

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GS Donghae Electric Power Co., Ltd.	1,952,297	1,346,568	19,851	16,396
Global Trade Of Power System Co., Ltd.	1,661	18	2,667	205
Expressway Solar-light Power Generation Co., Ltd.	20,790	12,710	3,395	960
KODE NOVUS I LLC	14,286	104,252	2,362	(50,151)
KODE NOVUS II LLC	3,236	50,267	810	(22,582)
Daejung Offshore Wind Power Co., Ltd.	6,076	34		(675)
Amman Asia Electric Power Company	881,164	624,590	13,631	29,684
KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.)	145,576	136,247	31,852	456
Dangjin Eco Power Co., Ltd.	149,926	1,001		(2,023)
Honam Wind Power Co., Ltd.	41,614	26,375	6,776	2,171
Chun-cheon Energy Co., Ltd.	548,306	379,113		(3,684)
Yeonggwangbaeksu Wind Power Co., Ltd.	99,773	81,881	11,208	(26)
Nghi Son 2 Power Ltd.	757	302		(1,481)
Kelar S.A	617,803	712,124		(4,109)
PT. Tanjung Power Indonesia	203,051	197,491	122,583	3,821
Incheon New Power Co., Ltd.	7,902	5,961	2,985	168
Seokmun Energy Co., Ltd.	235,905	234,556		(543)
Daehan Wind Power PSC	750	714		(523)
Barakah One Company	17,117,338	17,116,680		
Nawah Energy Company	1,645			
MOMENTUM	2,749	2,547	2,886	194
Daegu Green Power Co., Ltd.	636,438	547,017	265,621	(3,981)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

	<b>2015</b>			<b>Profit (loss) for the period</b>
<b>Investees</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Sales</b>	
<b>&lt;Associates&gt;</b>				
Daegu Green Power Co., Ltd.	₩ 639,118	471,497	321,273	18,625
Korea Gas Corporation	42,385,340	32,328,396	26,052,724	319,190
Korea Electric Power Industrial Development Co., Ltd.	142,835	77,340	324,162	9,855
YTN Co., Ltd.	305,799	126,561	117,418	(520)
Cheongna Energy Co., Ltd.	458,205	419,353	48,519	(21,108)
Gangwon Wind Power Co., Ltd.	114,600	28,994	21,941	8,529
Hyundai Green Power Co., Ltd.	1,182,352	790,407	486,435	31,011
Korea Power Exchange	236,199	27,464	87,400	9,303
AMEC Partners Korea Ltd.	1,332	123	511	155
Hyundai Energy Co., Ltd.	526,305	473,736	80,067	(29,749)
Ecollite Co., Ltd.	2,271	345		(97)
Taebaek Wind Power Co., Ltd.	48,009	26,212	6,626	(302)
Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.)	10,349			(477)
Pyeongchang Wind Power Co., Ltd.	62,565	48,959		(1,164)
Daeryun Power Co., Ltd.	838,199	657,551	279,787	(29,806)
JinanJangsu Wind Power Co., Ltd.	306			(1)
Changjuk Wind Power Co., Ltd.	41,444	19,053	6,472	772
KNH Solar Co., Ltd.	27,254	20,105	4,399	861
SPC Power Corporation	182,908	30,191	68,149	37,395
Gemeng International Energy Co., Ltd.	5,956,288	3,940,455	902,008	95,064
PT. Cirebon Electric Power	1,026,729	806,458	295,788	43,968
KNOC Nigerian East Oil Co., Ltd.	264,434	337,762		(6,069)
KNOC Nigerian West Oil Co., Ltd.	160,765	230,001		(7,386)
Dolphin Property Limited	300	1		8

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PT Wampu Electric Power	201,383	160,159	17,476	(2,696)
PT. Bayan Resources TBK	1,043,143	901,952	461,349	(30,014)
S-Power Co., Ltd.	935,870	664,523	632,073	5,336
Pioneer Gas Power Limited	310,761	240,833		148
Eurasia Energy Holdings	599	1,069		
Xe-Pian Xe-Namnoy Power Co., Ltd.	506,970	341,261		2,760
Busan Solar Co., Ltd.	26,059	21,367	4,267	383
Hadong Mineral Fiber Co., Ltd.	2	21		(30)
Green Biomass Co., Ltd.	10,664	9,343	4,136	(1,323)
PT. Mutiara Jawa	25,013	29,913	1,943	(7,247)
Samcheok Eco Materials Co., Ltd.	23,119	735		(2,171)
Noeul Green Energy Co., Ltd.	1,517	44		(446)
Naepo Green Energy Co., Ltd.	108,167	1,184	3,126	(5,274)
Goseong Green Energy Co., Ltd.	95,323	3,248		(4,312)
Gangneung Eco Power Co., Ltd.	81,459	9,163		(3,610)
Shin Pyeongtaek Power Co., Ltd.	25,875	29,190		(2,595)
Heang Bok Do Si Photovoltaic Power Co., Ltd.	3,128	2,452	490	81
DS POWER Co., Ltd.	641,257	525,524	33,542	(5,759)
Dongducheon Dream Power Co., Ltd.	1,668,235	1,397,026	1,003,346	(10,307)
KS Solar Co., Ltd.	29,745	26,469	4,667	278
Yeongwol Energy Station Co., Ltd.	179,852	166,953	12,068	1,831
Jinhuvish Power Generation Pvt. Ltd.	75,429	19,199		(805)
SE Green Energy Co., Ltd.	7,484			(103)
Daegu Photovoltaic Co., Ltd.	21,039	14,535	3,977	1,051
Jeongam Wind Power Co., Ltd.	2,053	299		(621)
Korea Power Engineering Service Co., Ltd.	9,194	2,968	25,925	2,296
Busan Green Energy Co., Ltd.	50,093	53		(180)
Jungbu Bio Energy Co., Ltd.	5,192	400		(508)
Korea Electric Vehicle Charging Service	9,577	4,412		(482)
Ulleungdo Natural Energy Co., Ltd.	27,113	2,262		(1,948)
Korea Nuclear Partners Co., Ltd.	1,002	6		(4)

