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KOREA ELECTRIC POWER CORP
Form 6-K
November 20, 2003

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 November, 2003

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 X 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 X
 ----- -----

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
AS OF SEPTEMBER 30, 2003 AND 2002
TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying non-consolidated balance sheet of Korea Electric Power Corporation (the "Company") as of September 30, 2003 and the related non-consolidated statements of income and cash flows for the three-month and nine-month periods ended September 30, 2003 and the non-consolidated statements of income for the three-month and nine-month periods ended September 30, 2002, 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 review.

We were furnished with the report of other accountants on their review of the financial statements of Korea Hydro & Nuclear Power Co., Ltd. and Korea South-East Power Co., Ltd.. The investments on these companies constituted 22.9 percent of the total non-consolidated assets as of September 30, 2003 and gain on valuation using the equity method constituted 29.0 percent of non-consolidated income before income tax for the nine-month period then ended.

We conducted our review in accordance with standards established by 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 of interim financial statements consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review and the reports of other accountants, we are not aware of any material modifications that should be made to such financial statements referred above, 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 in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2002, which is presented in this report, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein); and in our report dated February 7, 2003, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2002 is fairly stated, in all material respects, in relation to the non-consolidated balance sheet from which it has been derived.

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 discussed in Note 17, sales and purchases to and from related parties, including the six power generation subsidiaries, amounted to KRW263,574 million and KRW11,013,997 million, respectively, for the nine-month period ended September 30, 2003 and KRW255,132 million and KRW9,988,924 million, respectively, for the nine-month period ended September 30, 2002. Related receivables and payables amounted to KRW14,106 million and KRW966,465 million, respectively, as of September 30, 2003 and KRW31,954 million and KRW1,172,012 million, respectively, as of December 31, 2002.

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As discussed in Note 1, the Company has been considering the gradual privatization of the Company's power generation subsidiaries and distribution business, 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.

As discussed in Note 2, in 2003, the Company adopted Statements of Korean Accounting Standards ("SKAS") No. 2, 3, 4, 5, 6, 7, 8 and 9, which are effective from January 1, 2003. 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 financing cost, investments in securities and convertible securities. The prior year financial statements, which are presented for comparative purposes, were restated to conform to the provisions of those standards. 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 KRW511,350 million as of December 31, 2002.

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 and cash flows 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.

Anjin & Co.
(An Associate Member Firm of Deloitte Touche Tohmatsu)

Seoul, Korea
October 31, 2003

KOREA ELECTRIC POWER CORPORATION

NON-CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
(See Independent Accountants' Review Report)

Korean Won

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	2003	2002
	-----	-----
	(In millions)	
ASSETS		
Property, Plant and Equipment (Notes 3 and 5):		
Utility plant	KRW35,861,865	KRW34,432,036
Less: accumulated depreciation	(7,088,363)	(5,939,624)
construction grants	(2,595,336)	(2,321,138)
	-----	-----
	26,178,166	26,171,274
Construction in-progress	2,888,198	1,986,138
	-----	-----
	29,066,364	28,157,412
	-----	-----
Investments and others:		
Investment securities (Note 6)	23,570,646	22,239,278
Long-term loans (Note 7)	144,455	128,656
Long-term other account receivables	394,244	388,924
Currency and interest rate swaps (Note 13)	338,152	320,641
Intangibles (Note 4)	89,190	94,874
Other non-current assets (Note 12)	134,713	130,074
	-----	-----
	24,671,400	23,302,447
	-----	-----
Current assets:		
Cash and cash equivalents (Note 12)	779,954	610,056
Trade receivables, net of allowance for doubtful accounts of KRW26,693 million in 2003 and KRW21,588 million in 2002 (Notes 12 and 17)	1,474,444	1,400,411
Other account receivables, net of allowance for doubtful accounts of KRW 3,559 million in 2003 and KRW 3,007 million in 2002 (Notes 12 and 17)	215,686	228,101
Short-term financial instruments	79,000	79,000
Short-term loans (Note 7)	9,110	8,450
Inventories (Note 8)	69,867	65,217
Other current assets (Note 6)	122,264	94,519
	-----	-----
	2,750,325	2,485,754
	-----	-----
Total Assets	KRW56,488,089	KRW53,945,613
	=====	=====

(continued)

KOREA ELECTRIC POWER CORPORATION

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS OF SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
(See Independent Accountants' Review Report)

	Korean Won

	2003
	2002

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(In millions)

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity (Notes 6 and 9):

Common stock	KRW 3,200,504	KRW 3,200,504
Capital surplus	14,314,075	14,311,500
Retained earnings		
Appropriated	17,899,940	15,351,400
Unappropriated (Net income of KRW2,289,056 million for the nine-month period ended September 30, 2003 and KRW3,059,815 million for the year ended December 31, 2002)	2,289,056	3,059,815
Capital adjustments	(175,352)	35,700
Total Shareholders' Equity	37,528,223	35,959,000

Long-term liabilities:

Long-term debt (Note 10)	8,570,417	9,973,300
Accrued severance indemnities, net	281,697	226,600
Reserve for self insurance	81,882	82,500
Currency and interest rate swaps (Note 13)	355,749	468,900
Financial lease liabilities (Note 11)	934	4,900
Deferred income tax liabilities (Note 16)	1,635,660	1,354,100
Other long-term liabilities	322,533	325,500
	11,248,872	12,436,000

Current liabilities:

Trade payables (Note 17)	1,055,362	1,238,700
Other accounts payable (Note 17)	412,342	552,300
Current portion of long-term debt (Note 10)	4,856,599	2,454,700
Current portion of financial lease liabilities (Note 11)	5,610	8,500
Income tax payable	614,091	682,700
Accrued expenses	185,024	166,100
Dividends payable	1,743	2,100
Other current liabilities	580,223	445,000
	7,710,994	5,550,500
Total Liabilities	18,959,866	17,986,500
Total Shareholders' Equity and Liabilities	KRW56,488,089	KRW53,945,600

See accompanying notes to non-consolidated financial statements.

KOREA ELECTRIC POWER CORPORATION

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2003 AND 2002
(See Independent Accountants' Review Report)

Korean Wo

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	2003	
	----- Three-month -----	----- Nine-month -----
	(In millions, except p	
OPERATING REVENUES (Note 17):		
Sale of electricity	KRW6,033,825	KRW16,585,895
Other operating revenues	83,979	240,014
	-----	-----
	6,117,804	16,825,909
	-----	-----
OPERATING EXPENSES (Notes 14, 15, 17 and 19):		
Power generation, transmission, distribution	895,111	2,484,204
Purchased power	3,756,697	11,684,532
Other operating costs	83,287	238,692
Selling and administrative expenses	251,705	689,393
	-----	-----
	4,986,800	15,096,821
	-----	-----
OPERATING INCOME	1,131,004	1,729,088
OTHER INCOME (EXPENSES):		
Interest income	9,934	29,529
Interest expense	(170,934)	(475,110)
Gain (loss) on foreign currency transactions and translation, net	125,159	176,027
Donations	(67,658)	(75,192)
Rent	29,139	84,983
Gain on valuation using the equity method of accounting (Note 6)	606,488	1,857,795
Gain on disposal of investments, net (Note 6)	-	45,214
Gain (loss) on disposal of utility plant, net	483	(4,990)
Valuation gain (loss) on currency and interest rate swaps, net (Note 13)	(26,809)	(21,679)
Other, net (Note 18)	(138,204)	(92,518)
	-----	-----
	367,598	1,524,059
	-----	-----
ORDINARY INCOME	1,498,602	3,253,147
INCOME TAX EXPENSE (Note 16)	492,772	964,091
	-----	-----
NET INCOME	KRW1,005,830	KRW 2,289,056
	=====	=====
ORDINARY INCOME PER SHARE (Note 2)	KRW 1,598	KRW 3,630
	=====	=====
EARNINGS PER SHARE (Note 2)	KRW 1,598	KRW 3,630
	=====	=====

(continued)

KOREA ELECTRIC POWER CORPORATION

NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2003 AND 2002
(See Independent Accountants' Review Report)

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	Translation into U.S. Dollars	
	2003	
	Three-month	Nine-month
	(In thousands, except per share amounts)	
OPERATING REVENUES (Note 17):		
Sale of electricity	\$5,245,892	\$14,420,010
Other operating revenues	73,013	208,672
	-----	-----
	5,318,905	14,628,682
	-----	-----
OPERATING EXPENSES (Notes 14, 15, 17 and 19):		
Power generation, transmission, distribution	778,222	2,159,802
Purchased power	3,266,125	10,158,696
Other operating costs	72,411	207,522
Selling and administrative expenses	218,836	599,368
	-----	-----
	4,335,594	13,125,388
	-----	-----
OPERATING INCOME	983,311	1,503,294
OTHER INCOME (EXPENSES):		
Interest income	8,637	25,673
Interest expense	(148,612)	(413,067)
Gain (loss) on foreign currency transactions and translation, net	108,815	153,040
Donations	(58,823)	(65,373)
Rent	25,334	73,885
Gain on valuation using the equity method of accounting (Note 6)	527,289	1,615,194
Gain on disposal of investments, net (Note 6)	-	39,310
Gain (loss) on disposal of utility plant, net	420	(4,338)
Valuation gain (loss) on currency and interest rate swaps, net (Note 13)	(23,308)	(18,848)
Other, net	(120,156)	(80,437)
	-----	-----
	319,596	1,325,039
	-----	-----
ORDINARY INCOME	1,302,907	2,828,333
INCOME TAX EXPENSE (Note 16)	428,423	838,195
	-----	-----
NET INCOME	\$ 874,484	\$ 1,990,138
	=====	=====
ORDINARY INCOME PER SHARE (Note 2)	\$ 1.39	\$ 3.16
	=====	=====
EARNINGS PER SHARE (Note 2)	\$ 1.39	\$ 3.16
	=====	=====

