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KOREA ELECTRIC POWER CORP
Form 6-K/A
December 10, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K/A

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the Month of December, 2002

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

167, Samsung-dong, Kangnam-ku, 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 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). In addition, this Report of Foreign Private Issuer on Form 6-K shall be deemed to be incorporated by reference into the registrant's Consent Solicitation Statement, dated November 14, 2002, relating to its solicitation of consents and proxies from the holders of its 6-3/8% Notes due 2003, 8-1/4% Notes due 2005, 7-3/4% Debentures due 2013, 6% Debentures due 2026, 7% Debentures due 2027, 6-3/4% Debentures due 2027, 7.40% Amortizing Debentures due 2016 and 7.95% Zero-to-Full Debentures due 2096, and to be a part thereof from the date on which this report is filed or furnished, to the extent not superseded by documents or reports subsequently filed or furnished.

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KOREA ELECTRIC POWER CORPORATION

NON-CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2002 AND 2001
TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors of
Korea Electric Power Corporation

We have reviewed the accompanying non-consolidated balance sheets of Korea Electric Power Corporation (the "Company") as of September 30, 2002 and 2001 and the related non-consolidated statements of income for the nine month periods then ended, all expressed in Korean won. 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 reviews.

We conducted our reviews in accordance with standards for independent accountants' review of semi-annual financial statements as established by the Securities and Futures Commission of the Republic of Korea applicable to review engagements. 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 is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements as of and for the nine month periods ended September 30, 2002 and 2001, for them to be in conformity with standards for preparing interim financial statements in the Republic of Korea.

The translated amounts in the accompanying financial statements have been translated into U.S. dollars, solely for the convenience of the reader, on the basis set forth in Note 2.

As we draw attention to Note 1, the operations of the Company may be directly or indirectly affected by the general unstable economic conditions in the Republic of Korea and the impact of the implementation of structural reforms.

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As discussed in Note 19, the Company spun off its power generation division on April 2, 2001, in accordance with the approval of the shareholders on March 16, 2001, which resulted in establishing six new power generation subsidiaries, Korea Hydro & Nuclear Power Co., Ltd., Korea South-East Power Co., Ltd., Korea Midland Power Co., Ltd., Korea Western Power Co., Ltd., Korea Southern Power Co., Ltd., and Korea East-West Power Co., Ltd. As of April 2, 2001, their combined assets and liabilities were won 35,131,773 million and won 17,646,157 million, respectively.

As discussed in Note 17, sales and purchases to and from related parties, including the six power generation subsidiaries, amounted to won 255,132 million and won 9,988,924 million, respectively, for the nine month period ended September 30, 2002 and won 204,009 million and won 7,352,761 million, respectively, for the nine month period ended September 30, 2001. Related receivables and payables amount to won 26,798 million and won 893,006 million, respectively, as of September 30, 2002 and won 103,128 million and won 1,140,493 million, respectively, as of September 30, 2001.

As discussed in Note 1, the Company will gradually privatize its power generation subsidiaries and distribution business by 2009, 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.

Accounting principles and review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. The Company's financial statements are prepared in accordance with the Korea Electric Power Corporation Act, the Accounting Regulations for Government Invested Enterprises as well as generally accepted accounting principles in 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, review standards and their application in practice as well as the Korea Electric Power Corporation Act and the Accounting Regulations for Government Invested Enterprises.

By:/s/ Anjin & Co.

Anjin & Co.

(A former member firm of Andersen Worldwide.
Anjin & Co. became an associate member firm of
Deloitte Touche Tohmatsu effective July 2, 2002.)

Seoul, Korea
November 1, 2002

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KOREA ELECTRIC POWER CORPORATION

NON-CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2002 AND 2001

(See Independent Accountants' Review Report)

ASSETS	Korean Won		U.S. Dollars
	2002	2001	
	(In millions)		
Property, Plant and Equipment (Notes 2, 3, 4, 10 and 17):			
Utility plant	won 32,997,615	won 28,909,217	\$ 26,000,000
Non-utility plant	-	36	
	32,997,615	28,909,253	26,000,000
Less: accumulated depreciation	(4,891,779)	(4,157,835)	(3,000,000)
Less: construction grants	(2,810,023)	(1,709,301)	(2,000,000)
	25,295,813	23,042,117	20,000,000
Construction-in-progress	2,745,019	3,738,975	2,000,000
	28,040,832	26,781,092	22,000,000
Investments and others:			
Investment securities (Note 5)	22,216,369	20,520,698	18,000,000
Long-term loans (Note 6)	129,596	119,806	
Currency and interest rate swaps (Note 12)	327,092	189,018	
Intangibles (Note 15)	79,330	45,476	
Other non-current assets (Note 11)	131,797	165,132	
	22,884,184	21,040,130	18,000,000
Current assets:			
Cash and cash equivalents (Note 11)	697,040	174,043	
Trade receivables, net of allowance for doubtful accounts of won 21,464 million in 2002 and won 21,506 million in 2001 (Notes 11 and 17)	1,378,555	1,633,295	1,000,000
Other account receivables, net of allowance for doubtful accounts of won 2,714 million in 2002 and won 2,675 million in 2001 (Note 11)	194,776	220,093	
Short-term financial instruments	79,000	120,398	
Short-term loans (Note 6)	8,074	5,695	
Inventories (Note 7)	60,145	54,043	
Prepayments	865	1,222	
Other current assets	112,808	234,602	
	2,531,263	2,443,391	2,000,000

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Total Assets	won 53,456,279	won 50,264,613	\$ 43,
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(continued)

KOREA ELECTRIC POWER CORPORATION
NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF SEPTEMBER 30, 2002 AND 2001
(See Independent Accountants' Review Report)