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	2015			Profit (loss) for the period
	Total assets	Total liabilities	Sales	
<b>&lt;Joint ventures&gt;</b>				
KEPCO-Uhde Inc.	₩ 17,535	111		(765)
Eco Biomass Energy Sdn. Bhd.				
Datang Chaoyang Renewable Power Co., Ltd.	150,157	81,056	16,335	(373)
Shuweiha Asia Power Investment B.V.	41,969	17		8,232
Shuweiha Asia Operation & Maintenance Company	885		2,318	1,666
Waterbury Lake Uranium L.P.	51,302	4		
ASM-BG Investicii AD	83,766	43,359	12,328	2,833
RES Technology AD	73,261	45,684	7,539	(566)
KV Holdings, Inc.	5,025			186
KEPCO SPC Power Corporation	449,553	172,261	175,008	59,610
Canada Korea Uranium Limited Partnership	305	124		(19)
KEPCO Energy Resource Nigeria Limited	380,282	416,959		(16,309)
Gansu Datang Yumen Wind Power Co., Ltd.	98,298	58,030	7,280	(4,507)
Datang Chifeng Renewable Power Co., Ltd.	882,914	454,731	103,860	21,900
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	65,110	38,661	7,880	1,216
Rabigh Electricity Company	2,644,825	2,297,194	293,184	53,384
Rabigh Operation & Maintenance Company	18,186	9,222	22,203	2,144
Jamaica Public Service Company Limited	1,086,244	657,962	859,728	3,305
KW Nuclear Components Co., Ltd.	36,065	24,777	16,217	7,687

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Busan Shinho Solar Power Co., Ltd.	51,617	36,903	7,565	1,471
GS Donghae Electric Power Co., Ltd.	1,675,986	1,086,534		(2,823)
Global Trade Of Power System Co., Ltd.	1,547	78	4,849	287
Expressway Solar-light Power Generation Co., Ltd.	21,154	13,913	2,981	443
KODE NOVUS I LLC	64,453	110,030	3,421	(59,389)
KODE NOVUS II LLC	22,500	45,306	1,868	(39,345)
Daejung Offshore Wind Power Co., Ltd.	6,795	78		(606)
Amman Asia Electric Power Company	875,590	645,998	46,940	41,880
KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.)	50,152	41,326	18,849	(611)
Dangjin Eco Power Co., Ltd.	136,982	945		(1,035)
Honam Wind Power Co., Ltd.	41,527	28,100	5,944	1,266
Nepal Water & Energy Development Company Private Limited	42,644	11,136		(647)
Chun-cheon Energy Co., Ltd.	149,025	42,094		(2,389)
Yeonggwangbaeksu Wind Power Co., Ltd.	104,045	86,257	4,974	(1,956)
Nghi Son 2 Power Ltd.	771	234		(1,111)
Kelar S.A	375,136	405,618		(3,140)
PT. Tanjung Power Indonesia	37,948	36,185	16,476	(276)
Incheon New Power Co., Ltd.	10,078	8,306	3,318	301
Seokmun Energy Co., Ltd.	184,051	184,759		(552)



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued**

(5) **Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of December 31, 2016 and 2015 are as follows:**

