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KOREA ELECTRIC POWER CORP
Form 6-K
June 07, 2004

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 June, 2004

KOREA ELECTRIC POWER CORPORATION
(Translation of registrant's name into English)

167, Samseong-dong, Gangnam-gu, Seoul 135-791, Korea
(Address of principal executive offices)

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- .

This Report of Foreign Private Issuer on Form 6-K is deemed filed for all
purposes under the Securities Act of 1933, as amended, and the Securities
Exchange Act of 1934, as amended, including by reference in the Registration
Statement on Form F-3 (Registration No. 33-99550) and the Registration Statement
on Form F-3 (Registration No. 333-9180).

KOREA ELECTRIC POWER CORPORATION

Non-consolidated Financial Statements

(Unaudited)

As of March 31, 2004

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(With Independent Accountants' Review Report Thereon)

Independent Accountants' Review Report

Based on a report originally issued in Korean

The Board of Directors and Stockholders
Korea Electric Power Corporation:

We have reviewed the accompanying non-consolidated balance sheet of Korea Electric Power Corporation (the "Company") as of March 31, 2004 and the related non-consolidated statements of income and cash flows for the three-month period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review. We did not review the financial statements of Korea Southern Power Co., Ltd., Korea Midland Power Co., Ltd. and Korea South-East Power Co., Ltd. whose total assets constituted 11.1% of the total non-consolidated assets as of March 31, 2004, and whose total income constituted 15.7% of non-consolidated income before income tax for the three-month period then ended. These financial statements were reviewed by other accountants whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for Korea Southern Power Co., Ltd., Korea Midland Power Co., Ltd. and Korea South-East Power Co., Ltd., is based solely on the reports of the other accountants.

We conducted our review in accordance with the Review Standards for Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. These Standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data and, thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review and the reports of the other accountants, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with the Korea Electric Power Corporation Act, the Accounting Regulations for Government Invested Enterprises and the Financial Accounting Standards, as established by the Financial Supervisory Commission of the Republic of Korea.

The accompanying non-consolidated statements of income and cash flows for the three-month period ended March 31, 2003, presented for comparative purpose, were reviewed by other accountants, whose report dated May 6, 2003 stated that they were not aware of any material modifications that should have been made to the financial statements in order for them to be in conformity with the Korea Electric Power Corporation Act, the Accounting Regulations for Government Invested Enterprises and the Financial Accounting Standards as established by the Financial Supervisory Commission of the Republic of Korea.

The accompanying non-consolidated balance sheet of the Company as of December 31, 2003 and the related non-consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended, which are not accompanying this report were audited by other accountants and their report thereon, dated February 11, 2004, expressed an unqualified opinion. The accompanying non-consolidated balance sheet of the Company as of December 31, 2003, presented for comparative purposes is not different from the above-stated balance sheet audited by other accountants in all material respects.

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The accompanying financial statements have been translated into United States dollars solely for the convenience of the reader and have been translated on the basis set forth in Note 2 to the non-consolidated financial statements.

The following matters may be helpful to the readers in their understanding of the financial statements:

As discussed in Note 1(b) to the financial statements, accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

As discussed in Note 7 and 26, sales and purchases to and from related parties, including the six power generation subsidiaries, amounted to W132,692 million and W3,961,410 million, respectively, for the three-month period ended March 31, 2004. Related receivables and payables amounted to W302,486 million and W1,168,085 million, respectively, as of March 31, 2004. The Company is providing debt guarantees to the extent not exceeding US\$ 274,395 thousand for its foreign related subsidiaries including KEPCO Ilijan Co. The Company also has loans of W161,203 million to employees as of March 31, 2004.

The Company and its six power generation companies including Korea Hydro & Nuclear Power Co., Ltd. are jointly and severally liable for outstanding debts as of March 31, 2004 assumed by each company at the time of spin-off on April 2, 2001 under the Commercial Code of the Republic of Korea. The Company is providing joint and several liability guarantee for debts of its six power generation companies amounting to W2,122,167 million and the six power generation companies are providing such a guarantee for debts of the Company amounting to W 128,037 million. The Company is also provided with guarantees for its certain foreign currency debt by the Korea Development Bank, one of its major shareholders.

KPMG Samjong Accounting Corp.
Seoul, Korea
April 30, 2004

This report is effective as of April 30, 2004, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Korea Electric Power Corporation

Non-Consolidated Balance Sheets

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March 31, 2004 and December 31, 2003

(Unaudited)

(In millions of Won and in thousands of U.S. dollars)

Assets -----	Won		U.S. dol
	2004	2003	2004
Property, Plant and Equipment (notes 3, 5, 16 and 26):			
Utility plant	W37,540,959	37,235,281	\$32,542,44
Less: accumulated depreciation	(7,868,494)	(7,472,373)	(6,820,81
Less: construction grants	(2,826,140)	(2,758,789)	(2,449,84
	26,846,325	27,004,119	23,271,78
Construction in-progress	2,426,026	2,266,928	2,103,00
	29,272,351	29,271,047	25,374,78
Investments and others:			
Investment securities (note 6)	24,541,514	23,865,370	21,273,85
Long-term loans (note 7)	151,811	142,368	131,59
Long-term other accounts receivable, less discount on present value of W 10,375 in 2004 and W 35,576 in 2003 and allowance for doubtful accounts of W15,500 in 2004 and 2003 (note 19)	239,125	213,924	207,28
Currency and interest rate swaps (note 21)	200,480	124,345	173,78
Intangibles (note 4)	139,835	144,367	121,21
Other non-current assets (notes 8 and 17)	150,192	143,110	130,19
	25,422,957	24,633,484	22,037,93
Current assets:			
Cash and cash equivalents (notes 9 and 17)	687,371	366,817	595,84
Trade receivables, less allowance for doubtful accounts of W 30,187 in 2004 and W 27,787 in 2003 (notes 17 and 26)	1,501,138	1,501,949	1,301,26
Other account receivables, less allowance for doubtful accounts of W14,112 in 2004 and W14,184 in 2003 and present value discount of W19,843 in 2004 (notes 17, 19 and 26)	383,023	434,648	332,02
Short-term financial instruments (note 10)	61,000	61,000	52,87
Inventories (note 11)	86,795	78,796	75,23
Other current assets (notes 7 and 12)	152,384	121,921	132,09
	2,871,711	2,565,131	2,489,34
Total assets	W57,567,019	56,469,662	\$49,902,06

Korea Electric Power Corporation

Non-Consolidated Balance Sheets, Continued

March 31, 2004 and December 31, 2003

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(Unaudited)

(In millions of Won and in thousands of U.S. dollars, except share data)

Liabilities and Shareholders' Equity	Won		U.S. dollars (note	
	2004	2003	2004	2003
Stockholders' equity:				
Common stock of W 5,000 par value				
Authorized - 1,200,000,000 shares Issued				
and outstanding - 640,748,573 shares	W 3,203,743	3,203,743	\$ 2,777,170	2,777,
Capital surplus (note 13)	14,371,048	14,373,779	12,457,566	12,459,
Retained earnings (note 14)				
Appropriated	19,554,340	17,899,939	16,950,710	15,516,
Unappropriated	1,047,930	2,315,938	908,400	2,007,
Capital adjustments (note 15)	(162,305)	(150,681)	(140,694)	(130,
Total shareholders' equity	38,014,756	37,642,718	32,953,152	32,630,
Long-term liabilities:				
Long-term borrowings (notes 16 and 26)	9,096,260	9,641,037	7,885,109	8,357,
Reserve for retirement and severance benefit, net (note 18)	326,936	316,408	283,405	274,
Reserve for self insurance	87,746	87,926	76,062	76,
Currency and interest rate swaps (note 21)	158,491	178,283	137,388	154,
Deferred income tax liabilities (note 24)	1,650,972	1,462,016	1,431,148	1,267,
Other long-term liabilities	461,679	486,981	400,207	422,
	11,782,084	12,172,651	10,213,319	10,551,
Current liabilities:				
Trade payables (note 26)	1,221,879	1,256,526	1,059,188	1,089,
Other accounts payable (note 26)	323,807	571,772	280,692	495,
Short-term borrowings	--	16,245	--	14,
Current portion of long-term debt (note 16)	4,579,767	4,030,652	3,969,978	3,493,
Income tax payable	355,625	164,170	308,274	142,
Accrued expenses	124,632	146,094	108,037	126,
Dividends payable	663,848	2,324	575,458	2,
Other current liabilities (note 20)	500,621	466,510	433,964	404,
	7,770,179	6,654,293	6,735,591	5,768,
Total liabilities	19,552,263	18,826,944	16,948,910	16,320,
Commitments and contingencies (note 27)				
Total shareholders' equity and liabilities	W57,567,019	56,469,662	\$49,902,062	48,950,

See accompanying notes to non-consolidated financial statements.