	Korean Won		
	2002	2001	20
	(In millions)		
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity (Notes 3, 5 and 8):			
Common stock	won 3,200,504	won 3,200,504	\$ 2
Capital surplus	14,311,357	14,300,265	11
Retained earnings			
Appropriated	15,351,474	13,924,600	12
Unappropriated (Net income of won 2,600,553 million in 2002 and won 1,643,797 million in 2001)	2,600,553	1,643,797	2
Capital adjustments:	44,328	172,686	
Total Shareholders' Equity	35,508,216	33,241,852	28
Long-term liabilities:			
Long-term debt (Note 9)	11,442,564	11,161,718	9
Accrued severance indemnities, net (Note 2)	210,449	107,048	
Reserve for self-insurance	77,522	73,535	
Currency and interest rate swaps (Note 12)	490,817	337,354	
Financing lease liabilities (Note 10)	6,154	9,740	
Deferred income tax liabilities (Note 16)	1,292,942	1,001,388	1
Other long-term liabilities	338,157	273,672	
	13,858,605	12,964,455	11
Current liabilities:			
Trade payables (Note 17)	998,307	1,198,455	
Other accounts payable	420,113	418,269	
Short-term borrowings (Note 9)	-	261,820	
Current portion of long-term debt (Note 9)	1,210,580	1,051,618	
Income tax payable	690,528	407,587	

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Accrued expenses	195,575	180,046	
Dividends payable	2,149	1,745	
Other current liabilities	572,206	538,766	
	-----	-----	
	4,089,458	4,058,306	3
	-----	-----	
Total Liabilities	17,948,063	17,022,761	14
	-----	-----	
Total Shareholders' Equity and Liabilities	won 53,456,279	won 50,264,613	\$ 43
	=====	=====	=====

See accompanying notes to non-consolidated financial statements.

KOREA ELECTRIC POWER CORPORATION

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

(See Independent Accountants' Review Report)

	Korean Won		U
	2002	2001	2
	-----		-----
	(In millions, except		(
	per share amounts)		
OPERATING REVENUES (Note 17):			
Sale of electricity	won 15,472,247	won 14,676,594	\$ 12
Other operating revenues	241,031	235,517	
	-----	-----	-----
	15,713,278	14,912,111	12
	-----	-----	-----
OPERATING EXPENSES			
(Notes 13, 14, 15, 17 and 18):			
Power generation, transmission and			
distribution expenses	2,295,850	4,945,878	1
Purchased power	10,602,076	6,981,738	8
Other operating costs	237,479	194,288	
Selling and administrative expenses	669,575	632,114	
	-----	-----	-----
	13,804,980	12,754,018	11
	-----	-----	-----
OPERATING INCOME	1,908,298	2,158,093	1
OTHER INCOME (EXPENSE)			
Interest income	17,073	21,864	
Interest expense	(455,716)	(671,988)	
Gain (loss) on foreign currency transactions and			

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translation, net	338,469	(181,319)	
Gain on valuation using the equity method of accounting (Note 5)	1,755,873	912,745	1
Donations	(65,889)	(6,206)	
Valuation gain (loss) on currency and interest rate swaps, net (Note 12)	54,192	(31,033)	
Gain on disposal of investment	-	98,767	
Other, net	139,423	72,732	
	-----	-----	-----
	1,783,425	215,562	1
	-----	-----	-----
ORDINARY INCOME/INCOME BEFORE INCOME TAX EXPENSE	3,691,723	2,373,655	3
INCOME TAX EXPENSE (Note 16):	1,091,170	729,858	
	-----	-----	-----
NET INCOME	won 2,600,553	won 1,643,797	\$ 2
	=====	=====	=====
ORDINARY INCOME PER SHARE (Note 2)	won 4,070	won 2,573	\$
	=====	=====	=====
EARNINGS PER SHARE (Note 2)	won 4,070	won 2,573	\$
	=====	=====	=====

See accompanying notes to non-consolidated financial statements.

KOREA ELECTRIC POWER CORPORATION.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2002 AND 2001

(See Independent Accountant's Review Report)

1. THE COMPANY:

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. The Company was given a government investment status on December 31, 1983 following the enactment of 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 September 30, 2002, the Government of the Republic of Korea and Korea Development Bank hold 32.35 percent and 21.57 percent of the Company's shares, respectively.

The Company spun off its power generation division on April 2, 2001, resulting in the establishment of six new power generation subsidiaries. The Company will gradually privatize its power generation subsidiaries and distribution business

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by 2009, 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.

In response to general unstable economic conditions, the Korean government and the private sector have been implementing structural reforms to historical business practices. Implementation of these reforms is progressing slowly, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The Company may be either directly or indirectly affected by these general unstable economic conditions and the reform program described above. The accompanying financial statements reflect management's assessment of the impact to date of the economic situation on the financial position of the Company. Actual results may differ materially from management's current assessment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with 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, the accompanying financial statements are intended for use by those who are informed about Korean accounting principles and practices, Korea Electric Power Corporation 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. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position and results of operations, is not presented in the accompanying financial statements.

-2-

The US dollar amounts presented in these financial statements were computed by translating the Korean won into US dollars based on the Bank of Korea Basic Rate of won 1,225.50 to US \$1.00 at September 30, 2002, solely for the convenience of the reader. This convenience translation into US dollars should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

The significant accounting policies followed by the Company in the preparation of its financial statements are summarized below.

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Property, Plant and Equipment

Property, plant and equipment are stated at cost, except for assets revalued upward in accordance with the KEPCO Act and the Assets Revaluation Law of Korea, net of depreciation. Expenditures that result in the enhancement of the value or extension of the useful life of the utility plants involved are capitalized as additions to property, plant and equipment. The Company capitalizes interest and other borrowing costs on debt issued to finance capital expenditures as part of the acquisition cost of major facilities and equipment. The amount of capitalized interest was won 52,790 million and won 354,705 million for the nine month periods ended September 30, 2002 and 2001, respectively, of which foreign currency transactions and translation gains deducted from the capitalized interest amounted to won 41,678 million and won 8,778 million, and foreign currency transactions and translation losses added to the capitalized interest amounted to won 2,931 million and won 100,524 million for the nine month periods ended September 30, 2002 and 2001, respectively.