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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 AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2003

(See Independent Accountants' Review Report)

	Korean Won		U
	Three-month	Nine-month	Three
	(In millions)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	KRW1,005,830	KRW2,289,056	\$ 87
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	395,802	1,156,390	34
Utility plant removal cost	53,966	144,857	4
Provision for severance and retirement benefits	27,958	58,366	2
Allowance for doubtful accounts	4,243	9,964	
Interest income, net	(3,126)	(9,417)	(
Gain on foreign currency translation, net	(125,527)	(181,319)	(10
Gain on valuation using the equity method of accounting	(606,488)	(1,857,796)	(52
Gain on disposal of investment, net	-	(45,214)	
Loss (gain) on disposal of utility plant, net	(483)	4,990	
Valuation gain on currency and interest rate swaps	26,809	21,679	2
Decrease in trade receivables	(165,409)	(84,099)	(14
Decrease (increase) in other account receivables	(6,031)	11,356	(
Decrease in inventories	20,197	45,706	1
Increase in other current assets	(29,317)	(78,947)	(2
Decrease in trade payables	(25,819)	(183,387)	(2
Decrease in other accounts payable	(112,462)	(140,008)	(9
Increase (decrease) in income tax payable	304,924	(68,685)	26
Increase in accrued expenses	15,886	18,880	1
Increase in other current liabilities	74,419	135,137	6
Increase in deferred income tax liabilities	133,262	281,532	11
Decrease in other long-term liabilities	(976)	(3,001)	
Payment of severance and retirement benefits	(1,289)	(5,662)	(
Payment of self-insurance	(129)	(655)	
Others	(5,433)	822	(
	980,807	1,520,545	85
Net cash provided by operating activities	980,807	1,520,545	85

(continued)

KOREA ELECTRIC POWER CORPORATION

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2003

(See Independent Accountants' Review Report)

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	Korean Won		U.
	Three-month	Nine-month	Three-m
(In millions)			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Disposal of utility plant	KRW 1,859	KRW 30,360	\$ 1,
Additions to utility plant	(654,164)	(2,629,864)	(568,
Receipt of construction grants	118,424	397,884	102,
Proceeds from disposal of investment securities	12,981	555,941	11,
Acquisition of investment securities	-	(12,750)	
Collection of long-term loans	1,344	3,733	1,
Increase of long-term loans	(11,782)	(26,526)	(10,
Acquisition of intangibles	(123)	(3,809)	(
Collection of short-term loans	2,119	6,334	1,
Decrease in other non-current assets	380	6,093	
Net cash used in investing activities	(528,962)	(1,672,604)	(459,
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	215,797	1,789,200	187,
Payment of long-term debt	(167,070)	(611,388)	(145,
Acquisition of treasury stock	-	(180,120)	
Cash dividends	(8)	(511,760)	
Other, net	(78,846)	(163,975)	(68,
Net cash provided by (used in) financing activities	(30,127)	321,957	(26,
NET INCREASE IN CASH AND CASH EQUIVALENTS	421,718	169,898	366,
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	358,236	610,056	311,
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	KRW 779,954	KRW 779,954	\$ 678,

See accompanying notes to non-consolidated financial statements.

KOREA ELECTRIC POWER CORPORATION.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 AND 2002

(See Independent Accountants' 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 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 September 30, 2003, the Government of the Republic of Korea, Korea

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Development Bank and foreign investors hold 32.35 percent, 21.57 percent and 28.46 percent, 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 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 current 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.

In 2003, the Company adopted Statements of Korean Accounting Standards ("SKAS") No 2, 3, 4, 5, 6, 7, 8 and 9, which are effective from January 1, 2003. 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 financing cost, investment in securities and convertible securities. The prior year financial statements, which are presented for comparative purposes, were restated to conform to the provisions of those standards. 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 KRW511,350 million as of December 31, 2002.

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The U.S. dollar amounts presented in these financial statements were computed by translating the Korean won into U.S. dollars based on the Bank of Korea Basic Rate of KRW1,150.20 to US \$1.00 at September 30, 2003, solely for the convenience of the reader. This convenience translation into U.S. 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 non-consolidated financial statements are summarized below.

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. Expenditures incurred after the acquisition of the property, plant and equipment that increases the future economic benefits beyond the property's most recently measured performance 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. For the nine-month periods ended September 30, 2003 and 2002, the amounts of capitalized interest was KRW55,556 million and KRW52,790 million, respectively, and net foreign currency transactions and translation gains deducted from the capitalized interest amounted to KRW38,747 million for the nine-month period ended September 30, 2002.

The impact on the Company's financial position as of and for the nine-month period ended September 30, 2003, if the interest and other borrowing costs were expensed instead of being capitalized, are shown below (won in millions).