*In millions of won*

Investees <Associates>	Net assets	Percentage of ownership (*)	2016		Intercompany transaction	Others	Book value
			Share in net assets	Investmen differential			
Korea Gas Corporation	₩9,386,486	21.57%	2,024,665			(90,788)	1,933,877
Korea Electric Power Industrial Development Co., Ltd.	70,604	29.00%	20,475				20,475
YTN Co., Ltd.	178,212	21.43%	38,191		(30)	(5)	38,156
Cheongna Energy Co., Ltd.	22,627	43.90%	9,933	2,584	(144)		12,373
Gangwon Wind Power Co., Ltd.	86,797	15.00%	13,020			49	13,069
Hyundai Green Power Co., Ltd.	399,994	29.00%	115,998				115,998
Korea Power Exchange AMEC Partners Korea Ltd.	223,238	100.00%	223,238				223,238
Hyundai Energy Co., Ltd.	1,184	19.00%	225				225
Ecollite Co., Ltd.	6,774	46.30%	3,136		(1,079)	(1,026)	1,031
Taebaek Wind Power Co., Ltd.	1,821	36.10%	657			(657)	
Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.)	19,000	25.00%	4,750				4,750
Pyeongchang Wind Power Co., Ltd.	12,522	25.00%	3,131				3,131
Daeryun Power Co., Ltd.	13,531	25.00%	3,383				3,383
	148,353	19.45%	28,855	1,014		4	29,873
	22,716	30.00%	6,815			115	6,930

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Changjuk Wind Power Co., Ltd.							
KNH Solar Co., Ltd.	7,679	27.00%	2,073				2,073
SPC Power Corporation	149,520	38.00%	56,818				56,818
Gemeng International Energy Co., Ltd.	2,000,974	34.00%	680,331		(266)		680,065
PT. Cirebon Electric Power	351,484	27.50%	96,658				96,658
KNOC Nigerian East Oil Co., Ltd.	(85,247)	14.63%	(12,472)			12,472	
KNOC Nigerian West Oil Co., Ltd.	(78,317)	14.63%	(11,458)			11,458	
PT Wampu Electric Power	50,409	46.00%	23,188				23,188
PT. Bayan Resources TBK	99,473	20.00%	19,895	482,109		(99,337)	402,667
S-Power Co., Ltd.	256,849	49.00%	125,856		(1,944)		123,912
Pioneer Gas Power Limited	68,813	40.00%	27,525	23,147		68	50,740
Eurasia Energy Holdings	(485)	40.00%	(194)			194	
Xe-Pian Xe-Namnoy Power Co., Ltd.	229,227	25.00%	57,307	(4,802)	(672)	(289)	51,544
Hadong Mineral Fiber Co., Ltd.	(20)	25.00%	(5)			5	
Green Biomass Co., Ltd.	335	14.00%	47				47
PT. Mutiara Jawa	(6,567)	29.00%	(1,904)	70		1,834	
Samcheok Eco Materials Co., Ltd.	23,889	2.35%	561			(561)	
Noeul Green Energy Co., Ltd.	4,196	29.00%	1,217				1,217
Naepo Green Energy Co., Ltd.	101,753	25.00%	25,438				25,438
Goseong Green Energy Co., Ltd.	245,793	1.12%	2,742			(79)	2,663
Gangneung Eco Power Co., Ltd.	170,302	1.61%	2,744			(98)	2,646
Shin Pyeongtaek Power Co., Ltd.	(6,344)	40.00%	(2,538)		(3,380)	5,918	
Heang Bok Do Si Photovoltaic Power Co., Ltd.	640	28.00%	179			2	181
DS POWER Co., Ltd.	107,906	14.44%	15,582		(7,302)	(1,090)	7,190
Dongducheon Dream Power Co., Ltd.	243,172	33.61%	81,730		(4,768)	(30,086)	46,876
KS Solar Co., Ltd.	3,178	19.00%	604				604
Jinbhuvish Power Generation Pvt. Ltd.	55,760	5.16%	2,877			(2,877)	
SE Green Energy Co., Ltd.	7,381	47.76%	3,525				3,525

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Daegu Photovoltaic Co., Ltd.	5,862	29.00%	1,700		1,700
Jeongam Wind Power Co., Ltd.	10,000	40.00%	4,000		4,000
Korea Power Engineering Service Co., Ltd.	9,688	29.00%	2,810		2,810
Busan Green Energy Co., Ltd.	47,596	29.00%	13,803		13,803
Jungbu Bio Energy Co., Ltd.	(697)	18.87%	(132)	132	
Korea Electric Vehicle Charging Service	3,941	28.00%	1,103		1,103
Ulleungdo Natural Energy Co., Ltd.	23,098	29.85%	6,895	(1)	6,894
Korea Nuclear Partners Co., Ltd.856		29.00%	248		248
Tamra Offshore Wind Power Co., Ltd.	25,980	27.00%	7,015		7,015
Korea Electric Power Corporation Fund	51,842	98.09%	50,852	4	50,856
Energy Infra Asset Management Co., Ltd.	2,619	9.90%	259		259
Daegu clean Energy Co., Ltd.	500	28.00%	140		140

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(5) Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