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

	Years

Buildings	15, 30
Structures	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 financial statements as deductions from the assets acquired under such grants and are offset against depreciation expenses during the useful lives of the related assets. The Company received won 385,345 million and won 383,885 million of construction grants, and offset won 140,562 million and won 124,825 million against depreciation expenses for the nine month periods ended September 30, 2002 and 2001, respectively.

Accounting for Leases

Lease agreements that include a bargain purchase option, result in the transfer of ownership by the end of the lease term, have a term equal to at least 75 percent of the estimated economic life of the leased property or where the present value of the minimum lease payments at the beginning of the lease term equals or exceeds 90 percent of the fair value of the leased property are accounted for as financial or capital leases. All other leases are accounted for as operating leases. Assets and liabilities related to financial leases are recorded as property and equipment and long term debt, respectively, and the related interest is calculated using the effective interest rate method. In

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respect to operating leases, the future minimum lease payments are expensed ratably over the lease term while contingent rentals are expensed as incurred.

-3-

Valuation of Marketable Securities and Investment Securities

Marketable securities are recorded at purchase price cost plus incidental costs. However, if the fair value differs from the book value determined using the weighted average method, the securities are stated at fair value and the valuation gain or loss is reflected in current operations.

Investments in equity securities (excluding those accounted for using the equity method discussed in the next paragraph) that are not actively traded (unlisted security) are stated at acquisition cost, determined using the weighted average method. Actively quoted (listed) securities, including those traded over-the-counter, are stated at fair value, with valuation gain or loss reported as a capital adjustment within stockholders' equity. If the fair value of a listed equity security or the net equity value of an unlisted security held for investment declines compared to acquisition cost and is not expected to recover (impaired investment security), the carrying value of the equity security is adjusted to fair value or net equity value, with the resulting valuation loss charged to current operations. If the net equity value or fair value subsequently recovers, in the case of an unlisted security, the increase in value is recorded in current operations, up to the amount of the previously recognized impairment loss, and in the case of a listed security, the increase in value is accounted for as a valuation gain in capital adjustment within stockholders' equity.

Investments in equity securities of companies in which the Company is able to exercise significant influence over the operating and financial policies of the investees are accounted for using the equity method. The change in the Company's share of an investee's net equity resulting from a change in an investee's net equity is reflected in current operations, retained earnings, and capital adjustment in accordance with the causes of the change which consist of the investee's net income (loss), changes in retained earnings and changes in capital surplus and capital adjustments.

Investments in debt securities are classified as either held-to-maturity investment debt securities or available for sale investment debt securities at the time of purchase. Held-to-maturity investment debt securities are stated at acquisition cost, as determined using the weighted average method. When the face value of a held-to-maturity investment debt security differs from its acquisition cost, the effective interest method is applied to amortize the difference over the remaining term of the security. Available-for-sale investment debt securities are stated at fair value, with the resulting valuation gain or loss recorded as a capital adjustment. If the fair value of a held-to-maturity or an available-for-sale investment debt security declines compared to the acquisition cost and is not expected to recover (impaired investment security), the carrying value of the debt security is adjusted to fair value, with the resulting valuation gain or loss charged to current operations. If the fair value of the security subsequently recovers, in the case of a held-to maturity debt security, the increase in value is recorded in current operations, up to the amount of the previously recognized impairment loss, and in the case of an available-for-sale debt security, the increase in value is accounted for as a valuation gain in capital adjustment within

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stockholder' equity.

The lower of the acquisition cost of investments in the treasury stock funds and the fair value of treasury stock included in a fund is recorded as treasury stock in capital adjustment.

Intangibles

Intangible assets are stated at cost, net of accumulated amortization computed using the straight-line method over the estimated useful lives, from 4 years to 50 years, of related assets.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based on management's estimate of the collectibility of individual accounts and prior year collection experience.

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.

-4-

Discount on Debentures

Discounts on debentures issued are amortized over the redemption period of debentures using the effective interest rate method. Amortization of discounts is recognized as interest expense.

Accrued Severance Indemnities

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company, based on their length of service and rate of pay at the time of termination. The accrued severance indemnities that would be payable assuming all eligible employees were to resign are won 210,552 million and won 107,167 million as of September 30, 2002 and 2001, respectively. Actual severance payments were won 4,501 million and won 6,049 million for the nine month periods ended September 30, 2002 and 2001, respectively.

Before April 1999, the Company and its employees paid 3 percent and 6 percent, respectively, of monthly pay (as defined) to the National Pension Fund in accordance with the National Pension Law of Korea. The Company paid half of the employees' 6 percent portion and is paid back at the termination of service by offsetting the receivable against the severance payments. Such receivables, with a balance of won 103 million and won 119 million as of September 30, 2002 and 2001, respectively, are presented as a deduction from accrued severance benefits. Starting April 1999, the Company and its employees each pay 4.5 percent of monthly pay to the Fund under the revised National Pension Law of Korea.

During the first half of 2001, accrued severance indemnities of won 58,063

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million for the directors and employees who were transferred to the power generation subsidiaries were transferred to those subsidiaries.

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

Foreign Currency Transactions and Translation

The Company maintains its accounts in Korean won. Transactions in foreign currencies are recorded in Korean won based on the prevailing rates of exchange on the transaction date. Monetary assets and liabilities with balances denominated in foreign currencies are recorded and reported in the accompanying financial statements at the exchange rates prevailing at the balance sheet date. The balances have been translated using the Bank of Korea Basic Rate, which was won 1,225.50 and won 1,309.10 to US\$ 1.00 at September 30, 2002 and 2001, respectively. The translation gains or losses are reflected in current operations.

Accounting for Derivative Instruments

All derivative instruments are accounted for at fair value with the valuation gain or loss recorded as an asset or liability. If the derivative instrument is not part of a transaction qualifying as a hedge, the adjustment to fair value is reflected in current operations. The accounting for derivative transactions that are part of a qualified hedge based both on the purpose of the transaction and on meeting the specified criteria for hedge accounting, differs depending on whether the transaction is a fair value hedge or a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument designated as hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. The gain or loss both on the hedging derivative instruments and on the hedged item attributable to the hedged risk is reflected in current operations. Cash flow hedge accounting is applied to a derivative instrument designated as hedging the exposure to variability in expected future cash flows of an asset or a liability or a forecasted transaction that is attributable to a particular risk. The effective portion of gain or loss on a derivative instrument designated as a cash flow hedge is recorded as a capital adjustment and the ineffective portion is recorded in current operations. The effective portion of gain or loss recorded as a capital adjustment is reclassified to current earnings in the same period during which the hedged forecasted transaction affects earnings. If the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gain or loss in capital adjustment is added to or deducted from the asset or the liability.