	Construction in-progress -----	Total assets -----	Interest expense -----	Income before Income tax expense -----
Capitalized	KRW2,888,198	KRW56,488,089	KRW475,110	KRW3,253,147
Expensed	2,832,642	56,432,533	530,666	3,197,591
	-----	-----	-----	-----
	KRW 55,556	KRW 55,556	KRW(55,556)	KRW 55,556
	=====	=====	=====	=====

Depreciation is computed using the declining-balance method (straight-line method for buildings and structures) 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:

	Years -----
Buildings	15, 30
Structures	15, 30
Machinery	16
Ships	9
Vehicles	4
Others	4

-2-

The Company assesses any possible recognition of impairment loss when there is an indication that expected future economic benefits of a tangible asset is considerably less than its carrying amount as a result of technological obsolescence or rapid decline in market value. When it is determined that a tangible asset may have been impaired and that its estimated total future cash flows from continued use or disposal is less than its carrying amount, the carrying amount of a tangible asset is reduced to its recoverable amount and the difference is recognized as an impairment loss. If the recoverable amount of the impaired asset exceeds its carrying amount in subsequent reporting period, the amount equal to the excess is treated as reversal of the impairment loss; however, it cannot exceed the carrying amount that would have been determined had no impairment loss were recognized.

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 acquired under such grants and are offset against depreciation expense during the estimated useful lives of the related assets. The Company received KRW397,884 million of construction grants, and offset KRW93,170 million against depreciation expense and KRW30,516 million against utility plant removal cost for the nine-month period ended September 30, 2003.

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

Investment Securities other than those Accounted for Using the Equity Method

Classification of Securities

At acquisition, the Company classifies securities into one of the three categories: trading, held-to-maturity or available-for-sale. Trading securities are those that were acquired principally to generate profits from short-term fluctuations in prices. Held-to-maturity securities are those with fixed and determinable payments and fixed maturity that an enterprise has the positive intent and ability to hold to maturity. Available-for-sale securities are those not classified either as held-to-maturity or trading securities.

Valuation of Securities

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Securities are recognized initially at cost determined using the weighted average method. The cost includes the market value of the consideration given and incidental expenses. If the market price of the consideration given is not available, the market prices of the securities purchased are used as the basis for measurement. If neither the market prices of the consideration given nor those of the acquired securities are available, the acquisition cost is measured at the best estimates of its fair value.

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After initial recognition, held-to-maturity securities are valued at amortized cost. The difference between face value and acquisition cost is amortized over the remaining term of the security using the effective interest method. Trading securities are valued at fair value, with unrealized gains and losses reflected in current operations. Available-for-sale securities are also valued at fair value, with unrealized gains and losses reflected in capital adjustments, until the securities are sold or if the securities are determined to be impaired and the lump-sum cumulative amount of capital adjustments are reflected in current operations. However, available-for-sale equity securities that are not traded in an active market and whose fair values cannot be reliably estimated are accounted for at their acquisition cost. For those securities that are traded in an active market, fair values refers to those quoted market prices, which are measured as the closing price at the balance sheet date. The fair value of non-marketable debt securities are measured at the discounted future cash flows by using the discount rate that appropriately reflects the credit rating of issuing entity assessed by a publicly reliable independent credit rating agency. If application of such measurement method is not feasible, estimates of the fair values may be made using a reasonable valuation model or quoted market prices of similar debt securities issued by entities conducting similar business in similar industries.

Securities are evaluated at each balance sheet date to determine whether there is any objective evidence of impairment loss. When any such evidence exists, unless there is a clear counter-evidence that recognition of impairment is unnecessary, the Company estimates the recoverable amount of the impaired security and recognizes any impairment loss in current operations. The amount of impairment loss of the held-to-maturity security or non-marketable equity security is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount of held-to maturity security is the present value of expected future cash flows discounted at the securities' original effective interest rate. For available-for-sale debt or equity security stated at fair value, the amount of impairment loss to be recognized in the current period is determined by subtracting the amount of impairment loss of debt or equity security already recognized in prior period from the amount of amortized cost in excess of the recoverable amount for debt security or the amount of the acquisition cost in excess of the fair value for equity security. For non-marketable equity security accounted for at acquisition cost, the impairment loss is equal to the difference between the recoverable amount and the carrying amount.

If the realizable value subsequently recovers, in case of a security stated at fair value, the increase in value is recorded in current operation, up to the amount of the previously recognized impairment loss, while for the security stated at amortized cost or acquisition cost, the increase in value is recorded in current operation, so that its recovered value does not exceed what its amortized cost would be as of the recovery date if there had been no impairment loss.

If the intent and ability to hold the securities change, transferred securities are accounted for at fair value. In case held-to-maturity securities are reclassified into available-for-sale securities, unrealized gain or loss between the book value and fair value is reported in shareholders' equity as a capital

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adjustment. In case the available for sale securities are reclassified into held-to maturity securities, the unrealized gain or loss at the date of the transfer continues to be reported in shareholder's equity as a capital adjustment, but it is amortized over the remaining term of the security using the effective interest method.

Investment Securities Using the Equity Method

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.

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 20 years, of related assets.