Investees	2016		Share in net assets	Investment differential	Intercompany transaction	Others	Book value
	Net assets	Percentage of ownership (*)					
YaksuESS Co.,Ltd	673	29.00%	195			1	196
Nepal Water & Energy Development Company Private Limited	33,311	52.77%	17,578	972		117	18,667
<b>&lt;Joint ventures&gt;</b>							
KEPCO-Uhde Inc.	591	50.85%	301				301
Eco Biomass Energy Sdn. Bhd.		61.53%					
Datang Chaoyang Renewable Power Co., Ltd.	70,598	40.00%	28,239				28,239
Shuweiha Asia Power Investment B.V.	278	49.00%	136			(136)	
Shuweiha Asia Operation & Maintenance Company	1,003	55.00%	552			(102)	450
Waterbury Lake Uranium L.P.	56,134	36.97%	20,753			561	21,314
ASM-BG Investicii AD	42,977	50.00%	21,489			(1)	21,488
RES Technology AD	27,164	50.00%	13,582				13,582
KV Holdings, Inc.	5,244	40.00%	2,098				2,098
KEPCO SPC Power Corporation	326,286	75.20%	245,367				245,367
Canada Korea Uranium Limited Partnership	141	12.50%	18			(18)	
Gansu Datang Yumen Wind Power Co., Ltd.	32,053	40.00%	12,821				12,821
Datang Chifeng Renewable Power Co., Ltd.	416,460	40.00%	166,584			(49)	166,535
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	27,107	40.00%	10,843				10,843

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Rabigh Electricity Company	432,882	40.00%	173,153	(75,311)	(40)	97,802
Rabigh Operation & Maintenance Company	11,067	40.00%	4,427			4,427
Jamaica Public Service Company Limited	631,712	40.00%	252,685	(80,161)	76,929	249,453
KW Nuclear Components Co., Ltd.	14,427	45.00%	6,492	90	551	7,133
Busan Shinho Solar Power Co., Ltd.	15,256	25.00%	3,814			3,814
GS Donghae Electric Power Co., Ltd.	605,729	34.00%	205,948			205,948
Global Trade Of Power System Co., Ltd.	1,643	29.00%	476		1	477
Expressway Solar-light Power Generation Co., Ltd.	8,080	29.00%	2,343			2,343
KODE NOVUS I LLC	(89,966)	50.00%	(44,983)	4,732	40,251	
KODE NOVUS II LLC	(47,031)	50.00%	(23,516)		23,516	
Daejung Offshore Wind Power Co., Ltd.	6,042	49.90%	3,015			3,015
Amman Asia Electric Power Company	256,574	60.00%	153,944		(87)	153,857
KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.)	9,329	51.00%	4,758			4,758
Dangjin Eco Power Co., Ltd.	148,925	34.00%	50,635	2,618		53,253
Honam Wind Power Co., Ltd.	15,239	29.00%	4,419	32		4,451
Chun-cheon Energy Co., Ltd.	169,193	29.90%	50,589	3		50,592
Yeonggwangbaeksu Wind Power Co., Ltd.	17,892	15.00%	2,684	5		2,689
Nghi Son 2 Power Ltd.	455	50.00%	228		1	229
Kelar S.A	(94,321)	65.00%	(61,309)	2,424	58,885	
PT. Tanjung Power Indonesia	5,560	35.00%	1,946			1,946
Incheon New Power Co., Ltd.	1,941	29.00%	563			563
Seokmun Energy Co., Ltd.	1,349	29.00%	391			391
Daehan Wind Power PSC	36	50.00%	18		(2)	16
Barakah One Company	658	18.00%	118		(2)	116
Nawah Energy Company	1,645	18.00%	296		(6)	290
MOMENTUM	202	33.33%	67			67
Daegu Green Power Co., Ltd.	89,421	29.00%	25,932	84	21,512	47,528

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

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued**

(5) Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of December 31, 2016 and 2015 are as follows, continued:

*In millions of won*

Investees	Net assets	Percentage of ownership (*)	2015		Intercompany transaction	Others	Book value
			Share in net assets	Investment differential			
<b>&lt;Associates&gt;</b>							
Daegu Green Power Co., Ltd.	₩ 167,621	47.80%	80,123	144			80,267
Korea Gas Corporation	10,056,944	21.57%	2,169,283		(66,470)		2,102,813
Korea Electric Power Industrial Development Co., Ltd.	65,495	29.00%	18,994				18,994
YTN Co., Ltd.	179,238	21.43%	38,411		(43)	(3)	38,365
Cheongna Energy Co., Ltd.	38,852	43.90%	17,056	2,584	(150)		19,490
Gangwon Wind Power Co., Ltd.	85,606	15.00%	12,841			49	12,890
Hyundai Green Power Co., Ltd.	391,945	29.00%	113,664				113,664
Korea Power Exchange	208,735	100.00%	208,735				208,735
AMEC Partners Korea Ltd.	1,209	19.00%	230				230
Hyundai Energy Co., Ltd.	52,569	46.30%	24,340		(1,120)	(16,230)	6,990
Ecollite Co., Ltd.	1,926	36.10%	695			(695)	
Taebaek Wind Power Co., Ltd.	21,797	25.00%	5,449		(493)		4,956
Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.)	10,349	25.00%	2,587				2,587
Pyeongchang Wind Power Co., Ltd.	13,606	25.00%	3,402				3,402
	180,648	19.45%	35,136	1,014		6	36,156