-5-

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 Peoples Republic of Korea (North Korea), based on the percentage-of-completion method.

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Income Tax Expense

The Company recognizes deferred income taxes arising from temporary differences between pretax accounting income and taxable income. Accordingly, the provision for income tax expense consists of the corporate income tax and resident tax surcharges currently payable, and the changes in deferred income assets and liabilities during the period. However, deferred income tax assets are recognized only if the future tax benefits on accumulated temporary differences are realizable. The deferred income tax assets and liabilities will be charged or credited to income tax expense in the period each temporary difference reverses in the future. Deferred income taxes will be recalculated based on the actual tax rate in effect at each balance sheet date.

Ordinary Income Per Share and Earnings Per Share

Ordinary income per share and earnings per share are computed by dividing ordinary income and net income by the weighted average number of common shares outstanding during the period. The number of shares used in computing earnings and ordinary income per share is 639,011,053 shares and 638,980,151 shares for the nine month periods ended September 30, 2002 and 2001, respectively.

Earnings per share of the Company for the twelve month period ended December 31, 2001 was won 2,783.

3. PROPERTY, PLANT AND EQUIPMENT:

(1) Asset revaluation

The Company has 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). The gain from the asset revaluation was won 12,552,973 million.

(2) Publicly announced land prices

The published price of the Company's land as announced by the Korean Government is as follows (won in millions):

Purpose	Area (Square meters)	Book value	Land price
Transmission and distribution sites etc.	16,217,919	won 3,360,801	won 2,98

(3) Utility plant

Utility plant as of September 30, 2002 and 2001 is as follows (won in millions):

	2002	2001
Land	won 3,360,801	won 3,354,147
Buildings	1,982,619	1,779,071
Structures	21,655,543	19,134,995

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Machinery	5,729,685	4,422,790
Ships	266	266
Vehicles	50,935	47,282
Others	217,766	170,666
	-----	-----
	won 32,997,615	won 28,909,217
	=====	=====

-6-

4. INSURED ASSETS:

Insured assets as of September 30, 2002 are as follows (won in millions):

Insured assets	Insurance type	Insured value
-----	-----	-----
Buildings and machinery	Fire insurance	won 325,67
Buildings and machinery	Assemble insurance	768,81
Buildings	General insurance	147,18
Construction in progress	Construction insurance	141,40

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

5. INVESTMENT SECURITIES:

(1) Investment securities as of September 30, 2002 and 2001 are as follows (won in millions):

	2002	2001
	-----	-----
Listed securities	won -	won 94,5
Securities subject to equity method	22,118,691	20,365,2
Non-listed equity securities	88,763	60,5
Others	8,915	3
	-----	-----
	won 22,216,369	won 20,520,6
	=====	=====

(2) Listed securities as of September 30, 2001 were shares in Doosan Heavy Industries and Construction Co., Ltd. (Formerly Korea Heavy Industries & Construction Co., Ltd.), all of which were sold in 2001. As of September 30, 2001, the difference between book value and market value of won 47,295 million was recorded as capital adjustment.

(3) Securities subject to the equity method as of September 30, 2002 and

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2001 are as follows (won in millions):

Company name	2002			Ownership (%)	Acquisition cost	Value per equity method	Owne (
	Ownership (%)	Acquisition cost	Value per equity method				
Korea Hydro & Nuclear Power Co., Ltd.	100.0	won 9,364,799	won 10,475,676	100.0	1,232,004	1,613,585	10
Korea South-East Power Co., Ltd.	100.0	1,325,891	1,683,253	100.0	1,442,638	1,718,133	10
Korea Midland Power Co., Ltd.	100.0	1,797,378	1,942,383	100.0	2,322,905	2,367,458	10
Korea Western Power Co., Ltd.	100.0	4,991	43,208	97.9	6,000	228,729	9
Korea Southern Power Co., Ltd.	100.0	89,757	126,817	96.4	64,000	113,195	10
Korea East-West Power Co., Ltd.	96.4	94,500	660,645	24.5	16,300	41,390	10
Korea Power Engineering Co., Ltd.	97.9	5,660	144,113	26.1	671,215	742,091	8
Korea Plant Service & Engineering Co., Ltd.	100.0	15,102	114,037	100.0	103,610	103,978	10
KEPCO Nuclear Fuel Co., Ltd.	96.4	103,610	103,978	100.0	won 18,556,750	won 22,118,691	10
Korea Electric Data Network Co., Ltd.	100.0	16,300	41,390	100.0	16,300	41,390	10
Korea Electric Power Industrial Development, Ltd.	100.0	94,500	660,645	24.5	5,660	144,113	2
Korea Gas Corporation	24.5	5,660	144,113	26.1	671,215	742,091	8
Korea District Heating Co.	26.1	15,102	114,037	100.0	103,610	103,978	10
Powercomm Corporation	89.5	103,610	103,978	100.0	won 18,556,750	won 22,118,691	10
KEPCO International Hong Kong Ltd.	100.0	103,610	103,978	100.0	won 18,556,750	won 22,118,691	10
KEPCO International Philippines Inc.	100.0	103,610	103,978	100.0	won 18,556,750	won 22,118,691	10

-7-

If the difference between the cost of acquisition and the book value of the subsidiary is a positive goodwill, the difference is amortized using the straight-line method over five years from the year it was acquired, and if it is a negative goodwill, the difference related to the depreciable assets is amortized over the weighted average useful life of related assets from the year it was acquired and the difference related to the non-depreciable assets is amortized at the time assets are disposed of. Unrealized income from intercompany transactions is eliminated.