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If the recoverable amount of an intangible asset becomes less than its carrying amount as a result of obsolescence, sharp decline in market value or other causes of impairment, the carrying amount of an intangible asset is reduced to its recoverable amount and the reduced amount is recognized as impairment loss. If the recoverable amount of a previously impaired intangible asset exceeds its carrying amount in subsequent periods, an amount equal to the excess shall be recorded as reversal of impairment loss; however, it cannot exceed the carrying amount that would have been determined had no impairment loss were recognized in prior years.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based on management's estimated loss on uncollectible 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 count at the end of year.

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

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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 KRW281,792 million and KRW226,708 million as of September 30, 2003 and December 31, 2002, respectively. Actual severance payments were KRW5,662 million and KRW4,522 million for the nine-month periods ended September 30, 2003 and 2002, 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 KRW95 million and KRW99 million as of September 30, 2003 and December 31, 2002, respectively, are presented as a deduction from accrued severance indemnities. 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.

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 KRW1,150.20 and KRW1,200.40 to US\$ 1.00 at September 30, 2003 and December 31, 2002, respectively. The translation gains or losses are reflected in current operations.

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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

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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.

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.

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 tax 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 (after deduction for tax effect) 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 629,305,456 shares and 639,055,699 shares for the three-month periods ended September 30, 2003 and 2002, respectively, and 630,659,327 shares and 639,011,053 shares for the nine-month periods ended September 30, 2003 and 2002, respectively.

Comparative Presentation

The Company does not present cash flows for the three-month and nine-month periods ended September 30, 2002 for comparative purposes in accordance with transitional provision of SKAS No. 2 - "Interim Financial Statements".

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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 KRW12,552,973 million.

(2) Publicly announced land prices

The published price of the Company's land as of September 30, 2003, as announced by the Korean Government, is as follows (won in millions):

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Purpose	Area (Square meters)	Book value	Land pr
Transmission and distribution sites and other	16,867,795	KRW3,315,403	KRW3,274

(3) Utility plant

Utility plant as of September 30, 2003 and December 31, 2002 is as follows
(won in millions):

	September 30, 2003	December 31, 2002
Land	KRW 3,315,403	KRW 3,321,378
Buildings	2,204,589	2,135,878
Structures	23,429,658	22,415,717
Machinery	6,607,129	6,266,774
Vehicles	52,955	55,334
Ships	252	266
Others	251,879	236,689
	-----	-----
	KRW35,861,865	KRW34,432,036
	=====	=====

(4) Changes in utility plant

Changes in cost of utility plant, accumulated depreciation and construction grants for the nine-month period ended September 30, 2003 are shown below
(won in millions):

<Cost >

	December 31, 2002	Increase		Decrease		Septemb 20
		Acquisition	Other	Disposal/ Reclassification	Other	
Land	KRW 3,321,378	KRW 25,870	KRW -	KRW 31,845	KRW-	KRW 3,3
Buildings	2,135,878	75,776	-	7,065	-	2,2
Structures	22,415,717	1,222,811	-	208,870	-	23,4
Machinery	6,266,774	397,176	-	56,821	-	6,6
Vehicles	55,334	1,713	-	4,092	-	
Ships	266	-	-	14	-	
Others	236,689	18,005	-	2,815	-	2
Construction in- progress	1,986,138	2,629,864	2,628	1,730,432	-	2,8
	-----	-----	-----	-----	-----	-----
	KRW36,418,174	KRW4,371,215	KRW2,628	KRW2,041,954	KRW-	KRW38,7
	=====	=====	=====	=====	=====	=====

<Accumulated depreciation >

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	December 31, 2002	Increase		Decrease		September 2003
		Depreciation	Other	Disposal	Other	
Buildings	KRW 344,790	KRW 80,948	KRW 8,770	KRW 1,602	KRW-	KRW 432,
Structures	2,984,483	536,457	20,302	27,340	-	3,513,
Machinery	2,371,808	493,184	54,290	32,732	-	2,886,
Vehicles	45,307	4,545	11	4,084	-	45,
Ships	196	14	-	10	-	
Others	193,040	18,441	279	2,734	-	209,
	KRW5,939,624	KRW1,133,589	KRW83,652	KRW68,502	KRW-	KRW7,088,

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<Construction grants >

	December 31, 2002	Increase		Decrease		Sept
		Received from customers	Other	Offset against depreciation	Offset against removal cost	
Construction grants	KRW2,321,138	KRW397,884	KRW-	KRW93,170	KRW30,516	KRW

4. INTANGIBLES:

(1) Intangibles as of September 30, 2003 are shown below (won in millions):

	Cost	Accumulated amortization	Impairment	Book value
Development cost	KRW 99,956	KRW 44,212	KRW-	KRW55,744
Others	119,739	86,293	-	33,446
	KRW219,695	KRW130,505	KRW-	KRW89,190

(2) Changes in intangibles for the nine-month period ended September 30, 2003 are shown below (won in millions):

December 31, 2002	Increase		Decrease		September 3 2003
	Merger	Other	Amortization	Other	