Korea Electric Power Corporation

Non-Consolidated Statements of Income

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For the three-month periods ended March 31, 2004 and 2003

(Unaudited)

(In millions of Won and in thousands of U.S. dollars, except earnings per share)

	Won		U.S. dollars (m)	
	2004	2003	2004	
Operating revenues:				
Sale of electricity (note 26)	W5,853,050	5,535,832	\$5,073,726	4,7
Other operating revenues (note 27)	13,149	75,873	11,398	
	5,866,199	5,611,705	5,085,124	4,8
Operating expenses (notes 22, 23 and 26):				
Power generation, transmission, distribution	718,646	716,910	622,959	6
Purchased power	4,219,580	4,172,423	3,657,750	3,6
Other operating costs	11,952	75,203	10,361	
Selling and administrative expenses	221,923	205,156	192,374	1
	5,172,101	5,169,692	4,483,444	4,4
Operating income	694,098	442,013	601,680	3
Other income (expenses):				
Interest income	9,944	10,534	8,620	
Interest expense	(152,256)	(148,067)	(131,983)	(1
Gain (loss) on foreign currency transactions and translation, net	188,010	(284,376)	162,976	(2
Donations	(5,871)	(1,715)	(5,089)	
Rental income	32,070	25,872	27,800	
Equity income of affiliates (note 6)	703,449	710,137	609,786	6
Gain on disposal of investments, net (note 6)	7,472	44,626	6,477	
Loss on disposal of utility plant, net	490	(3,884)	425	
Valuation gain (loss) on currency and interest rate swaps, net (note 21)	13,202	(20,135)	11,445	(
Other, net	(6,151)	16,637	(5,333)	
	790,359	349,629	685,124	3
Income before income taxes	1,484,457	791,642	1,286,804	6
Income taxes (note 24)	(436,527)	(237,599)	(378,404)	(2
Net income	W1,047,930	554,043	\$ 908,400	4
Earnings per share (note 25)	W 1,664	875	\$ 1.44	

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See accompanying notes to non-consolidated financial statements.

Korea Electric Power Corporation

Non-Consolidated Statements of Cash Flows

For the three month-periods ended March 31, 2004 and 2003

(Unaudited)

(In millions of Won and in thousands of U.S. dollars)

	Won		U.S. dollars
	2004	2003	2004
Cash flows from operating activities:			
Net income	W1,047,930	554,043	\$ 908,400
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	401,619	376,053	348,144
Provision for severance and retirement benefits	12,460	6,879	10,801
Bad debt expenses	5,245	3,817	4,547
Interest expense	4,381	2,128	3,798
Loss (gain) on foreign currency translation, net	(188,252)	283,723	(163,186)
Equity income of affiliates	(703,449)	(710,137)	(609,786)
Gain on disposal of investments, net	(7,472)	(44,626)	(6,477)
Loss (gain) on disposal of utility plant, net	(490)	3,884	(425)
Deferred income tax expense	186,437	187,937	161,613
Valuation loss (gain) on currency and interest rate swaps	(13,202)	20,135	(11,445)
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(4,461)	11,982	(3,867)
Decrease in other accounts receivable	31,782	14,937	27,551
Decrease in inventories	5,769	25,555	5,001
Increase in other current assets	(30,341)	(34,541)	(26,301)
Increase in trade payables	(34,647)	(65,019)	(30,034)
Increase in other accounts payable	(247,970)	(137,855)	(214,953)
Increase (decrease) in income tax payable	191,455	(240,968)	165,963
Increase (decrease) in accrued expenses	(21,462)	21,809	(18,605)
Increase in other current liabilities	34,111	45,220	29,569
Decrease in other long-term liabilities	(25,301)	(1,012)	(21,932)
Payment of severance and retirement benefits	(1,932)	(744)	(1,675)
Payment of self-insurance	(180)	(335)	(156)
Other, net	20,173	25,744	17,487
	662,203	348,609	574,032
Net cash provided by operating activities	662,203	348,609	574,032

Korea Electric Power Corporation

Non-Consolidated Statements of Cash Flows

For the three month periods ended March 31, 2004 and 2003

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(Unaudited)

(In millions of Won and in thousand of U.S. dollars)

	Won		U.S. dollars (note 2)	
	2004	2003	2004	2003
Cash flows from investing activities:				
Proceeds from disposal of utility plant	W 1,036	18,428	\$ 898	15,975
Additions to utility plant	(554,880)	(786,105)	(480,998)	(681,437)
Receipt of construction grants	117,493	123,238	101,849	106,829
Proceeds from disposal of investment securities	5,214	64,390	4,520	55,817
Acquisition of investment securities	(23)	(8,000)	(20)	(6,935)
Collection of long-term loans	965	888	837	770
Extension of long-term loans	(12,843)	(13,003)	(11,133)	(11,271)
Acquisition of intangibles	(172)	(2,527)	(149)	(2,190)
Collection of short-term loans	2,309	2,110	2,002	1,829
Decrease in other non-current assets	8,154	1,719	7,068	1,489
	(432,747)	(598,862)	(375,126)	(519,124)
Cash flows from financing activities:				
Proceeds from long-term debt	370,181	429,699	320,892	372,485
Payment of short-term borrowings	(16,245)	--	(14,082)	--
Payment of long-term debt	(181,431)	(141,786)	(157,274)	(122,908)
Acquisition of treasury stock	--	(180,120)	--	(156,137)
Other, net	(81,407)	(80,980)	(70,568)	(70,198)
	91,098	26,813	78,966	23,242
Net increase (decrease) in cash and cash equivalents	320,554	(223,440)	277,872	(193,690)
Cash and cash equivalents, at beginning of the period	366,817	610,056	317,976	528,828
Cash and cash equivalents, at end of the period	W 687,371	386,616	\$ 595,848	335,138

See accompanying notes to non-consolidated financial statements.

Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

March 31, 2004 and 2003

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting

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Financial Statements

(a) Description of Business

Korea Electric Power Corporation (the "Company") was incorporated on January 1, 1982 in accordance with the Korea Electric Power Corporation Act (the "KEPCO Act") to engage in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. The Company was given a status of government-invested enterprise on December 31, 1983 following the enactment of the Government-Invested Enterprise Management Basic Act. The Company's stock was listed on the Korea Stock Exchange on August 10, 1989 and the Company listed its Depository Receipts (DR) on the New York Stock Exchange on October 27, 1994.

As of March 31, 2004, the Government of the Republic of Korea, Korea Development Bank and foreign investors hold 32.42%, 21.55% and 28.77%, respectively, of the Company's shares.

The Company spun off its power generation division on April 2, 2001, resulting in the establishment of six new power generation subsidiaries. The Company has been considering the gradual privatization of the Company's power generation subsidiaries and distribution business, which is in accordance with the restructuring plan, dated January 21, 1999, of the electricity industry in the Republic of Korea announced by the Ministry of Commerce, Industry and Energy ("Restructuring Plan"). This Restructuring Plan, which is intended to introduce a competitive system in the electricity industry, is expected to affect the determination of utility rates, result in changes in management structure, related laws and regulations, and affect electricity supply and demand policy.

(b) Basis of Presenting Financial Statements

The Company maintains its accounting records in Korean Won and prepares statutory financial statements in the Korean language (Hangul) in conformity with the Korea Electric Power Corporation Act ("KEPCO Act"), the Accounting Regulations for Government Invested Enterprises, which have been approved by the Korean Ministry of Finance and Economy and, in the absence of specialized accounting regulations for utility companies, the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use only by those who are informed about Korean accounting principles and practices, KEPCO Act and Accounting Regulations for Government Invested Enterprises. The accompanying financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements.

Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting

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Financial Statements, Continued

(b) Basis of Presenting Financial Statements, Continued

Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements include only the accounts of the Company, and do not include the accounts of any of its subsidiaries. Instead, these entities are accounted for under the equity method of accounting (note 6).

Effective January 1, 2003, the Company adopted Statements of Korean Financial Accounting Standards ("SKAS") No. 2 through No. 9. Those statements provide accounting and reporting standards for the interim financial statements, intangible assets, revenue recognition, tangible assets, events occurring after the balance sheet date, capitalization of interest costs, marketable securities and convertible securities. As a result of the accounting change of capitalizing interest costs, which is applied prospectively, capitalized interest for three month period ended March 31, 2003 decreased by W63,746 million compared to the previous method. As a result of the adoption of SKAS No. 6 - "Events Occurring After the Balance Sheet Date", shareholders' equity increased and current liabilities decreased by W511,350 million as of December 31, 2002.

Effective January 1, 2004, the Company adopted Statements of Korea Accounting Standards No. 10, 12 and 13. The adoption of these standards did not have a significant impact on accompanying financial statements.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost, except in the case of revaluation made in accordance with the KEPCO Act and the Assets Revaluation Law of Korea. Plant and equipment under capital leases are stated at an amount equal to the lower of their fair value or the present value of minimum lease payments at inception of lease. Significant additions or improvements extending useful lives of assets are capitalized. However, normal maintenance and repairs are charged to expense as incurred.