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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"), the Company applied the equity method for KEPCO International Hong Kong Ltd. and KEPCO International Philippines Inc., reflecting the changes in the net equity of KEPHILCO and KEILCO.

The Company recorded won 1,755,873 million and won 912,745 million as valuation gain using the equity method for the nine month periods ended September 30, 2002 and 2001, respectively, and won 71,198 million and won 166,745 million as capital adjustment as of September 30, 2002 and 2001, respectively.

- (4) Non-listed equity securities as of September 30, 2002 and 2001 are as follows (won in millions):

Company name	2002			2001
	Ownership (%)	Acquisition cost	Book value	Ownership (%)
Securities Market Stabilization Fund	7.56	won 37,407	won 37,407	7.16
Energy Savings Investment Cooperative	40.6	5,000	5,000	40.6
Korea Power Exchange	50.0	46,356	46,356	50.0
		won 88,763	won 88,763	
		=====	=====	

- (5) Other investments as of September 30, 2002 and 2001 are as follows (won in millions):

	2002	
	Face value	Book value
Government and municipal bonds	won 58	won 58
Investment securities in treasury stock fund	-	8,857
	won 58	won 8,915
	=====	=====

The Company entered into a treasury stock fund, composed of treasury stock and other investment securities. Investment securities other than treasury stock in the fund and its related losses on valuation of investment, which are recorded in capital adjustment, amount to won 8,857 million and won 5,567 million, respectively, as of September 30, 2002 and won 272 million and won 277 million, respectively, as of September 30, 2001.

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6. LOANS TO EMPLOYEES:

The Company has provided housing and tuition loans to employees as follows (won in million):

		2002		2001
Short-term loans	won	8,074	won	5,695
Long-term loans		129,596		119,806
	won	137,670	won	125,501

-8-

7. INVENTORIES:

Inventories as of September 30, 2002 and 2001 consist of the following (won in millions):

		2002		2001
Raw materials	won	1,410	won	1,370
Supplies		52,762		40,611
Other		5,973		12,062
	won	60,145	won	54,043

8. SHAREHOLDERS' EQUITY:

(1) Capital

The Company has 1,200,000,000 authorized shares of won 5,000 par value common stock, of which 640,100,876 shares are issued as of September 30, 2001.

(2) Capital Surplus

Capital surplus as of September 30, 2002 and 2001 is as follows (won in millions):

	2002		2001

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Paid-in capital in excess of par value	won	799,876	won	799,876
Reserves for asset revaluation		12,552,973		12,552,973
Other capital surplus		958,508		947,416
		-----		-----
	won	14,311,357	won	14,300,265
		=====		=====

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 won 12,552,973 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.

(3) Retained earnings

Appropriated retained earnings as of September 30, 2002 and 2001 consist of the following (won in millions):

	2002	2001
	-----	-----
Legal reserve	won 1,600,252	won 1,600,252
Reserve for business rationalization	31,900	30,900
Reserve for business expansion	8,556,873	7,390,999
Reserve for investment on social overhead capital	4,892,449	4,692,449
Reserve for research and human development	60,000	-
Voluntary reserve	210,000	210,000
	-----	-----
	won 15,351,474	won 13,924,600
	=====	=====

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. In accordance with the Tax Incentive Control Law, the amount of tax benefit associated with certain exemptions and tax credits must be appropriated as a reserve for business rationalization.

Prior to 1990, according to the KEPCO Act, at least 20 percent of net income in each fiscal year was required to be established as a reserve for business expansion until such reserve equals the common stock. Beginning in 1990, no percentage was specified in respect to this reserve and appropriations became optional.

The legal reserve and the reserve for business rationalization are not available for cash dividends; however, these reserves may be credited to paid-in capital or accumulated deficit by the resolution of the shareholders.

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The reserve for the investment on social overhead capital and research and human development is appropriated by the Company to avail itself of qualified tax credits to reduce corporate tax liabilities. This reserve is not available for cash dividends for a certain period defined in the Tax Incentive Control Law.

(4) Capital adjustments

Capital adjustments as of September 30, 2002 and 2001 are as follows (won in millions):

	2002	2001
	-----	-----
Treasury stock	won (21,303)	won (24,088)
Valuation loss on currency and interest rate swaps	-	(16,900)
Gain on valuation of investments	65,631	213,000
	-----	-----
	won 44,328	won 172,000
	=====	=====

The Company has shares held as treasury stock amounting to won 21,303 million (1,034,155 shares) and won 24,088 million (1,147,053 shares) as of September 30, 2002 and 2001, respectively, for the purpose of stock price stabilization. This treasury stock is included in the treasury stock fund.

9. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of September 30, 2002 and 2001 are as follows (won in millions):

Financial institution	Type	Annual interest rate (%)	2002
-----	-----	-----	-----
Sumitomo Bank	Bridge Loan	4.09	won -

(2) Long-term borrowings as of September 30, 2002 and 2001 are as follows (won in millions):

(a) Long-term borrowings denominated in Korean Won

Financial institution	Type	Annual interest rate (%)	2002
-----	-----	-----	-----
Korea Development Bank	Industrial facility	5.10~9.00	won 2,576,709
Kookmin Bank	General	6.48~6.84	96,190
Korea National Oil Development Corporation	"	9.00	375
Others	"	5.50~6.00	38

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	2,673,312	
Less: Current portion	(551,779)	

	won 2,121,533	won
	=====	=====

(b) Long-term borrowings denominated in foreign currency

Financial institution	Type	Annual interest rate (%)	2002
-----	-----	-----	-----
Japan Bank of International Cooperation	Commercial	2.27	won -
Barclays International Financial Services (Ireland) Ltd.	"	6M Libor-1.00	384,013
Kredit Anstalt Fur Wieder Aufbau	Facility	6.00	472
Asia Development Bank	"	6.00	1,785

			386,270
Less: Current portion			(93,014)

			won 293,256
			=====

-10-

(3) Debentures as of September 30, 2002 and 2001 are as follows (won in millions):