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Development cost	KRW63,659	KRW-	KRW 6,688	KRW14,603	KRW -	KRW55,744
Others	31,215	-	10,443	8,198	14	33,446
	-----	----	-----	-----	----	-----
	KRW94,874	KRW-	KRW17,131	KRW22,801	KRW14	KRW89,190
	=====	=====	=====	=====	=====	=====

(3) Ordinary development expenses for the three-month and nine-month periods ended September 30, 2003 and 2002 are as follows (won in millions):

	2003		2002	
	Three-month	Nine-month	Three-month	Nine-month
Ordinary development expenses	KRW36,469	KRW76,317	KRW31,931	KRW71,778

5. INSURED ASSETS:

Insured assets as of September 30, 2003 are as follows (won in millions):

Insured assets	Insurance type	Insured value	Insurer
Buildings and machinery	Fire insurance	KRW386,458	Samsung Fire Insurance Co
Buildings and machinery	Assemble insurance	365,312	LG Insurance Co., Ltd.
Buildings	General insurance	149,354	Samsung Fire Insurance Co
Construction in progress	Construction insurance	97,537	Hyundai Marine & Fire Ins

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, general insurance for movables, casualty insurance for its employees and compensation liability insurance for its directors.

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6. INVESTMENT SECURITIES:

(1) Investment securities as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

	September 30, 2003	December 31, 2002
Other current assets		
Held-to-maturity securities	KRW 5	KRW -
Investment securities		
Available-for-sale-securities	88,901	86,492
Held-to-maturity securities	37	55

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Securities subject to equity method	23,481,708	22,152,731
	-----	-----
	23,570,646	22,239,278
	-----	-----
	KRW23,570,651	KRW22,239,278
	=====	=====

Held-to-maturity securities are government and municipal bonds.

- (2) Available-for-sale securities as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

	September 30, 2003		
Company name	Ownership (%)	Acquisition cost	Book value
Securities Market Stabilization Fund	7.64	KRW 7,763	KRW 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.	-	1,364	121
Investment securities in treasury stock fund	-	22,244	13,411
		-----	-----
		KRW98,977	KRW88,901
		=====	=====

The Company entered into a treasury stock fund, composed of treasury stock and other investment securities and recorded other investment securities in available-for-sale securities. Losses on valuation of available for sale securities in the treasury stock fund, which are recorded in capital adjustment, amount to KRW8,833 million and KRW8,509 million as of September 30, 2003 and December 31, 2003, respectively.

Available-for-sales securities other than investment securities in treasury stock fund are non-marketable equity securities and stated at cost due to the lack of information to determine the fair value.

- (3) Securities subject to the equity method as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

	September 30, 2003			
Company name	Ownership (%)	Acquisition Cost	Net Asset Value	Book Value
Korea Hydro & Nuclear Power Co., Ltd.	100.0	KRW9,364,799	KRW11,034,301	KRW11,034,301
Korea South-East Power Co., Ltd.	100.0	1,232,004	1,918,093	1,918,093
Korea Midland Power Co., Ltd.	100.0	1,325,891	2,003,723	2,003,723
Korea Western Power Co., Ltd.	100.0	1,442,638	1,937,904	1,937,904
Korea Southern Power Co., Ltd.	100.0	1,797,378	2,060,232	2,060,232
Korea East-West Power Co., Ltd.	100.0	2,322,905	2,432,700	2,432,700
Korea Power Engineering Co., Ltd. (*)	97.9	4,991	185,300	61,723
Korea Plant Service & Engineering Co., Ltd. (*)	100.0	6,000	264,632	264,632

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September 30, 2003					
Company name	Ownership (%)	Acquisition Cost	Net asset Value	Book Value	Ow
KEPCO Nuclear Fuel Co., Ltd. (*)	96.4	89,757	155,455	141,094	
Korea Electric Power Data Network Co., Ltd. (*)	100.0	64,000	126,896	124,855	
Korea Electric Power Industrial Development, Ltd. (*)	49.0	7,987	20,974	20,974	
Korea Gas Corporation	24.5	94,500	703,179	703,179	
Korea District Heating Co. (*)	26.1	5,660	151,758	151,758	
Powercomm Corporation	43.1	323,470	366,815	366,815	
KEPCO International Hong Kong Ltd. (*)	100.0	15,102	147,273	147,273	
KEPCO International Philippines Inc. (*)	100.0	103,610	112,452	112,452	
		----- KRW18,200,692 =====	----- KRW23,621,687 =====	----- KRW23,481,708 =====	

(*) The Company used draft financial statements of Korea Power Engineering Co., Ltd., Korea Plant Service & Engineering Co., Ltd., KEPCO Nuclear Fuel Co., Ltd., Korea Electric Power Data Network Co., Ltd., Korea Electric Power Industrial Development, Ltd., Korea District Heating Co., KEPCO International Hong Kong Ltd. and KEPCO International Philippines Inc. for equity method valuation.

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. As of September 30, 2003, there are no positive or negative goodwill.