The Company capitalizes interest cost and other financial charges on borrowing associated with the manufacture, purchase, or construction of property, plant and equipment, incurred prior to completing the acquisition, as part of the cost of such assets. As described in note 1(b), effective January 1, 2003, the Company adopted Statement of Korea Accounting Standards No. 7, "Capitalization of Interest Costs". Under this standard, the calculation of capitalized interest includes exchange differences arising from foreign borrowings to the extent that they are regarded as an adjustment to interest costs, which is limited to the extent of interest cost calculated by the weighted average interest rate of local currency borrowings. For the three-month periods ended March 31, 2004 and 2003, the amount of capitalized interest was W16,024 million and W26,574 million, respectively, of which net foreign currency transactions and translation gains deducted from the capitalized interest in calculation of capitalized interest rate amounted to W55,808 million and nil, respectively for the three-month period ended March 31, 2004 and 2003.

Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued

(c) Property, Plant and Equipment, Continued

The impact on the Company's financial position as of and for the three-month period ended March 31, 2004, if the interest and other borrowing costs were expensed instead of being capitalized, is as follows.

	Won (millions)			
	Construction in-progress	Total assets	Interest expense	Income before Income tax expense
Capitalized	W2,426,025	57,567,018	152,255	1,484,456
Expensed	2,410,001	57,550,994	168,279	1,468,432
	W 16,024	16,024	(16,024)	16,024
	=====	=====	=====	=====

Depreciation is computed by declining-balance method (straight-line method for buildings and structures) using rates based on the estimated useful lives described in the Korean Corporate Income Tax Law and as permitted under the Accounting Regulations for Government Invested Enterprises as follows:

	Estimated useful life
Buildings	8, 15, 30
Structures	8, 15, 30
Machinery	16
Ships	9
Vehicles	4
Others	4

The Company records the following funds and materials, which relate to the construction of transmission and distribution facilities as construction grants:

- . Grants from the government or public institutions
- . Funds, construction materials or other items contributed by customers

Construction grants are initially recorded and presented in the accompanying financial statements as deductions from the assets

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acquired under such grants and are offset against depreciation expense during the estimated useful lives of the related assets. The Company received W117,493 million and W123,238 million of construction grants, and offset W32,256 million and W29,571 million against depreciation expense, and W17,886 million and W7,898 million against utility plant removal cost for the three-month periods ended March 31, 2004 and 2003, respectively.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued

(d) Leases

The Company accounts for and classifies its lease transactions as either operating or capital leases, depending on the terms of the lease under Korea Lease Accounting Standards. If a lease is substantially noncancellable and meets any of the criteria listed below, the present value of future minimum lease payments is reflected as an obligation under capital lease.

- Ownership of the leased property shall be transferred to the lessee at the end of the lease term without additional payment or for a contract price.
- The lease has a bargain purchase option.
- The lease term is equal to 75% or more of the estimated economic useful life of the leased property.
- The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90% of the fair value of the leased property.

If the above criteria are not met, the lease is classified as an operating lease and lease payments are expensed under straight-line over the lease term.

(e) Investments in Securities

Effective January 1, 2003, the Company adopted Statement of Korea Accounting Standards (SKAS) No. 8, "Investments in Securities." In accordance with SKAS No. 8, certain debt and equity securities should be classified into one of the three categories of held-to-maturity, available-for-sale, or trading securities at the time of acquisition and such determination should be reassessed at each balance sheet date. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity. Securities that are bought and held principally for the purpose of selling them in the near term (thus held for only a short period of time) are classified as trading securities. Trading generally reflects active and frequent buying and selling, and trading securities are generally used to generate profit on short-term

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differences in price. Investments not classified as either held-to-maturity or trading securities are classified as available-for-sale securities.

Trading securities are carried at fair value, with unrealized holding gains and losses included in earnings. Available-for-sale securities are carried at fair value, with unrealized holding gains and losses reported as a capital adjustment. Investments in equity securities that do not have readily determinable fair values are stated at cost. Declines in value judged to be other-than-temporary on available-for-sale securities are charged to current results of operations. Investments in debt securities that are classified into held-to-maturity are reported at amortized cost at the balance sheet date and such amortization is included in interest income.

Marketable securities are at the quoted market prices as of the period end. Non-marketable debt securities are recorded at the fair values derived from the discounted cash flows by using an interest rate deemed to approximate the market interest rate. The market interest rate is determined by the issuers' credit rate announced by the accredited credit rating agencies in Korea. Money market funds are recorded at the fair value determined by the investment management companies.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued

(e) Investments in Securities, Continued

Trading securities are classified as current assets, whereas available-for-sale securities and held-to-maturity securities are classified as long-term investments. However, available-for-sale securities whose maturity dates are due within one year from the balance sheet date or whose likelihood of being disposed of within one year from the balance sheet date is probable are classified as current assets. Likewise, held-to-maturity securities whose maturity dates are due within one year from the balance sheet date are classified as current assets.

(f) Investment Securities under the Equity Method of Accounting

Investments in affiliated companies owned 20% or more or over which the Company has significant management control are stated at an amount as determined using the equity method.

Under the equity method of accounting, the Company's initial investment is recorded at cost and is subsequently increased to reflect the Company's share of the investee income and reduced to reflect the Company's share of the investee losses or dividends received. Any excess in the Company's acquisition cost over the Company's share of the investee's identifiable net assets is generally recorded as goodwill or other intangibles and amortized by the

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straight-line method over the estimated useful life. The amortization of goodwill is recorded against the equity income of affiliates. When events or circumstances indicate that carrying amount may not be recoverable, the Company reviews goodwill for any impairment.

Under the equity method of accounting, the Company does not record its share of losses of affiliate companies when such losses would make the Company's investment in such entity less than zero.

(g) Intangible Assets

Intangible assets are stated at cost less accumulated amortization, as described below.

(i) Research and Development Costs

Expenditure on research activities, undertaken with the prospects of gaining new scientific or technical knowledge and understanding, is recognized in the statement of income as an expense as incurred.

Expenditure on development incurred in conjunction with new products or technologies, in which the elements of costs can be identified and future economic benefits are clearly expected, is capitalized and amortized on a straight-line basis over 5 years. The capitalized expenditure includes the cost of materials, direct labor and an appropriate proportion of overheads.

(ii) Other Intangible Assets

Other intangible assets, which consist of industrial rights, land rights and others, are stated at cost less accumulated amortization and impairment losses. Such intangible assets are amortized using the straight-line method over a reasonable period, from 4 years to 20 years, based on the nature of the asset.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued

(h) Cash Equivalents

The Company considers short-term financial instruments with maturities of three months or less at the acquisition date to be cash equivalents.

(i) Financial Instruments

Short-term financial instruments are financial instruments handled by financial institutions which are held for short-term cash management purposes or will mature within one year, including time deposits, installment savings deposits, restricted bank deposits.

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(j) Allowance for Doubtful Accounts

Allowance for doubtful accounts is estimated based on an analysis of individual accounts and past experience of collection.

(k) Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined using the weighted average method for raw materials, moving average method for supplies and specific identification method for other inventories. The Company maintains perpetual inventory records, which are adjusted through physical counts at the end of year. In accordance with the Company's policy for physical inventory counts, the Company did not perform a physical count of the inventory as of March 31, 2004 and 2003.

Effective January 1, 2004, the Company adopted Statement of Korea Accounting Standards No. 10, "Inventories". Through 2003, a valuation loss incurred when the market value of inventory falls below its carrying amount was reported as non-operating expense. In 2004, in accordance with SKAS No.10, the Company included inventory valuation loss in its cost of goods sold ("a component of operating expenses").

(l) Long-Lived Assets

The Company reviews for the impairment of long-lived assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued

(m) Valuation of Receivables and Payables at Present Value

Receivables and payables arising from long-term installment transactions, long-term cash loans/borrowings and other similar loan/borrowing transactions are stated at present value.

The difference between nominal value and present value is deducted directly from the nominal value of related receivables or payables and is amortized using the effective interest method. The amount amortized is included in interest expense or interest income.

(n) Convertible Bonds

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When issuing convertible bonds or bonds with stock purchase warrants, the values of the conversion rights or stock warrants shall be recognized separately. Considerations for conversion rights or stock warrants shall be measured by deducting the present value of ordinary or straight debt securities from the gross proceeds of the convertible bonds or bonds with stock purchase warrants received at the date of issue.

The value of the common shares issued pursuant to the exercise of the conversion rights shall be measured as the sum of the carrying amount, at the time of conversion, and the amount of consideration received for such rights, at the time of issuance, of those convertible bonds that are actually related to the exercise.

When the conversion rights are exercised during an accounting period, the value of common shares issued pursuant to the exercise shall be measured based on the carrying amount of the convertible bonds determined on the actual date such rights have been exercised.

(o) Discount (Premium) on Debentures

Discount (premium) on debenture issued, which represents the difference between the face value and issuance price of debentures, is amortized using the effective interest method over the life of the debentures. The amount amortized is included in interest expense.

(p) Retirement and Severance Benefits

Employees and directors who have been with the Company for more than one year are entitled to lump-sum payments based on current rates of pay and length of service when they leave the Company. The Company's estimated liability under the plan which would be payable if all employees left on the balance sheet date is accrued in the accompanying balance sheets.