	Annual Interest rate (%)	2002
	-----	-----
Domestic debentures (Electricity bonds)	5.19~11.95	won 2,700,000
Foreign debentures	1.18~8.28	6,913,922

		9,613,922
Less: Current portion		(565,787)
Discount on debentures issued		(20,360)

		won 9,027,775
		=====

(4) Foreign currency debts, by currency, as of September 30, 2002 and 2001 are as follows (won in millions):

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	2002		2001	
	Foreign currency	Won equivalent	Foreign currency	Won equivalent
Short-term borrowings	-	won -	US\$ 200,000,000	
Long-term borrowings	US\$ 301,456,525 EUR 392,615	385,798 472	US\$ 314,437,282 JPY 92,038,852,176	
	-	386,270	DEM 1,743,887	
Debentures	US\$ 3,881,207,010 JPY 205,060,000,000 EUR 46,657,259 GBP 24,467,000	4,763,759 2,047,258 56,098 46,807	US\$ 3,562,492,790 JPY 180,060,000,000 DEM 42,000,000 EUR 25,183,000 ITL 148,995,000,000 GBP 24,467,000	
		6,913,922		
		won 7,300,192		

(5) Aggregate maturities of the Company's long-term debt as of September 30, 2002 are as follows (won in millions):

Year ended September 30	Local currency borrowings	Foreign currency borrowings	Electricity bonds	Foreign debentures	T
2003	won 551,779	won 93,014	won 55,000	won 510,787	won
2004	690,363	197,253	1,810,000	2,257,452	
2005	670,231	96,003	550,000	1,392,764	
2006	596,577	-	50,000	429,385	
2007	146,518	-	235,000	48,411	
Thereafter	17,844	-	-	2,275,123	
	won 2,673,312	won 386,270	won 2,700,000	won 6,913,922	won

10. LEASES:

(1) The Company entered into a financial lease agreement with Korea Development Leasing Corporation for certain computer systems, of which the acquisition cost is won 31,460 million and won 16,379 million as of September 30, 2002 and 2001, respectively. Depreciation of the leased assets amounted to won 8,739 million and won 3,209 million for the nine month periods ended September 30, 2002 and 2001, respectively.

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-11-

- (2) Annual payments under these financial lease agreements as of September 30, 2002 are as follows (won in millions):

Year ending September 30 -----	Amount -----
2003	won 9,385
2004	5,523
2005	961
Thereafter	396

	16,265
Less: Interest	(726)
Current portion	(9,385)

	won 6,154
	=====

11. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

There are no significant liabilities denominated in foreign currency other than those mentioned in Note 9 and significant assets denominated in foreign currency as of September 30, 2002 and 2001 are as follows (won in millions):

Account -----	2002 -----		2001 -----	
	Foreign currencies	Equivalent Korean Won	Foreign currencies	Equivalent Korean
Cash and cash equivalents	US\$ 8,599,422	won 10,539	US\$ 79,162	won
Trade receivables	US\$ 16,112,256	19,746	US\$ 20,923,974	27,
Other account receivables	US\$ 572,436	702	US\$ 3,266,097	4,
Other non-current assets	US\$ 11,560	14	US\$ 11,560	
	JPY 5,859,783	59	JPY 5,859,783	
		-----		-----
		won 31,060		won 31,
		=====		=====

12. SWAP TRANSACTIONS:

- (1) Currency swap contracts as of September 30, 2002 are as follows (foreign currency in millions):

Contract Year	Settlement Year	Contract amounts in millions -----		Contract
		Pay	Receive	interest Pay (%) -----

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The Sumitomo Bank Ltd.	1995	2005	US\$ 286	JPY 27,000		7.68
The Fuji Bank, Ltd.	1995	2005	US\$ 149	JPY 14,425		Libor+0.155
Canadian Imperial Bank of Commerce	1996	2006	US\$ 97	JPY 9,865		Libor+0.13
J.P. Morgan Securities Ltd.	1996	2006	US\$ 200	JPY 20,723		Libor+0.14
Union Bank of Switzerland	1997	2007	US\$ 244	GBP 150		6.686
Union Bank of Switzerland	1997	2004	US\$ 30	JPY 3,360		Max[Libor+0.4, 6.33]
Union Bank of Switzerland	1997	2002	JPY 10,244	DEM 150		2.00
Union Bank of Switzerland	1997	2007	JPY 9,895	GBP 50		2.00
Bankers Trust Co.	1998	2004	JPY 1,705	US\$ 55		6.41
			DEM 25			
			CHF 20			
			CAD 20			
Bankers Trust Co.	1998	2004	JPY 2,945	US\$ 95		6.36
			DEM 43			
			CHF 35			
			CAD 34			
Union Bank of Switzerland	1998	2003	JPY 12,150	US\$ 100		4.00
J.P. Morgan Securities Ltd.						
Deutsche	2002	2009	US\$ 650	JPY 76,700		4.25

-12-

(2) Interest rate swap contracts as of September 30, 2001 are as follows:

	Notional amount in millions	Contract interest rate per annum	
		Pay (%)	Receive (%)
Lehman Brothers Special Financing, Inc.	US\$ 150	Libor+0.25	6.375
J.P. Morgan Securities Ltd.	US\$ 149	6.91	Libor+0.155
Hanvit Bank	US\$ 150	6.10	Libor+0.25
Korea Development Bank	US\$ 97	Min(Libor+0.13, 6.50)	Libor+0.13
Union Bank of Switzerland	US\$ 70	Max(Libor+0.40, 6.33)	Libor+0.31
Barclays Bank PLC, London	US\$ 300	6M Libor-1	Libor+0.45
Shinhan Bank	US\$ 100	6.50	6.75
Shinhan Bank	US\$ 95	5.80	6M Libor+0.1
Shinhan Bank	US\$ 55	5.80	6M Libor+0.1
Bankers Trust Co.	US\$ 55	6.87	-
	JPY 1,705	-	6.41
	DEM 25	-	6.41
	CHF 20	-	6.41
	CAD 20	-	6.41
Bankers Trust Co.	US\$ 95	6.93	-
	JPY 2,945	-	6.36
	DEM 43	-	6.36
	CHF 35	-	6.36
	CAD 34	-	6.36