The Company eliminates the unrealized gains arising from the transactions with affiliates in equity method valuation. The eliminated gain arising from the transaction with Korea Power Engineering Co., Ltd, KEPCO Nuclear Fuel Co., Ltd. and Korea Electric Power Data Network Co., Ltd. amounted to KRW 123,577 million, KRW14,361 million and KRW2,041 million, respectively, as of September 30, 2003 and KRW119,475 million, KRW15,562 million and KRW2,401 million, respectively, as of December 31, 2002.

In 2003, the Company has disposed some of its investments in Korea Electric Power Industrial Development, Ltd., with the gain on disposal of investment of KRW44,104 million.

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

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changes in the net equity of KEPHILCO and KEILCO.

Details of valuation using the equity method for the nine-month period ended September 30, 2003 are as follows (won in millions):

Company name	December 31, 2002	Gain on valuation			
		1st quarter	2nd quarter	3rd quarter	Total
Korea Hydro & Nuclear Power Co., Ltd.	KRW10,577,527	KRW273,472	KRW162,500	KRW235,797	KRW671,769
Korea South-East Power Co., Ltd.	1,679,117	101,342	68,472	102,432	272,246
Korea Midland Power Co., Ltd.	1,781,127	104,872	92,632	70,977	268,481
Korea Western Power Co., Ltd.	1,772,973	64,345	68,740	73,552	206,637
Korea Southern Power Co., Ltd.	1,953,743	38,735	53,362	58,880	150,977
Korea East-West Power Co., Ltd.	2,373,207	34,682	25,519	33,609	93,810

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Company name	December 31, 2002	Gain on valuation				Tot
		1st quarter	2nd quarter	3rd quarter		
Korea Power Engineering Co., Ltd.	KRW 51,991	KRW 14,264	KRW 1,071	KRW 6,151	KRW	
Korea Plant Service & Engineering Co., Ltd.	238,947	7,977	19,864	6,844		
KEPCO Nuclear Fuel Co., Ltd.	134,538	2,575	2,937	2,971		
Korea Electric Power Data Network Co., Ltd.	118,075	2,777	4,903	3,524		
Korea Gas Corporation	690,705	50,560	5,418	(15,473)		
Korea District Heating Co.	147,898	7,528	(358)	(1,277)		
Powercomm Corporation	359,090	(4,665)	8,627	8,960		
Korea Electric Power Industrial Development, Ltd.	40,730	616	151	1,229		
KEPCO International Hong Kong Ltd.	124,808	5,242	22,860	12,317		
KEPCO International Philippines Inc.	108,255	5,815	4,472	5,995		
	KRW22,152,731	KRW710,137	KRW541,170	KRW606,488	KRW1,8	
	=====	=====	=====	=====	=====	

(*) Other changes are composed of acquisition (disposal) amounts of investment securities, dividends and the changes in investment securities in capital adjustments.

(4) Gain on valuation of investment, which are recorded in capital adjustment as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

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	September 30, 2003	December 31, 2002
	-----	-----
Valuation using the equity method	KRW29,802	KRW60,885
Valuation on available-for-sale securities	(8,833)	(8,509)
	-----	-----
	KRW20,969	KRW52,376
	=====	=====

7. LOANS TO EMPLOYEES:

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

	September 30, 2003	December 31, 2002
	-----	-----
Short-term loans	KRW 9,110	KRW 8,450
Long-term loans	144,455	128,656
	-----	-----
	KRW153,565	KRW137,106
	=====	=====

8. INVENTORIES:

Inventories as of September 30, 2003 and December 31, 2002 consist of the following (won in millions):

	September 30, 2003	December 31, 2002
	-----	-----
Raw materials	KRW 1,806	KRW 1,291
Supplies	61,599	57,169
Other	6,462	6,757
	-----	-----
	KRW69,867	KRW65,217
	=====	=====

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9. SHAREHOLDERS' EQUITY:

(1) Capital

The Company has 1,200,000,000 authorized shares of KRW5,000 par value common stock, of which 640,100,876 shares are issued as of September 30, 2003.

(2) Capital Surplus

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Capital surplus as of September 30, 2003 and December 31, 2002 is as follows (won in millions):

	September 30, 2003	December 31, 2002
	-----	-----
Paid-in capital in excess of par value	KRW 799,876	KRW 799,876
Reserves for asset revaluation	12,552,973	12,552,973
Other capital surplus	961,226	958,730
	-----	-----
	KRW14,314,075	KRW14,311,579
	=====	=====

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 KRW12,552,973 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, 2003 and December 31, 2002 consist of the following (won in millions):

	September 30, 2003	December 31, 2002
	-----	-----
Legal reserve	KRW 1,600,252	KRW 1,600,252
Reserve for business rationalization	31,900	31,900
Reserve for business expansion	10,925,339	8,556,873
Reserve for investment on social overhead capital	5,012,449	4,892,449
Reserve for research and human development	120,000	60,000
Voluntary reserve	210,000	210,000
	-----	-----
	KRW17,899,940	KRW15,351,474
	=====	=====

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.

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.

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 as defined in the Tax Incentive Control Law.