Through March 1999, under the National Pension Scheme of Korea, the Company transferred a certain portion of retirement allowances of employees to the National Pension Fund. The amount transferred will reduce the retirement and severance benefit amount to be payable to the employees when they leave the Company and is accordingly reflected in the accompanying financial statements as a reduction from the retirement and severance benefit liability. Since April 1999, however, a new regulation applies and such transfers to the National Pension Fund are no longer required.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued

(q) Reserve for Self-Insurance

The Company provides a self-insurance reserve for liability to third parties that may arise in connection with the Company's non-insured

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facilities. Payments made to settle applicable claims are charged to this reserve.

(r) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the balance sheet date, with the resulting gains and losses recognized in current results of operations. Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at W1,153.6 to US\$1, the rate of exchange on March 31, 2004 that is permitted by the Financial Accounting Standards. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Korean Won at the foreign exchange rate ruling at the date of the transaction.

Foreign currency assets and liabilities of foreign-based operations and companies accounted for using the equity method are translated at current rate of exchange at the balance sheet date while profit and loss items in the statement of income are translated at average rate and capital account at historical rate. The translation gains and losses arising from collective translation of the foreign currency financial statements of foreign-based operations are offset and the balance is accumulated as capital adjustment.

(s) Derivatives

Derivative instruments are presented as assets or liabilities valued principally at the fair value of rights or obligations associated with the derivative contracts. The unrealized gain or loss from derivative transactions is recognized in current operations.

However, for derivative instruments with the purpose of hedging the exposure to the variability of cash flows of a forecasted transaction, the hedge-effective portion of the derivative's gain or loss is deferred as a capital adjustment, a component of stockholder's equity. The ineffective portion of the gain or loss is charged or credited to current results of operations.

(t) Contingent Liabilities

Contingent losses are generally recognized as a liability when probable and reasonably estimable.

(u) Revenue Recognition

The Company recognizes revenue from the sale of electric power based on meter readings made on a monthly basis. The Company does not accrue revenue for power sold after the meter readings but prior to the end of the accounting period. The Company recognizes revenue on long-term contracts, which are related to the construction of power plants in the Democratic People's Republic of Korea (North Korea), based on the percentage-of-completion method. Revenue other than sale of electric power and revenue on long-term contracts is recognized when the Company's revenue-earning activities have been substantially completed, 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.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(1) Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued

(v) Income Taxes

Income tax on the earnings or loss for the period comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable earnings will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(w) Dividends payable

As described in note 1(b), effective January 1, 2003, the Company adopted Statement of Korea Accounting Standards No. 6, "Events Occurring After the Balance Sheet Date". Under this standard, dividends are not recorded until approved by the board of director and shareholders.

(x) Prior Period Adjustments

Prior period adjustments resulting from other than fundamental errors are charged or credited to net income for the current period. The fundamental errors are defined as errors with such a significant effect on the financial statements for one or more prior periods that those financial statements can no longer be considered to have been reliable at the date of their issue. The prior period adjustments resulting from the fundamental errors are charged or credited to the beginning balance of retained earnings, and the financial statements of the prior year are restated.

(y) Earnings Per Share

Earnings per common share are calculated by dividing net earnings by the weighted-average number of shares of common stock outstanding during each period.

(z) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the Republic of Korea requires management to make estimates and assumptions that affect the amounts

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reported in the financial statements and related notes to financial statements. Actual results could differ from those estimates.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(2) Basis of Translating Financial Statements

The financial statements are expressed in Korean Won and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of W1,153.6 to US\$1, the basic exchange rate on March 31, 2004. These translations should not be construed as a representation that any or all of the amounts shown could be converted into U.S. dollars at this or any other rate.

(3) Property, Plant and Equipment

(a) Asset revaluation

The Company revalued its property, plant and equipment in accordance with the KEPCO Act and the Asset Revaluation Law (the latest revaluation date was January 1, 1999), and recorded a revaluation gain of W12,552,973 million as a reserve for asset revaluation, a component of capital surplus.

(b) Officially Declared Value of Land

The officially declared value of land at March 31, 2004, as announced by the Minister of Construction and Transportation, is as follows:

Purpose	Won (millions)	
	Book value	Declared value
Transmission and distribution sites and other	W3,329,249	3,347,751

The officially declared value, which is used for government purposes, is not intended to represent fair value.

(c) Utility plant

Utility plants, accumulated depreciation and construction grants as of March 31, 2004 and December 31, 2003 are as follows:

(i) Cost

	Won (millions)	
	2004	2003
Land	W 3,327,851	3,329,249
Buildings	2,323,204	2,333,407
Structures	24,120,887	24,370,274

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Machinery	7,136,620	7,180,573
Vehicles	59,011	56,628
Ships	252	252
Others	267,456	270,576
Construction-in-progress	2,266,928	2,426,026
	-----	-----
	W39,502,209	39,966,985
	=====	=====

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(3) Property, Plant and Equipment, Continued

(c) Utility Plant, Continued

(ii) Accumulated depreciation

	Won (millions)	
	2004	2003
	-----	-----
Buildings	W 465,338	497,576
Structures	3,686,719	3,873,169
Machinery	3,055,912	3,228,281
Vehicles	46,313	45,606
Ships	205	208
Others	217,886	223,654
	-----	-----
	W7,472,373	7,868,494
	=====	=====

(iii) Construction grants

	Won (millions)	
	2004	2003
	-----	-----
Construction grants	W2,758,789	2,826,140
	=====	=====

(4) Intangibles

Changes of intangibles for the three-month period ended March 31, 2004 are as follows:

	Won (millions)			
	December 31, 2003	Acquisition	Amortization	March 31, 2004
	-----	-----	-----	-----
Development cost	W106,834	6,621	8,772	104,683
Others	37,533	929	3,310	35,152
	-----	-----	-----	-----
	W144,367	7,550	12,082	139,835

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In addition, the Company expensed ordinary development expenses amounting to W17,531 million and W14,502 million for the three-month periods ended March 31, 2004 and 2003, respectively.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(5) Insured Assets

Insured assets as of March 31, 2004 are as follows:

Insured assets	Insurance type	Won (millions) Insured value	Insurer
Buildings and machinery	Fire insurance	W386,458	Samsung Insurance Co., and others
Buildings	General insurance	149,354	Dongyang Insurance Co., others
Construction in progress	Assemble insurance	365,312	LG Fire Insurance Co., others
Construction in progress	Construction insurance	97,537	Hyundai Marine Fire In Co., Ltd. and othe

In addition, the Company carries damage insurance for construction of its light-water nuclear reactor in North Korea, general insurance for vehicles, marine cargo insurance for inventories, general insurance for movables, group casualty insurance for its employees and compensation liability insurance for its directors.

(6) Investments

(a) Investments other than those under the equity method as of March 31, 2004 and December 31, 2003 are summarized as follows:

		Won (millions)			
		2004			
%	Acquisition cost	Unrealized holding losses	Fair value	Book value	
Available-for-sale:					
Equity securities:					
Energy Savings					
Investment Cooperative	40.6	W 5,000	--	(**) 5,000	

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Korea Power Exchange	50.0	62,606	--	(**)	62,606
Hwan Young Steel Co., Ltd. (*2)	0.14	1,364	--	--	120
Investment securities in treasury stock fund (*3)	--	17,306	5,598	11,708	11,708
		-----	-----	-----	-----
		86,276	5,598	11,708	79,434
		-----	-----	-----	-----
Held-to-maturity:					
Government bonds		59	--	--	59
		-----	-----	-----	-----
Total		W86,335	5,598	11,708	79,493
		=====	=====	=====	=====

(**) Fair values are not available

(*1) The Company recognized an impairment loss of W1,244 million that was deemed to be an other than temporary decline.

(*2) The Company has an investment in a treasury stock fund, composed of treasury stock and other investment securities, and records such an investment as available-for-sale securities. Losses on valuation of these available-for-sale securities recorded as a capital adjustment, amount to W5,598 million and W8,714 million as of March 31, 2004 and December 31, 2003, respectively.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(6) Investments, Continued

Won (millions)					

2003					

	%	Acquisition cost	Unrealized holding losses	Fair value	Book value

Available-for-sale:					
Equity securities:					
Securities Market					
Stabilization Fund	7.64	W 7,763	--	(*)	7,763
Energy Savings					
Investment Cooperative	40.6	5,000	--	(*)	5,000
Korea Power Exchange	50.0	62,606	--	(*)	62,606
Hwan Young Steel Co., Ltd.	0.14	1,364	--	--	120
Investment securities in Treasury stock fund	--	26,295	8,714	17,581	17,581
		-----	-----	-----	-----

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	103,028	8,714	17,581	93,070
	-----	-----	-----	-----
Held-to-maturity:				
Government bonds	36	--	--	36
	-----	-----	-----	-----
Total	W103,064	8,714	W17,581	93,106
	=====	=====	=====	=====

(*) Fair values are not available

(b) Investments in affiliated companies accounted for using the equity method as of March 31, 2004 and December 31, 2003 are as follows:

Affiliate	Percentag of ownership	Won (millions)	
		2004	
		Acquisition Cost	value
Korea Hydro & Nuclear Power Co., Ltd. (*1)	100.0	W 9,364,799	11,251,589
Korea South-East Power Co., Ltd. (*1)	100.0	1,232,004	2,071,377
Korea Midland Power Co., Ltd. (*1)	100.0	1,325,891	2,173,157
Korea Western Power Co., Ltd. (*1)	100.0	1,442,638	2,051,420
Korea Southern Power Co., Ltd. (*1)	100.0	1,797,378	2,153,411
Korea East-West Power Co., Ltd. (*1)	100.0	2,322,905	2,478,530
Korea Power Engineering Co., Ltd. (*1)	97.9	4,991	203,627
Korea Plant Service & Engineering Co., Ltd. (*1)	100.0	6,000	275,307
KEPCO Nuclear Fuel Co., Ltd. (*1)	96.4	89,757	161,980
Korea Electric Power Data Network Co., Ltd. (*1)	100.0	64,000	130,128
Korea Electric Power Industrial Development, Ltd. (*1)	49.8	7,987	19,030
Powercomm Corporation (*1)	43.1	323,470	368,387
Korea Gas Corporation (*1)	24.5	94,500	811,229
Korea District Heating Co. (*1)	26.1	5,660	169,959
KEPCO International Hong Kong Ltd. (*1, *2)	100.0	20,000	180,368
KEPCO International Philippines Inc. (*1, *2)	100.0	91,716	127,676
		-----	-----
		W18,193,696	24,627,175
		=====	=====

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(6) Investments, Continued

(*1) The Company used unaudited financial statements of the above affiliated companies when applying the equity method of accounting.