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Daeryun Power Co., Ltd.						
JinanJangsu Wind Power Co., Ltd.	306	25.00%	77			77
Changjuk Wind Power Co., Ltd.	22,391	30.00%	6,717	(574)		6,143
KNH Solar Co., Ltd.	7,149	27.00%	1,930	(6)		1,924
SPC Power Corporation	152,717	38.00%	58,033			58,033
Gemeng International Energy Co., Ltd.	2,015,833	34.00%	685,383		43,013	728,396
PT. Cirebon Electric Power	220,271	27.50%	60,574			60,574
KNOC Nigerian East Oil Co., Ltd.	(73,328)	14.63%	(10,728)		10,728	
KNOC Nigerian West Oil Co., Ltd.	(69,236)	14.63%	(10,129)		10,129	
Dolphin Property Limited	299	15.00%	45		16	61
PT Wampu Electric Power	41,224	46.00%	18,963			18,963
PT. Bayan Resources TBK	141,191	20.00%	28,238	498,089	(1,261)	525,066
S-Power Co., Ltd.	271,347	49.00%	132,960		(2,052)	130,908
Pioneer Gas Power Limited	69,928	40.00%	27,971	23,147	69	51,187
Eurasia Energy Holdings	(470)	40.00%	(188)		188	
Xe-Pian Xe-Namnoy Power Co., Ltd.	165,709	25.00%	41,427	(8,796)	(479)	(289)
Busan Solar Co., Ltd.	4,692	19.80%	929		(4)	925
Hadong Mineral Fiber Co., Ltd.	(19)	25.00%	(5)			5
Green Biomass Co., Ltd.	1,321	14.00%	185		(185)	
PT. Mutiara Jawa	(4,900)	29.00%	(1,421)	70		1,351
Samcheok Eco Materials Co., Ltd.	22,384	2.67%	598		(598)	
Noeul Green Energy Co., Ltd.	1,473	20.00%	295			295
Naepo Green Energy Co., Ltd.	106,983	25.00%	26,746			26,746
Goseong Green Energy Co., Ltd.	92,075	2.90%	2,670			2,670
Gangneung Eco Power Co., Ltd.	72,296	3.72%	2,689		(1)	2,688
Shin Pyeongtaek Power Co., Ltd.	(3,315)	40.00%	(1,326)		(1,995)	3,321
Heang Bok Do Si Photovoltaic Power Co., Ltd.	676	28.00%	189			189

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DS POWER Co., Ltd.	115,733	14.44%	16,712	(5,940)	188	10,960
Dongducheon Dream Power Co., Ltd.	271,209	33.61%	91,153	5,398	(40,884)	55,667
KS Solar Co., Ltd.	3,276	19.00%	622	(4)		618
Yeongwol Energy Station Co., Ltd.	12,899	10.00%	1,290			1,290
Jimbhuvish Power Generation Pvt. Ltd.	56,230	5.16%	2,901	5,450	(1)	8,350
SE Green Energy Co., Ltd.	7,484	47.76%	3,575			3,575
Daegu Photovoltaic Co., Ltd.	6,504	29.00%	1,886			1,886



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued**

(5) **Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of December 31, 2016 and 2015 are as follows, continued:**

*In millions of won*

Investees	2015			Investment differential	Intercompany transaction	Others	Book value
	Net assets	Percentage of ownership (*)	Share in net assets				
Jeongam Wind Power Co., Ltd.	₩ 1,754	40.00%	702				702
Korea Power Engineering Service Co., Ltd.	6,226	29.00%	1,805				1,805
Busan Green Energy Co., Ltd.	50,040	29.00%	14,512				14,512
Jungbu Bio Energy Co., Ltd.	4,792	18.87%	904				904
Korea Electric Vehicle Charging Service	5,165	28.00%	1,446				1,446
Ulleungdo Natural Energy Co., Ltd.	24,851	29.85%	7,418			(1)	7,417
Korea Nuclear Partners Co., Ltd.	996	29.00%	289				289
<b>&lt;Joint ventures&gt;</b>							
KEPCO-Uhde Inc.	17,424	50.85%	8,860			(311)	8,549
Eco Biomass Energy Sdn. Bhd.		61.53%					
Datang Chaoyang Renewable Power Co., Ltd.	69,101	40.00%	27,640				27,640
Shuweihaat Asia Power Investment B.V.	41,952	49.00%	20,556			(82)	20,474
Shuweihaat Asia Operation & Maintenance Company	885	55.00%	487			(1)	486
Waterbury Lake Uranium L.P.	51,298	40.00%	20,519			(220)	20,299
ASM-BG Investicii AD	40,407	50.00%	20,203				20,203
RES Technology AD	27,577	50.00%	13,789				13,789
KV Holdings, Inc.	5,025	40.00%	2,010				2,010
	277,292	75.20%	208,524				208,524