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Bankers Trust Co.	US\$ 100	Max(6.074-Libor, 0)	Max(Libor-6.074,
Bankers Trust Co.	US\$ 100	Max(Libor-6.074, 0)	Max(6.074-Libor,

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

- (3) The gains and losses on swap transactions for the nine month periods ended September 30, 2002 and 2001 are as follows (won in millions):

	Other income (expense)	
	2002	2001
	-----	-----
Currency swap		
Gains	won 89,859	won 52,648
Losses	(16,559)	(71,179)
Interest rate swap		
Gains	6,666	17,399
Losses	(25,774)	(29,901)
	-----	-----
	won 54,192	won (31,033)
	=====	=====

-13-

13. POWER GENERATION, TRANSMISSION AND DISTRIBUTION EXPENSES:

Power generation, transmission and distribution expenses for the nine month periods ended September 30, 2002 and 2001 are as follows (won in millions):

	2002	2001
	-----	-----
Material expenses:		
Coal	won -	won 367,131
Oil	7,155	314,652
LNG	-	569,010
Others	-	143,913
	-----	-----
	7,155	1,394,706
Amortization of Nuclear fuel	-	129,641
Labor expenses:		
Salaries	342,769	393,134
Severance and retirement benefits	43,587	34,570
	-----	-----
	386,356	427,704
Overhead expenses:		

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Employee benefits	36,210	49,609
Taxes and dues	7,027	22,447
Rent	16,320	14,749
Depreciation	1,034,866	1,721,206
Maintenance	488,477	721,683
Commission and consultation fees	35,534	62,747
Compensation expense	40,982	61,080
Ordinary development expenses	63,392	95,630
Reserve for decommissioning costs	-	140,574
Others	179,531	104,102
	-----	-----
	1,902,339	2,993,827
	-----	-----
won	2,295,850	won 4,945,878
	=====	=====

14. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the nine month periods ended September 30, 2002 and 2001 are as follows (won in millions):

	2002	2001
	-----	-----
Labor	won 253,428	won 196,305
Employee benefits	27,042	25,174
Taxes and dues	4,365	4,664
Rent	13,398	17,342
Depreciation	34,222	28,479
Maintenance	8,664	12,054
Commission and consultation fees	54,077	50,225
Ordinary development expenses	8,386	7,965
Collection expense	179,706	175,469
Promotion	13,325	42,877
Bad debts	12,039	3,587
Others	60,923	67,973
	-----	-----
won	669,575	won 632,114
	=====	=====

-14-

15. RESEARCH AND DEVELOPMENT EXPENDITURES:

Research and development expenditures of the Company for the nine month periods ended September 30, 2002 and 2001 are as follows (won in millions):

2002	2001
-----	-----

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Intangibles	won 2,243	won 15,402
Ordinary development expenses	71,778	103,595
	-----	-----
	won 74,021	won 118,997
	=====	=====

16. INCOME TAX EXPENSE:

(1) Income tax expense as of September 30, 2002 and 2001 is as follows (won in millions):

	2002	2001
	-----	-----
Income tax currently payable	won 812,722	won 535,288
Changes in deferred income taxes	278,448	194,570
	-----	-----
Income tax expense	won 1,091,170	won 729,858
	=====	=====

(2) Deferred income tax liabilities as of September 30, 2002 and 2001 are as follows (won in millions).

Year	Accumulated temporary differences	Tax rate (%)	Deferred income tax liabilities
----	-----	-----	-----
2002	won (4,353,340)	29.7	won (1,292,942)
2001	won (3,251,259)	30.8	won (1,001,388)

17. RELATED PARTY TRANSACTIONS:

(1) Transactions with related parties for the nine month periods ended September 30, 2002 and 2001 are as follows (won in millions):

Related party	Transaction	2002
-----	-----	-----
Sales and other income:		
Korea Hydro & Nuclear Power Co., Ltd.	Sales of electricity and others	won 91,98
Korea South-East Power Co., Ltd.	"	30,55
Korea Midland Power Co., Ltd.	"	15,34
Korea Western Power Co., Ltd.	"	20,13
Korea Southern Power Co., Ltd.	"	13,45
Korea East-West Power Co., Ltd.	"	29,41
Others	"	54,24

		won 255,13
		=====

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Purchases and others:

Korea Hydro & Nuclear Power Co., Ltd.	Purchase of electricity and others	won 3,459,59
Korea South-East Power Co., Ltd.	"	1,050,38
Korea Midland Power Co., Ltd.	"	1,084,47
Korea Western Power Co., Ltd.	"	1,433,78
Korea Southern Power Co., Ltd.	"	1,351,96
Korea East-West Power Co., Ltd.	"	1,359,76
Korea Power Engineering Co., Inc.	Designing of the power plant	29,35
Korea Nuclear Fuel Co., Ltd.	Purchase of nuclear fuel	35
Korea Plant Service & Engineering Co., Ltd.	Utility plant maintenance	28,76
Korea Gas Corporation	Purchase of LNG	-
Korea Electric Data Network Co., Ltd.	Maintenance of computer system	84,79
Others		105,68

Total		won 9,988,92
		=====

-15-

- (2) Receivables arising from related parties transactions as of September 30, 2002 and 2001 are as follows (won in millions):

Related party	2002			
	Trade receivables	Others	Total	
Korea Hydro & Nuclear Power Co., Ltd.	won 7,997	won -	won 7,997	won
Korea South-East Power Co., Ltd.	2,178	452	2,630	
Korea Midland Power Co., Ltd.	-	484	484	
Korea Western Power Co., Ltd.	1,196	492	1,688	
Korea Southern Power Co., Ltd.	693	1,046	1,739	
Korea East-West Power Co., Ltd.	2,333	845	3,178	
Others	-	9,082	9,082	
	-----	-----	-----	-----
Total	won 14,397	won 12,401	won 26,798	won
	=====	=====	=====	=====