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The Company eliminated the unrealized gains arising from the transactions with the above affiliates. The eliminated unrealized gain arising from transactions with Korea Power Engineering Co., Ltd., KEPCO Nuclear Fuel Co., Ltd. and Korea Electric Power Data Network Co., Ltd. amounted to W133,472 million, W14,619 million and W17,063 million, respectively, for the three-month period ended March 31, 2004

(*2) As KEPCO International Hong Kong Ltd. owns 100 percent of the shares of KEPCO Philippines Corporation ("KEPHILCO") and KEPCO International Philippines Inc. holds 51 percent of the shares of KEPCO Ilijan Corporation ("KEILCO"), when applying the equity method, the Company accounts for equity incomes from KEPCO International Hong Kong Ltd. and KEPCO International Philippines Inc., that include the changes in the net equity of KEPHILCO and KEILCO, respectively.

Investments in affiliated companies accounted for using equity method as of December 31, 2003 are as follows:

Affiliate	Won (millions)			
	2003			
	Percentage of ownership	Acquisition Cost	value	Net Book
Korea Hydro & Nuclear Power Co., Ltd.	100.0	W 9,364,799	11,014,714	11,0
Korea South-East Power Co., Ltd.	100.0	1,232,004	1,990,715	1,9
Korea Midland Power Co., Ltd.	100.0	1,325,891	2,080,695	2,0
Korea Western Power Co., Ltd.	100.0	1,442,638	1,988,052	1,9
Korea Southern Power Co., Ltd.	100.0	1,797,378	2,092,460	2,0
Korea East-West Power Co., Ltd.	100.0	2,322,905	2,424,164	2,4
Korea Power Engineering Co., Ltd.	97.9	4,991	195,624	
Korea Plant Service & Engineering Co., Ltd.	100.0	6,000	267,041	2
KEPCO Nuclear Fuel Co., Ltd.	96.4	89,757	157,701	1
Korea Electric Power Data Network Co., Ltd.	100.0	64,000	129,724	1
Korea Electric Power Industrial Development, Ltd.	49.0	7,987	22,092	
Powercomm Corporation	43.1	323,470	363,687	3
Korea Gas Corporation	24.5	94,500	740,280	7
Korea District Heating Co.	26.1	5,660	159,165	1
KEPCO International Hong Kong Ltd.	100.0	20,000	173,629	1
KEPCO International Philippines Inc.	100.0	91,716	126,052	1
		W18,193,696	23,925,795	23,7
		W18,193,696	23,925,795	23,7

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(6) Investments, Continued

(c) Details of changes in investments in affiliated companies under the equity method as of March 31, 2004 and December 31, 2003 are as follows:

Affiliate	Won (millions)			
	2004			
	Book value as of January 1, 2004	Equity income (loss)	Capital adjustment	Others (*)
Korea Hydro & Nuclear Power Co., Ltd.	W11,014,714	236,875	--	--
Korea South-East Power Co., Ltd.	1,990,715	80,662	--	--
Korea Midland Power Co., Ltd.	2,080,695	92,462	--	--
Korea Western Power Co., Ltd.	1,988,052	59,432	3,936	--
Korea Southern Power Co., Ltd.	2,092,460	60,269	682	--
Korea East-West Power Co., Ltd.	2,424,164	52,892	1,474	--
Korea Power Engineering Co., Ltd.	69,038	1,117	--	--
Korea Plant Service & Engineering Co., Ltd.	267,041	8,266	--	--
KEPCO Nuclear Fuel Co., Ltd.	145,098	2,263	--	--
Korea Electric Power Data Network Co., Ltd.	115,382	(2,737)	420	--
Korea Electric Power Industrial Development, Ltd.	22,092	858	--	(3,920)
Powercomm Corporation	363,687	5,994	--	(1,294)
Korea Gas Corporation	740,280	70,520	429	--
Korea District Heating Co.	159,165	10,794	--	--
KEPCO International Hong Kong Ltd.	173,629	16,801	(10,062)	--
KEPCO International Philippines Inc.	126,052	6,981	(5,357)	--
	-----	-----	-----	-----
	W23,772,264	703,449	(8,478)	(5,214)
	=====	=====	=====	=====

(*) Others are composed of dividends from the affiliates.

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(6) Investments, Continued

Affiliate	Won (millions)			
	2003			
	Book value as of January 1, 2003	Equity income	Capital adjustment	Others (*)
Korea Hydro & Nuclear Power Co., Ltd.	₩10,577,527	652,182	--	(214,995)
Korea South-East Power Co., Ltd.	1,679,117	345,669	(801)	(33,270)
Korea Midland Power Co., Ltd.	1,781,127	345,230	223	(45,885)
Korea Western Power Co., Ltd.	1,772,973	254,077	5,002	(44,000)
Korea Southern Power Co., Ltd.	1,953,743	182,849	(261)	(43,871)
Korea East-West Power Co., Ltd.	2,373,207	84,995	(3,298)	(30,740)
Korea Power Engineering Co., Ltd.	51,991	28,800	--	(11,753)
Korea Plant Service & Engineering Co., Ltd.	238,947	37,094	--	(9,000)
KEPCO Nuclear Fuel Co., Ltd.	134,538	12,487	--	(1,927)
Korea Electric Power Data Network Co., Ltd.	118,075	1,807	--	(4,500)
Korea Electric Power Industrial Development, Ltd.	40,730	3,114	--	(21,752)
Powercomm Corporation	359,090	10,421	1,188	(7,012)
Korea Gas Corporation	690,705	73,329	4,596	(28,350)
Korea District Heating Co.	147,898	13,304	(1,358)	(679)
KEPCO International Hong Kong Ltd.	124,808	56,817	(7,996)	--
KEPCO International Philippines Inc.	108,255	21,343	(4,769)	1,223
	₩22,152,731	2,123,518	(7,474)	(496,511)

(*) Other are composed of acquisition (disposal) amounts of investment securities and dividends from the affiliates.

(7) Loans to employees

The Company has provided housing and tuition loans to employees as follows as of March 31, 2004 and December 31, 2003:

	Won (millions)	
	2004	2003
Short-term loans	₩ 9,392	9,267
Long-term loans	151,811	142,368

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W161,203 151,635
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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(8) Other Non-current Assets

Other assets as of March 31, 2004 and December 31, 2003 are as follows:

	Won (millions)	
	2004	2003
Long-term trade receivable, net	W 2,509	2,509
Deposit received	65,406	58,135
Others	82,277	82,466
	-----	-----
	W150,192	143,110
	=====	=====

(9) Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2004 and December 31, 2003 are summarized as follows:

	Won (millions)	
	2004	2003
Cash and cash equivalents:		
Cash on hand	W 78	71
Sundry deposits	376,939	366,558
Cash equivalents (*)	310,354	188
	-----	-----
	687,371	366,817
	=====	=====

(*) Cash equivalents consist of money market funds, money market deposit accounts and time deposits with maturities of three months or less at the acquisition date.