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KEPCO SPC Power Corporation						
Canada Korea Uranium Limited Partnership	181	12.50%	23		(23)	
KEPCO Energy Resource Nigeria Limited	(36,677)	30.00%	(11,003)		11,003	
Gansu Datang Yumen Wind Power Co., Ltd.	40,268	40.00%	16,107			16,107
Datang Chifeng Renewable Power Co., Ltd.	428,183	40.00%	171,273		(49)	171,224
Datang KEPCO Chaoyang Renewable Power Co., Ltd.	26,449	40.00%	10,580			10,580
Rabigh Electricity Company	347,631	40.00%	139,052	(79,646)	(38)	59,368
Rabigh Operation & Maintenance Company	8,964	40.00%	3,586			3,586
Jamaica Public Service Company Limited	428,282	40.00%	171,313	(72,370)	142,975	241,918
KW Nuclear Components Co., Ltd.	11,288	45.00%	5,080	90	(185)	4,985
Busan Shinho Solar Power Co., Ltd.	14,714	25.00%	3,678			3,678
GS Donghae Electric Power Co., Ltd.	589,452	34.00%	200,414		(35)	200,379
Global Trade Of Power System Co., Ltd.	1,469	29.00%	426			426
Expressway Solar-light Power Generation Co., Ltd.	7,241	29.00%	2,100			2,100
KODE NOVUS I LLC	(45,577)	50.00%	(22,789)	4,732	18,057	
KODE NOVUS II LLC	(22,806)	49.00%	(11,175)		11,175	
Daejung Offshore Wind Power Co., Ltd.	6,717	49.90%	3,352			3,352
Amman Asia Electric Power Company	229,592	60.00%	137,755		(87)	137,668
KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.)	8,826	51.00%	4,501			4,501
Dangjin Eco Power Co., Ltd.	136,037	34.00%	46,253	2,696	(668)	48,281
Honam Wind Power Co., Ltd.	13,427	29.00%	3,894	32		3,926
Nepal Water & Energy Development Company Private Limited	31,508	52.77%	16,627	972	166	17,765
Chun-cheon Energy Co., Ltd.	106,931	29.90%	31,972	3	1	31,976
Yeonggwangbaeksu Wind Power Co., Ltd.	17,788	15.00%	2,668			2,668
Nghi Son 2 Power Ltd.	537	50.00%	268		1	269
Kelar S.A	(30,482)	65.00%	(19,814)	2,424	17,390	
PT. Tanjung Power Indonesia	1,763	35.00%	617			617
	1,772	29.00%	514			514

Incheon New Power Co.,  
Ltd.

Seokmun Energy Co., Ltd.	(708)	29.00%	(205)	205
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(\* ) The percentage of ownership shown above is after considering the treasury stocks and others.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

**17. Investments in Associates and Joint Ventures, Continued****(6) As of December 31, 2016 and 2015, unrecognized equity interest in investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses are as follows:**

<i>In millions of won</i>	<b>2016</b>		<b>2015</b>	
	<b>Unrecognized equity interest</b>	<b>Accumulated unrecognized equity interest</b>	<b>Unrecognized equity interest</b>	<b>Accumulated unrecognized equity interest</b>
Green Biomass Co., Ltd.	₩		(125)	
Shin Pyeongtaek Power Co., Ltd.	1,211	2,537	1,038	1,326
Chun-cheon Energy Co., Ltd.			(8)	
Seokmun Energy Co., Ltd.	(205)		152	205
Kelar S.A	43,920	61,309	17,389	17,389
Hadong Mineral Fiber Co., Ltd.		5	5	5
PT. Mutiara Jawa	554	1,905	1,351	1,351
Eurasia Energy Holdings	6	194	188	188
KODE NOVUS I LLC	22,194	44,983	22,789	22,789
KODE NOVUS II LLC	12,340	23,515	11,175	11,175
Jungbu Bio Energy Co., Ltd.	132	132		

**(7) As of December 31, 2016, shareholders agreements on investments in associates and joint ventures that may cause future economic resource or cash outflows are as follows:****(i) Gemeng International Energy Co., Ltd.**

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

**(ii) Hyundai Energy Co., Ltd.**

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

preferentially. In addition, NH Power II Co., Ltd. and NACF have a right, which can be exercised for 30 days starting from 2 months to 1 month prior to 17 years after the termination date of the contract to sell their shares to the Company.

(iii) Taebaek Wind Power Co., Ltd.

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

(iv) Pyeongchang Wind Power Co., Ltd.

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

**Table of Contents**

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016**

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

**(7) As of December 31, 2016, shareholders agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows, continued:**

(v) Jeongam Wind Power Co., Ltd.

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

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

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

(vii) DS Power Co., Ltd.