- (3) Payables arising from related parties transactions as of September 30, 2002 and 2001 are as follows (won in millions):

Related party	2002			
	Trade receivables	Others	Total	
Korea Hydro & Nuclear Power Co., Ltd.	won 294,884	won 1,515	won 296,399	won

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Korea South-East Power Co., Ltd.	84,203	93	84,296	
Korea Midland Power Co., Ltd.	124,786	94	124,880	
Korea Western Power Co., Ltd.	130,120	9	130,129	
Korea Southern Power Co., Ltd.	102,652	82	102,734	
Korea East-West Power Co., Ltd.	119,783	333	120,116	
Korea Power Engineering Co., Inc.	-	7,361	7,361	
Korea Plant Service & Engineering Co., Ltd.	-	6,197	6,197	
Others	295	20,599	20,984	
	-----	-----	-----	-----
Total	won 856,723	won 36,283	won 893,006	won
	=====	=====	=====	=====

18. CONTINGENT LIABILITIES:

- (1) The Company is engaged in 252 lawsuits as a defendant and 38 lawsuits as a plaintiff. The total amount claimed from the Company is won 100,985 million and the total amount claimed by the Company is won 104,393 million as of September 30, 2002. The outcome of these lawsuits cannot presently be determined. However, management believes that the ultimate disposition of those litigations will not have a materially adverse effect on the operations or financial position of the Company.
- (2) The Company's debts of won 17,646,157 million, including borrowings of won 13,825,884 million, were transferred to the power generation subsidiaries at the time of spin-off. The Company has the collective responsibility together with the subsidiaries to repay those debts, which were transferred and outstanding, under the Commercial Code of the Republic of Korea. Balance of debts among transferred total liabilities as of September 30, 2002 is won 7,512,625 million.
- (3) Debt repayment guarantees the Company has provided for its related parties in connection with the related parties' borrowings as of September 30, 2002 are as follows:

Loan type	Guaranteed company	Financial institutions
-----	-----	-----
Foreign	KEPCO International Hong Kong Ltd.	Nippon Life Insurance
currency loan	"	Norinchukin Bank
	"	Korea Development Bank
	KEPCO International Philippines Inc.	Korea Development Bank

-16-

- (4) 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\$ 449,672,139 from Japan

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Bank of International Cooperation and others for that business. The Company provided Japan Bank of International Cooperation and others with the guarantees for performance of the power generation business of KEPCO Ilijan Corporation.

- (5) The Company has provided 1 blank note to Korea Development Bank as collateral for the borrowings.
- (6) The Company was provided a credit (overdraft) line amounting to won 245,000 million by five banks including the National Agricultural Cooperative Federation as of September 30, 2002.
- (7) The Company entered into a turnkey contract with the Korea Peninsula Energy Development Organization (KEDO) on December 15, 1999, to construct two 1,000,000KW-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.
- (8) 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 those companies amounted to won 862,102 million for the nine month period ended September 30, 2002.

19. SPIN-OFF:

The Company spun off its power generation division during the first half of 2001 in accordance with the restructuring plan of the electricity industry in the Republic of Korea announced by the Ministry of Commerce, Industry and Energy on January 21, 1999.

- (1) The newly established power generation subsidiaries are primarily engaged in the sale of electricity to the Company through the Korea Power Exchange. Details of those subsidiaries are as follows:

Name of the subsidiaries	Major power plant
Korea Hydro & Nuclear Power Co., Ltd. (KHNP)	Hydroelectric power plant and nuclear in Gori and others
Korea South-East Power Co., Ltd. (KOSEPCO)	Thermoelectric power plant in Samchonpo
Korea Midland Power Co., Ltd. (KOMIPO)	Thermoelectric power plant in Boryung a
Korea Western Power Co., Ltd. (KOWEPCO)	Thermoelectric power plant in Tae-an an
Korea Southern Power Co., Ltd. (KOSPO)	Thermoelectric power plant in Hadong an
Korea East-West Power Co., Ltd. (KEWESPO)	Thermoelectric power plant in Dangjin a

(2) Details of the spin-off

- a) The Company spun off its power generation business as stipulated by the Commercial Code of the Republic of Korea.
- b) Registration date of spin off: April 2, 2001
- c) Date of resolution of shareholders: March 16, 2001
- d) Date of resolution of Board of Directors: February 24, 2001

(3) Assets and liabilities of the spun off division

a) Assets and liabilities of the spun off division as of date of spin off (won in million)

	KHNP	KOSEPCO	KOMIPO	KOWEPCO	KOSPO	KEWESP
Assets	won 18,791,413	won 2,490,720	won 2,662,209	won 2,904,046	won 3,627,985	won 4,655,000
Liabilities	9,426,614	1,258,716	1,336,317	1,461,408	1,830,607	2,332,000
Net assets	won 9,364,799	won 1,232,004	won 1,325,892	won 1,442,638	won 1,797,378	won 2,323,000

b) Assets and liabilities of the spun off division as of December 31, 2000 (won in million)

	KHNP	KOSEPCO	KOMIPO	KOWEPCO	KOSPO	KEWESP
Assets	won 17,433,479	won 2,688,953	won 2,209,503	won 2,943,194	won 3,507,340	won 4,696,000
Liabilities	9,231,779	1,469,853	1,234,789	1,542,594	1,819,240	2,463,000
Net assets	won 8,201,700	won 1,219,100	won 974,714	won 1,400,600	won 1,688,100	won 2,233,000

c) Result of operations of the spun off division (From January 1, 2001 to April 1, 2001) (won in million)

	KHNP	KOSEPCO	KOMIPO	KOWEPCO	KOSPO	KEWESP
Net sales	won 1,097,586	won 410,195	won 345,771	won 406,931	won 413,058	won 465,000
Cost of goods sold	875,074	360,346	280,101	380,139	401,384	442,000
Gross profit	won 222,512	won 49,849	won 65,670	won 26,792	won 11,674	won 23,000

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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/ Chung, Soo Eun

Name: Chung, Soo Eun
Title: Chief Financial Officer

Date: December 10, 2002