(10) Short-term financial Instruments

Short-term financial instruments as of March 31, 2004 and December 31, 2003 are summarized as follows:

	Won (millions)	
	2004	2003
Time Deposits	3,000	13,000
Trust accounts	20,000	43,000
Repurchase agreement	38,000	5,000
	-----	-----

61,000 61,000
 =====

Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(11) Inventories

Inventories as of March 31, 2004 and December 31, 2003 are summarized as follows:

	Won (millions)	
	2004	2003
	-----	-----
Raw materials	W 2,825	1,991
Supplies	76,837	73,066
Other	7,133	3,739
	-----	-----
	W86,795	78,796
	=====	=====

(12) Other Current Assets

Other current assets at March 31, 2004 and December 31, 2003 are summarized as follows:

	Won (millions)	
	2004	2003
	-----	-----
Held-to-maturity securities (*)	W 4	5
Short-term loans	9,392	9,267
Accrued interest income	1,803	2,777
Advance payments	1,477	297
Prepaid expenses	23,657	3,244
Other current assets	116,051	106,331
	-----	-----
	W152,384	121,921
	=====	=====

(*) Held-to-maturity securities consist of government and municipal bonds

(13) Capital Surplus

Capital surplus as of March 31, 2004 and December 31, 2003 are as follows:

	Won (millions)	
	2004	2003
	-----	-----
Paid-in capital in excess of par value	W 811,296	811,301
Reserves for asset revaluation	12,552,973	12,552,973
Other capital surplus	1,006,779	1,009,505
	-----	-----

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W14,371,048 14,373,779
 =====

The Company revalued its property, plant and equipment in accordance with the KEPCO Act and the Asset Revaluation Law, and recorded a revaluation gain of W12,552,973 million as a reserve for asset revaluation. The reserve for asset revaluation may be credited to paid-in capital or offset against any accumulated deficit by resolution of the shareholders.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(14) Retained Earnings

Appropriated retained earnings as of March 31, 2004 and December 31, 2003 are summarized as follows:

	Won (millions)	
	2004	2003
	-----	-----
Legal reserve	W 1,601,871	1,600,252
Reserve for business rationalization	31,900	31,900
Reserve for business expansion	12,438,120	10,925,338
Reserve for investment on social overhead capital	5,092,449	5,012,449
Reserve for research and human development	180,000	120,000
Voluntary reserve	210,000	210,000
	-----	-----
	W19,554,340	17,899,939
	=====	=====

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

Under the Special Tax Treatment Control Law, investment tax credit was allowed for certain investments. The Company was, however, required to appropriate from retained earnings the amount of tax benefits obtained and transfer such amount into a reserve for business rationalization. Effective December 11, 2002, the Company is no longer required to establish a reserve for business rationalization despite tax benefits received for certain investments and, consequently, the existing balance is now regarded as a voluntary reserve.

The reserves for the investment on social overhead capital and research and human development are appropriated by the Company to avail itself of qualified tax credits to reduce corporate tax liabilities. This reserve is

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not available for cash dividends for a certain period as defined in the Tax Incentive Control Law.

(15) Capital Adjustments

Details of capital adjustments as of March 31, 2004 and December 31, 2003 are as follows:

	Won (millions)	
	2004	2003
Treasury stock	W(201,641)	(195,379)
Loss on valuation of available- for-sale securities	(5,598)	(8,714)
Equity income of affiliates	44,934	53,412
	W(162,305)	(150,681)

The Company has shares held as treasury stock amounting to W 201,641 million (11,068,050 shares) and W 195,379 million (10,713,050 shares) as of March 31, 2004 and December 31, 2003, respectively, for the purpose of stock price stabilization.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(16) Long-term borrowings

Long-term borrowings as of March 31, 2004 and December 31, 2003 are as follows:

(a) Local currency long-term borrowings

Lender	Type	Annual interest rate (%)	Won (millions)	
			2004	2003
Korea Development Bank	Industrial facility	4.76~7.50	W3,536,579	3,505,628
Others		5.50~6.00	34	35
	Less: Current portion		(728,292)	(715,775)
			W2,808,321	2,789,888

(b) Foreign currency long-term borrowings

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Lender	Type	Annual interest rate (%)	Won (millions)	
			2004	2003
Barclays International Financial Services (Ireland) Ltd.	Commercial	6 month Libor -1.00	W 181,221	187,851
Less: Current portion			(181,221)	(187,851)
			W --	--
			=====	=====

(c) Debentures

	Annual interest rate (%)	Won (millions)	
		2004	2003
Domestic debentures (Electricity bonds)	4.79~9.67	W 4,395,000	4,235,000
Foreign debentures(*)	1.18~8.28	5,347,056	5,530,157
		9,742,056	9,765,157
Less: Current portion		(3,669,261)	(3,122,750)
Discount		(42,213)	(46,056)
Plus: Current portion of discount		1,753	--
		W 6,032,335	6,596,351
		=====	=====

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(16) Long-term borrowings, Continued

(*) In 2003, the Company sold foreign debentures of US\$ 250,000 thousand to KEPCO Cayman Company Limited. These debentures have the right to be exchanged with the shares of Powercomm Corporation held by the Company. Based on these assets, KEPCO Cayman Company Limited issued foreign debentures of US\$ 250,000 thousand, the details of which are as follows:

- . Maturity date: November 26, 2008
- . Qualifying Public Offering (QPO): QPO means the first listing on the Korea Stock Exchange, New York Stock Exchange or National Association of Securities Dealers Automated Quotations (NASDAQ) meeting certain requirements. It is not required that Powercomm Corporation must perform QPO prior to the maturity of the debentures, neither the Company guarantees the QPO of Powercomm Corporation.

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- . Shares to be exchanged: Powercomm Corporations shares or Deposit Receipt (DR)
- . Exchangeable period: From 10th day after the listing of Powercomm Corporation to 10th day before its maturity
- . Exchange price: 120% of lower amount of market price on listing day or weighted average price for 10 days after its listing.
- . Early redemption: When certain conditions are met or after 3 years from the listing, outstanding debentures are redeemable at the guaranteed return of 2.88% (102.74% of issuance amount)
- . Repayment at the maturity: Repayment will be made with the guaranteed return of 3.68% (109.13% of issuance amounts).

The Company has provided payment guarantees to KEPCO Cayman Company Limited for the principal and interest of the above foreign debentures.

(d) Exchangeable bonds

Description	Annual interest rate (%)	Won (millions)	
		2004	2003
Overseas exchangeable bonds	0.00	₩277,256	277,256
Plus: Premium on debentures issued		19,949	20,987
Less: Conversion right adjustment		(41,650)	(43,817)
		=====	=====
		255,555	254,426

On November 4, 2003, the Company issued overseas exchangeable bonds of Japanese Yen 28,245,468 thousand at a premium value. The details of the bonds are as follows:

- . Maturity date: November 4, 2008
- . Amount to be paid at maturity: JPY 25,935,061 thousand
- . Exchange period: From December 15, 2003 to 10th day prior to its maturity
- . Shares to be exchanged: Common stock held by the Company or its equivalent Deposit Receipt (DR).
- . Exchange price: ₩30,000 per share
- . Put option: Bond holders have the put option that they can request redemption at JPY 26,834,000 thousand on November 6, 2006.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(16) Long-term borrowings, Continued

(e) Leases

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- (i) The Company entered into a capital lease agreement with Korea Development Leasing Corporation for certain computer systems, of which the acquisition cost is W33,870 million as of March 31, 2004. Depreciation of the leased assets amounted to W91 million for the three-month period ended March 31, 2004
- (ii) Annual payments under capital and operating lease agreements as of March 31, 2004 are as follows:

Year ended March 31	Won (millions)	
	Capital lease	Operating lease
2005	W2,809	1,067
2006	50	--
	2,859	1,067
		=====
Less : Interest	64	
Current portion	2,746	
	W 49	
		=====

- (f) Foreign currency debts, by currency, as of March 31, 2004 and December 31, 2003 are as follows:

	Won (millions), USD, JPY, EUR and GBP (thousands)							
	2004				2003			
		Foreign currency		Won equivalent		Foreign Currency		Won equivalent
Current portion of long-term borrowings	USD	150,000	W 181,221	USD	150,000	W 187,851		
Debtures	USD	2,902,030	3,351,979	USD	2,902,030	3,480,249		
	JPY	175,060,000	1,908,154	JPY	175,060,000	1,959,972		
	EUR	25,183	35,377	EUR	25,183	37,839		
	GBP	24,467	51,546	GBP	24,467	52,097		
			5,347,056			5,530,157		
Exchangeable bond	JPY	25,935,061	277,256	JPY	25,935,061	277,256		
			W5,805,533			W5,995,264		
			=====			=====		

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(16) Long-term borrowings, Continued

(g) Aggregate maturities of the Company's long-term debt as of March 31, 2004 are as follows:

Won (millions)						
Year ended March 31	Local currency borrowings	Foreign currency borrowings	Electricity bonds	Foreign debentures	Exchangeable bonds	Capital lease obligations
2005	W 728,292	181,221	2,350,000	1,319,261	--	2,746
2006	928,027	--	150,000	1,230,115	--	49
2007	959,123	--	710,000	1,521	--	--
2008	602,808	--	265,000	1,197,513	--	--
2009	302,774	--	800,000	316,173	277,256	--
Thereafter	15,589	--	120,000	1,282,473	--	--
	W3,536,613	181,221	4,395,000	5,347,056	277,256	2,795
	=====	=====	=====	=====	=====	=====

(17) Assets and Liabilities Denominated in Foreign Currencies

There are no significant liabilities denominated in foreign currencies other than those mentioned in Note 16(f). Major assets denominated in foreign currencies as of March 31, 2004 and December 31, 2003 are as follows:

	2004			2003		
	Foreign currency (thousands)	Won equivalent (millions)		Foreign currency (thousands)	Won equivalent (millions)	
Cash and cash equivalents	USD 1,454	W1,677		USD 4,578	W 5,484	
Trade receivables	USD 585	675		USD 4,959	5,940	
Other account receivables	USD --	--		USD 607	727	
Other non-current assets	USD 12	13		USD 12	14	
	JPY 5,860	64		JPY 5,860	66	
		W2,429			W12,231	
		=====			=====	