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

(viii) Samcheok Eco Materials Co., Ltd.

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

(ix) Hyundai Green Power Co., Ltd.

As of December 31, 2016, Hyundai Green Power Co., Ltd., an associate of the Company, which engages in the byproduct gas power generating business, entered into a project financing agreement with a limit of ₩919.2 billion with Korea Development Bank and others. At a certain period in the future, the Company has an appraisal right against the financial investors (Korea Development Bank and others) and also has an obligation to sell its shares when

claimed by the financial investors. At a certain period in the future, the Company has an appraisal right against Hyundai Steel Company and a third party designated by Hyundai Steel Company (collectively, Hyundai Steel Company ), the operating investor of Hyundai Green Power Co., Ltd., according to the conditions of the agreement and also has an obligation to sell its shares when claimed by Hyundai Steel Company.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****17. Investments in Associates and Joint Ventures, Continued****(8) Significant restrictions on its abilities to associates or joint ventures are as follows:**

<b>Company</b>	<b>Nature and extent of any significant restrictions</b>
KNOC Nigerian East Oil Co., Ltd.,	The Company has stopped its operation in Nigeria due to an ongoing litigation and payment or retrieval of investments, loans and advances are restricted until the legal dispute is resolved.
KNOC Nigerian West Oil Co., Ltd.	
Daeryun Power Co., Ltd.	Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained.
Changjuk Wind Power Co., Ltd.	Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained.
Taebaek Wind Power Co., Ltd.	Financial institutions can reject or defer an approval with regard to the request for fund executions on subordinated loans of shareholders in order to pay senior loans based on the loan agreement.
Pyeongchang Wind Power Co., Ltd.	Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained.
Daegu Green Power Co., Ltd.	Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. Shares cannot be wholly or partially transferred without prior written consent of financial institutions is obtained.
KS Solar Co., Ltd.	Dividends can only be paid when all conditions of a loan agreement are satisfied.
KNH Solar Co., Ltd.	Principal and interest, dividends to shareholders cannot be paid without written consent of financial institutions.
DS Power Co., Ltd.	Shares cannot be wholly or partially transferred, except as permitted by the agreement.



**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****18. Property, Plant and Equipment****(1) Property, plant and equipment as of December 31, 2016 and 2015 are as follows:***In millions of won*

	<b>2016</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses (*)</b>	<b>Book value</b>
Land	₩ 12,969,741	(3,204)			12,966,537
Buildings	17,722,326	(61,188)	(5,936,849)	(853)	11,723,436
Structures	63,291,437	(197,641)	(19,959,839)	(1,183)	43,132,774
Machinery	67,769,168	(111,064)	(24,344,832)	(2,391)	43,310,881
Ships	4,175		(3,625)		550
Vehicles	247,751	(107)	(176,781)		70,863
Equipment	1,270,660	(732)	(894,265)		375,663
Tools	921,115	(430)	(742,083)		178,602
Construction-in-progress	27,334,368	(135,807)		(38,108)	27,160,453
Finance lease assets	2,390,779		(1,984,426)		406,353
Asset retirement costs	7,129,771		(3,064,359)		4,065,412
Others	10,361,294		(8,009,762)		2,351,532
	<b>₩ 211,412,585</b>	<b>(510,173)</b>	<b>(65,116,821)</b>	<b>(42,535)</b>	<b>145,743,056</b>

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

*In millions of won*

	<b>2015</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses (*)</b>	<b>Book value</b>
Land	₩ 12,396,460	(3,147)			12,393,313
Buildings	14,936,722	(63,932)	(5,259,436)	(854)	9,612,500
Structures	58,251,296	(193,119)	(17,991,950)	(1,184)	40,065,043
Machinery	57,143,211	(108,935)	(20,242,232)	(36,230)	36,755,814
Ships	4,930		(4,144)		786

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Vehicles	227,733	(29)	(167,261)	60,443
Equipment	1,134,376	(1,026)	(823,805)	309,545
Tools	836,131	(691)	(675,501)	159,939
Construction-in-progress	35,305,133	(139,898)	(38,107)	35,127,128
Finance lease assets	2,389,985		(1,878,476)	511,509
Asset retirement costs	6,888,547		(2,782,460)	4,106,087
Others	9,438,381		(7,179,137)	2,259,244
	<b>₩ 198,952,905</b>	<b>(510,777)</b>	<b>(57,004,402)</b>	<b>(76,375)</b>
				<b>141,361,351</b>

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

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****18. Property, Plant and Equipment, Continued****(2) Changes in property, plant and equipment for the years ended December 31, 2016 and 2015 are as follows:***In millions of  
won*

	Beginning balance	Acquisition	Disposal	2016			Ending balance
				Depreciation	Impairment	Others	
Land	₩ 12,396,460	13,973	(52,569)			611,877	12,969,741
(Government grants)	(3,147)		14			(71)	(3,204)
Buildings	9,676,432		(9,020)	(676,866)		2,794,078	11,784,624
(Government grants)	(63,932)		731	5,299		(3,286)	(61,188)
Structures	40,258,162	455	(524,310)	(2,233,333)		5,829,441	43,330,415
(Government grants)	(193,119)		2,597	9,491		(16,610)	(197,641)
Machinery	36,864,749	193,017	(243,757)	(4,353,596)		10,961,532	43,421,945
(Government grants)	(108,935)	(33)	1,210	12,272		(15,578)	(111,064)
Ships	786			(281)		45	550
Vehicles	60,472	2,493	(34)	(27,615)		35,654	70,970
(Government grants)	(29)	(58)		25		(45)	(107)
Equipment	310,571	67,134	(323)	(128,084)		127,097	376,395
(Government grants)	(1,026)			452		(158)	(732)
Tools	160,630	27,856	(327)	(69,842)		60,715	179,032
(Government grants)	(691)			295		(34)	(430)
Construction-in-progress	25,367,026	11,752,352	(94,443)			(19,628,675)	27,296,260
(Government grants)	(139,898)	(28,434)				32,525	(135,807)
	511,509	34	(31)	(96,254)		(8,905)	406,353

Finance lease  
assets

Asset retirement costs	4,106,087		(509,310)		468,635	4,065,412
Others	2,259,244		(9)	(813,248)	905,545	2,351,532
	₩ 141,361,351	12,028,789	(920,271)	(8,880,595)	2,153,782	145,743,056

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****18. Property, Plant and Equipment, Continued****(2) Changes in property, plant and equipment for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

		2015						
	Beginning balance	Acquisition	Disposal	Depreciation	Impairment (*1)	Others (*2)	Ending balance	
Land	₩ 12,238,488	9,370	(192,496)			341,098	12,396,460	
(Government grants)	(3,103)					(44)	(3,147)	
Buildings	8,979,023	12,466	(42,889)	(633,770)		1,361,602	9,676,432	
(Government grants)	(67,700)			5,064		(1,296)	(63,932)	
Structures	38,654,777	1,787	(181,914)	(2,120,749)		3,904,261	40,258,162	
(Government grants)	(196,871)		1,816	9,178		(7,242)	(193,119)	
Machinery	35,460,708	430,524	(250,915)	(3,880,076)	(1,205)	5,105,713	36,864,749	
(Government grants)	(108,750)		1,101	11,133		(12,419)	(108,935)	
Ships	1,085			(299)			786	
Vehicles	50,576	5,449	(27)	(22,175)		26,649	60,472	
(Government grants)	(76)		1	47		(1)	(29)	
Equipment	211,647	56,004	(230)	(103,889)		147,039	310,571	
(Government grants)	(1,002)			469		(493)	(1,026)	
Tools	152,777	25,940	(90)	(67,482)		49,485	160,630	
(Government grants)	(862)			268		(97)	(691)	
Construction-in-progress	32,379,512	13,508,590	(13,658)		(29,139)	(10,578,279)	35,267,026	
(Government grants)	(123,938)	(27,239)				11,279	(139,898)	
Finance lease assets	612,395	1,560	(3,959)	(110,162)		11,675	511,509	
Asset retirement costs	5,354,427			(551,461)		(696,879)	4,106,087	
Others	2,219,386	25,436	(98)	(804,545)		819,065	2,259,244	
	₩ 135,812,499	14,049,887	(683,358)	(8,268,449)	(30,344)	481,116	141,361,351	

(\*1) Korea South-East Power Co., Ltd. and Korea East-West Power Co., Ltd, 100% owned subsidiaries, have determined that there is an impairment indicator and performed an impairment test over the individual assets. As a result, the Company recognized the amount of the carrying amount in excess of its recoverable amount as

impairment loss in the consolidated statements of comprehensive income.

(\*2) Others include ₩23,273 million of land and buildings that were reclassified to assets held for sale (note 42) comprising ₩2,907 million of land and ₩20,366 million of buildings.

**Table of Contents**

## KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

**December 31, 2016****19. Investment Properties****(1) Investment properties as of December 31, 2016 and 2015 are as follows:**

*In millions of won*

	2016			
	Acquisition cost	Government grants	Accumulated depreciation	Book value
Land	₩ 336,421			336,421
Buildings	29,168	(64)	(11,845)	17,259
	₩ 365,589	(64)	(11,845)	353,680

*In millions of won*

	2015			
	Acquisition cost	Government grants	Accumulated depreciation	Book value
Land	₩ 253,960			253,960
Buildings	27,655	(13)	(11,692)	15,950
	₩ 281,615	(13)	(11,692)	269,910

**(2) Changes in investment properties for the years ended December 31, 2016 and 2015 are as follows:**

*In millions of won*

	2016			
	Beginning balance	Depreciation	Others	Ending balance
Land	₩ 253,960		82,461	336,421
Buildings	15,963	(679)	2,039	17,323