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(18) Retirement and Severance Benefits

Changes in retirement and severance benefits for three-month period ended

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March 31, 2004 and for the year ended December 31, 2003 are summarized as follows:

	Won (millions)	
	2004	2003
Estimated severance liability at beginning of year	W316,503	226,708
Provision for retirement and severance benefits	12,460	98,150
Payments	(1,932)	(8,355)
Estimated severance liability at end of year	327,031	316,503
Transfer to National Pension Fund	(95)	(95)
Net balance at end of year	W326,936	316,408

(19) Receivables at Present Value

Present value discounts on receivables as of March 31, 2004 are as follows:

			Won (millions)		
	Interest rate (%)	Period	Nominal value	Discount	Present value
Other accounts receivable	5.24, 6.00	2002.12~ 2005.12	W180,958	19,843	161,115
Long-term other accounts receivable	5.24, 6.00	2002.12~ 2005.12	265,000	10,375	254,625
			W445,958	30,218	415,740

(20) Other Current Liabilities

Other current liabilities as of March 31, 2004 and December 31, 2003 are as follows:

	Won (millions)	
	2004	2003
Advance received	W 36,952	281
Withholdings	128,637	141,623
Unearned revenue	14,054	3,304
Others	320,978	321,302
	W500,621	466,510

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Notes to Non-Consolidated Financial Statements

(Unaudited)

(21) Derivative Instruments Transactions

The Company entered into the various swap contracts to hedge the fluctuation risk of exchange rate and interest rate of foreign currency debts.

(a) Currency swap contracts as of March 31, 2004 are as follows:

	Contract Year	Settlement Year	Contract amounts in millions				Cont
			Pay		Receive		
The Sumitomo Bank Ltd.	1995	2005	US\$	286	JPY	27,000	7.
Mizuho Co., Ltd.	1995	2005	US\$	149	JPY	14,425	6M L
(former The Fuji Bank, Ltd.)							+ 0.
Canadian Imperial Bank of Commerce	1996	2006	US\$	97	JPY	10,000	Libor+
J.P. Morgan Chase Bank	1996	2006	US\$	200	JPY	21,000	Libor+
Deutsche Bank	1998	2004	JPY	1,705	US\$	55	6.
(former Bankers Trust Co.)			EUR	13			
			CHF	20			
			CAD	20			
Deutsche Bank	1998	2004	JPY	2,945	US\$	95	6.
(former Bankers Trust Co.)			EUR	22			
			CHF	35			
			CAD	34			
J.P. Morgan Chase Bank & Deutsche Bank (*1)	2002	2007	JPY	76,700	US\$	650	1.
Barclays Bank PLC, London	2002	2007	JPY	30,400	US\$	250	1.
Deutsche Bank(*2)	2003	2013	KRW	178,350	US\$	150	CD+
Union Bank of Switzerland (*2)	2003	2013	KRW	148,625	US\$	125	CD+
Credit Swiss First Boston(*2)	2003	2013	KRW	89,175	US\$	75	CD+

(*1) If the Republic of Korea declares default on its debts, KEPCO is entitled to receive Korean government bonds instead of cash. Valuation for these embedded derivatives is reflected in the valuation of the currency swap.

(*2) The Company has purchased call option in addition to these swaps, under which the Company can exchange each KRW 5,945 million with the amounts of KRW 5,000,000 multiplied by Spot FX rate (US\$/KRW) until December 22, 2004, and the valuation for this call option is considered in the valuation of the swaps.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(21) Derivative Instruments Transactions, Continued

(b) Interest rate swap contracts as of March 31, 2004 are as follows

	Notional amount in millions		Contract interest rate per annum		Ter
			Pay (%)	Receive (%)	
J.P. Morgan Chase Bank	US	\$ 149	6.91	Libor+0.155	1995-
Barclays Bank PLC, London	US	\$ 150	6M Libor-1	Libor+0.45	1997-
Shinhan Bank	US	\$ 100	6.50	6.75	1997-
Deutsche Bank	US	\$ 55	6.93		1998-
(formerly Bankers Trust Co.)	JPY	1,705		6.41	
	EUR	13		6.41	
	CHF	20		6.41	
	CAD	20		6.41	
Deutsche Bank	US	\$ 95	6.87		1998-
(formerly Bankers Trust Co.)	JPY	2,945		6.36	
	EUR	22		6.36	
	CHF	35		6.36	
	CAD	34		6.36	
Deutsche Bank	US	\$ 100	Max	Max	1998-
(formerly Bankers Trust Co.)			(6,074-Libor, 0)	(Libor-6.074, 0)	
Deutsche Bank	US	\$ 100	Max	Max	1998-
(formerly Bankers Trust Co.)			(Libor-6.074, 0)	(6.074-Libor, 0)	
Deutsche Bank	KRW	178,350	5%+2X[JPY/ KRW-11.03%]	CD+3.3	2003-
Union Bank of Switzerland	KRW	148,625	5%+2X[JPY/ KRW-11.03%]	CD+3.3	2003-
Credit Swiss First Boston	KRW	89,175	5%+2X[JPY/ KRW-11.03%]	CD+3.3	2003-

(c) The gains and losses on swap transactions recorded as other income or expense for the three-month periods ended March 31, 2004 and 2003 are as follows:

	Won (millions)	
	2004	2003
Currency swap		
Gains	W 12,529	8,120
Losses	(22,937)	(26,654)
Interest rate swap		
Gains	24,599	3,053
Losses	(989)	(4,653)
	W 13,202	(20,135)

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Notes to Non-Consolidated Financial Statements

(Unaudited)

(22) Power Generation, Transmission and Distribution Expenses

Power generation, transmission and distribution expenses for the three-month periods ended March 31, 2004 and 2003 are as follows:

	Won (millions)	
	2004	2003
Material expenses:		
Oil	4,213	2,702
	4,213	2,702
Labor expenses:		
Salaries	127,690	114,865
Severance and retirement benefits	7,283	3,915
	134,973	118,780
Overhead expenses:		
Employee benefits	17,513	13,793
Taxes and dues	1,134	1,101
Rent	10,227	9,314
Depreciation	391,806	366,279
Maintenance	86,325	115,076
Commission and consultation fees	16,855	14,581
Compensation expense	2,431	5,411
Ordinary development expenses	14,193	12,226
Impairment loss on utility plant	24,412	41,201
Others	14,564	16,446
	579,460	595,428
	718,646	716,910

(23) Selling, General and Administrative Expenses

Details of selling, general and administrative expenses the three-month periods ended March 31, 2004 and 2003 are as follows:

	Won (millions)	
	2004	2003
Salaries	W 84,059	W 76,164
Employee benefits	12,680	9,203
Taxes and dues	1,274	1,097
Rent	3,330	5,367
Depreciation	4,982	9,773
Amortization	2,529	--
Maintenance	1,997	1,483
Commission and consultation fees	79,435	72,247
Ordinary development	3,338	2,253

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Promotion	4,191	3,761
Bad debts	5,245	3,107
Communication	6,542	6,097
Insurance	173	2,856
Rewards	683	139
Miscellaneous	11,465	11,609
	-----	-----
	W221,923	205,156
	=====	=====

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(24) Income Taxes

(a) The Company is subject to a number of income taxes based on taxable earnings which result in the following normal tax rates:

Taxable earnings	Prior to 2005	Thereafter
-----	-----	-----
Up to W100 million	16.5%	14.3%
Over W100 million	29.7%	27.5%

The Korean government reduced the corporate income tax rate beginning in 2005. Specifically, effective from January 1, 2005, the income tax rate will be reduced from 29.7% to 27.5%.

The components of income tax expense for the three-month period ended March 31, 2004 and 2003 are summarized as follows:

	Won (millions)	
	2004	2003
	-----	-----
Current income tax expense	W250,090	49,662
Deferred income tax expense	186,437	187,937
	-----	-----
	W436,527	237,599
	=====	=====

(b) The provision for income taxes calculated using the normal tax rates differs from the actual provision for the three-month periods ended March 31, 2004 and 2003 for the following reasons:

	Won (millions)	
	2004	2003
	-----	-----
Provision for income taxes at normal tax rates	W429,922	235,105
Tax effects of permanent differences, primarily entertainment expenses in excess of tax limit	6,686	2,081
Tax credit	(81)	--
Other, net	--	413

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Actual provision for income taxes	----- W436,527 =====	----- 237,599 =====
-----------------------------------	----------------------------	---------------------------

The effective tax rates, after adjustments for certain differences between amounts reported for financial accounting and income tax purposes, were approximately 29.41 % and 30.01 % for the three-month periods ended March 31, 2004 and 2003, respectively.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(24) Income Taxes, Continued

(c) The tax effects of temporary differences that result in significant portions of the deferred income tax assets and liabilities as of March 31, 2004 and December 31, 2003 are presented below:

	Won (millions)	
	----- 2004 -----	----- 2003 -----
Deferred tax assets:		
Loss on valuation of derivatives	W 121,480	115,270
Retirement and severance benefits	54,152	52,379
Deferred foreign exchange translation loss	13,648	14,655
Other	201,977	266,562
	-----	-----
Total deferred tax assets	391,257	448,866
	-----	-----
Deferred tax liabilities:		
Gain on valuation of derivatives	96,501	86,309
Deferred foreign exchange translation gain	34,043	37,176
Reserve for social overhead capital investment	201,079	270,239
Gain on valuation of investment securities using the equity method	1,710,606	1,517,158
	-----	-----
Total deferred tax liabilities	2,042,229	1,910,882
	-----	-----
Net deferred tax asset (liability)	W(1,650,972)	(1,462,016)
	=====	=====

(25) Earnings Per Share

Earnings per common share are calculated by dividing net earnings by the weighted-average number of shares of common stock outstanding.

Won

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	----- 2004 -----	----- 2003 -----
Net income in million Won	W 1,047,930	554,043
Weighted-average number of common shares outstanding	629,858,023	633,398,087
Earnings per common share in Won	W 1,664 =====	875 =====

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(25) Earnings Per Share, Continued

Diluted earnings per share for the three month periods ended March 31, 2004 and 2003 are calculated as follows:

	----- Won -----	
	2004	2003
	-----	-----
Net income in million Won	W 1,047,930	554,043
Exchangeable bond interest in million Won	795	--
	-----	-----
	1,048,725	554,043
	-----	-----
Weighted-average number of common shares and diluted securities outstanding	639,857,870	633,398,087
	-----	-----
Diluted earnings per share in Won	W 1,639 =====	875 =====

(26) Transactions and Balances with Related Companies

(a) Transactions with related parties for the three-month periods ended March 31, 2004 and 2003 are as follows:

----- Related party -----	----- Transaction -----	----- Won (mi ----- 2004 -----
Sales and other income:		
Korea Hydro & Nuclear Power Co., Ltd.	Sales of electricity and others	W 27,540
Korea South-East Power Co., Ltd.	"	5,786
Korea Midland Power Co., Ltd.	"	4,248
Korea Western Power Co., Ltd.	"	2,984
Korea Southern Power Co., Ltd.	"	3,294

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2003			
Related party	Trade receivables	Other receivables	Total
Korea Hydro & Nuclear Power Co., Ltd.	W --	319	319
Korea South-East Power Co., Ltd.	1,778	367	2,145
Korea Midland Power Co., Ltd.	1,107	2,232	3,339
Korea Western Power Co., Ltd.	1,940	248	2,188
Korea Southern Power Co., Ltd.	1,157	360	1,517
Korea East-West Power Co., Ltd.	1,978	213	2,191
Others	1,990	9,607	11,597
	W9,950	13,346	23,296
	=====	=====	=====

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(26) Transactions and Balances with Related Companies, Continued

(c) Payables arising from related parties transactions as of March 31, 2004 and December 31, 2003 are as follows:

Won (millions)			
2004			
Related party	Trade payables	Other payables	Total
Korea Hydro & Nuclear Power Co., Ltd.	W 339,270	278	339,548
Korea South-East Power Co., Ltd.	123,049	123	123,172
Korea Midland Power Co., Ltd.	137,560	5,853	143,413
Korea Western Power Co., Ltd.	130,146	--	130,146
Korea Southern Power Co., Ltd.	213,511	1,356	214,867
Korea East-West Power Co., Ltd.	157,338	63	157,401
Korea Power Engineering Co., Inc.	5,358	25	5,383
Korea Plant Service & Engineering Co., Ltd.	5,449	--	5,449
Korea Electric Power Data Network Co., Ltd.	9,410	9,309	18,719
Others	3,956	26,031	29,987
	W1,125,047	43,038	1,168,085
	=====	=====	=====
Won (millions)			
2003			

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Related party		Trade payables	Other payables	Total
Korea Hydro & Nuclear Power Co., Ltd.	W	379,121	1,954	381,075
Korea South-East Power Co., Ltd.		117,954	4,411	122,365
Korea Midland Power Co., Ltd.		145,548	9,387	154,935
Korea Western Power Co., Ltd.		167,876	140	168,016
Korea Southern Power Co., Ltd.		179,803	93	179,896
Korea East-West Power Co., Ltd.		142,776	223	142,999
Korea Power Engineering Co., Inc.		--	5,909	5,909
Korea Plant Service & Engineering Co., Ltd.		--	5,509	5,509
Korea Electric Power Data Network Co., Ltd.		--	56,334	56,334
Others		4,363	19,619	23,982
		W1,137,441	103,579	1,241,020

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(26) Transactions and Balances with Related Companies, Continued

(d) The guarantees the Company has provided for related companies as of March 31, 2004 are as follows:

Type	Loan type	Guaranteed company	Financial institutions	Won (mil) US\$ (tho)
Payment guarantee	Foreign currency loan	KEPCO International Hong Kong Ltd.	Nippon Life Insurance	US\$ 8
		"	Norinchukin Bank	3
		"	Korea Development Bank	4
		KEPCO International Philippines Inc.	Korea Development Bank	US\$16
Joint liability on guarantee(*)	Spin-off of power generation subsidiaries	six power generation subsidiaries	Korea Development Bank and others	W2,12

(*) The Company has the joint and several responsibilities with the subsidiaries to repay those debts, which were transferred and outstanding at the time of spin-off on April 2, 2001, under the Commercial Code of the

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Republic of Korea. The balance of the power generation subsidiaries' debts for which the Company has those joint and several responsibilities as of March 31, 2004 is W2,122,167 million.

KEPCO Ilijan Corporation, which is the subsidiary of KEPCO International Philippines Inc., is engaged in the power generation business in the Philippines and borrowed US\$ 393,459 thousand as project financing from Japan Bank of International Cooperation and others for that business. The Company has provided Japan Bank of International Cooperation and others with the guarantees for performance of the power generation business of KEPCO Ilijan Corporation as well as with the partial guarantees for the repayment of that borrowing.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(26) Transactions and Balances with Related Companies, Continued

(e) The guarantees provided by related companies as of March 31, 2004 are as follows:

Won (millions), USD, JPY, EUR and GBP (thous					
Type	Related party	Currency	Guaranteed amounts	Type of borrowings	Balance borrowing March, 2004
Payment guarantee (*1)	Korea Development bank	USD	151,263	Commercial borrowings	USD 1
		USD	2,199,683	Foreign currency bond	USD 1,7
		JPY	118,760,453	"	JPY 115,0
		EUR	26,635	"	EUR
		GBP	32,786	"	GBP
Joint liability on guarantee (*2)	six power generation subsidiaries	KRW	128,037	Long-term debts	KRW 1

(*1) Korea Development Bank has also provided the repayment guarantee for some of foreign currency debentures of the Company, which existed at the time of spin-off, but not redeemed as of March 31, 2004, instead of the collective responsibilities of the power generation subsidiaries to facilitate the Restructuring Plan.

(*2) As described note 26(d), the balance of the Company's borrowings for which six power generation subsidiaries have the joint and several responsibilities is W128,037 million as of March 31, 2004.

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(27) Commitments and Contingencies

The Company is engaged in 221 lawsuits as a defendant and 34 lawsuits as a plaintiff. The total amount claimed against the Company is W96,496 million and the total amount claimed by the Company is W10,423 million as of March 31, 2004. The outcome of these lawsuits cannot presently be determined.

Five banks including the National Agricultural Cooperative Federation have provided the Company a credit (overdraft) line amounting to W245,000 million as of March 31, 2004.

The Company entered into a turnkey contract with the Korea Peninsula Energy Development Organization (KEDO) on December 15, 1999, to construct two 1,000,000 KW-class pressurized light-water reactor units in North Korea. The contract amount is US\$ 4,182 million and subject to adjustment to cover any changes in the price level. The construction projects have been temporarily suspended from December 1, 2003 due to the political environments surrounding the Korean peninsula.

The Company entered into the Power Purchase Agreement with LG Energy Co., Ltd. and other independent power producers for power purchases in accordance with the Electricity Business Act and power purchased from these companies amounted to W251,684 million for the three-month period ended March 31, 2004.

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Korea Electric Power Corporation

Notes to Non-Consolidated Financial Statements

(Unaudited)

(28) Employee Welfare and Contributions to Society

For employee welfare, the Company maintains a refectory, an infirmary, athletic facilities, a scholarship fund, workmen's accident compensation insurance, unemployment insurance and medical insurance.

The Company donated W5,871 million and W1,715 million to the farming and fishing communities and others for the three-month periods ended March 31, 2004 and 2003, respectively.

(29) Economic Environment

In common with other Asian countries, the economic environment in the Republic of Korea continues to be volatile. In addition, the Korean government and the private sector continue to implement structural reforms to historical business practices including corporate governance. The Company may be either directly or indirectly affected by these economic conditions and the reform program described above. The accompanying financial statements reflect management's assessment of the impact to date of the economic environment on the financial position and results of operations of the Company. Actual results may differ materially from management's current assessment.

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SIGNATURES

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

KOREA ELECTRIC POWER CORPORATION

By: /s/ Lee, Do-Shik

Name: Lee, Do-Shik

Title: Chief Financial Officer

Date : June 4, 2004