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- (4) Capital adjustments
Capital adjustments as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

	September 30, 2003	December 31, 2002
	-----	-----
Treasury stock	KRW(196,321)	KRW(16,669)
Gain on valuation of equity method securities	29,802	60,885
Loss on valuation of available-for-sale securities	(8,833)	(8,509)
	-----	-----
	KRW(175,352)	KRW 35,707
	=====	=====

The Company has shares held as treasury stock amounting to KRW196,321 million (10,748,355 shares) and KRW 16,669 million (913,375 shares) as of September 30, 2003 and December 31, 2002, respectively, for the purpose of stock price stabilization.

10. BORROWINGS AND DEBENTURES:

- (1) Long-term borrowings as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

Financial institution	Type	Annual interest rate (%)	September 30, 2003	Dece
-----	-----	-----	-----	-----
Local currency				
	Industrial			
Korea Development Bank	facility	4.50~9.00	KRW2,968,293	KRW2
Kookmin Bank	General	6.07~6.16	-	
Others	"	5.50~6.00	35	
			-----	-----
			2,968,328	2
Foreign currency				
Barclays International Financial Services (Ireland) Ltd.	Commercial	6M Libor-1.00	271,067	
Kredit Anstalt Fur Wieder Aufbau	Facility	6.00	-	
Asian Development Bank	"	6.00	1,027	
			-----	-----
			272,094	
			-----	-----
			3,240,422	3
Less: Current portion			(878,764)	
			-----	-----
			KRW2,361,658	KRW2
			=====	=====

- (2) Debentures as of September 30, 2003 and December 31, 2002 are as follows

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(won in millions):

	Annual interest rate (%)	September 30, 2002	Dece
Domestic debentures (Electricity bonds)	4.79~11.30	KRW 3,735,000	KRW 2
Foreign debentures	1.18~8.278	6,466,644	6
		10,201,644	9
Less: Current portion		(3,977,835)	(1
Discount on debentures issued		(15,050)	
		KRW 6,208,759	KRW 7
		=====	=====

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(3) Foreign currency debts, by currency, as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

	September 30, 2003		December 31, 2002	
	Foreign currencies	Won equivalent	Foreign currencies	Won
Long-term borrowings	US\$ 225,893,057	KRW 272,094	US\$ 301,179,115	KRW 143,104
		272,094		
Debentures	US\$ 3,979,875,632	4,585,068	US\$ 3,980,542,219	
	JPY175,060,000,000	1,801,262	JPY175,060,000,000	
	EUR 25,183,000	33,525	EUR 25,183,000	
	GBP 24,467,000	46,789	GBP 24,467,000	
		6,466,644		
		KRW6,738,738		
		=====		

(4) Aggregate maturities of the Company's long-term debt as of September 30, 2003 are as follows (won in millions):

Year ended September 30	Local currency borrowings	Foreign currency borrowings	Domestic debentures	Foreign debentures	Total
2004	KRW 697,026	KRW181,738	KRW1,810,000	KRW2,167,835	KRW 4,85
2005	769,797	90,356	550,000	1,271,995	2,68
2006	871,613	-	390,000	580,691	1,84

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2007	421,561	-	235,000	154,206	81
2008	192,312	-	630,000	1,036,644	1,85
Thereafter	16,019	-	120,000	1,255,273	1,39
	-----	-----	-----	-----	-----
	KRW2,968,328	KRW272,094	KRW3,735,000	KRW6,466,644	KRW13,44
	=====	=====	=====	=====	=====

11. 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 KRW33,870 million as of September 30, 2003. Depreciation of the leased assets amounted to KRW629 million for the nine-month period ended September 30, 2003
- (2) Annual payments under financial and operating lease agreements as of September 30, 2003 are as follows (won in millions):

Year ended September 30	Amount	
	Financial lease	Operating lease
2004	KRW 5,847	KRW2,513
2005	942	-
	-----	-----
	6,789	2,513
Less: Interest	(245)	-
Current portion	(5,610)	-
	-----	-----
	KRW 934	KRW2,513
	=====	=====

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12. FOREIGN CURRENCIES DENOMINATED ASSETS AND LIABILITIES:

There are no significant liabilities denominated in foreign currencies other than those mentioned in Note 10 and significant assets denominated in foreign currencies as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

Account	September 30, 2003		December 31, 2002	
	Foreign Currencies	Equivalent Korean Won	Foreign Currencies	Equivalent Korean Won
Cash and cash equivalents	US\$9,818,708	KRW11,293	US\$16,395,438	KRW19,681
Trade receivables	US\$3,396,137	3,906	US\$ 3,497,537	4,198
Other account receivables	US\$ 580,060	667	US\$ 644,263	773
Other non-current assets	US\$ 11,560	13	US\$ 11,560	14
"	JPY5,859,783	60	JPY 5,859,783	59
		=====		=====
		KRW15,939		KRW24,725

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13. SWAP TRANSACTIONS:

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

(1) Currency swap contracts as of September 30, 2003 are as follows (foreign currency in millions):

	Contract Year	Settlement Year	Contract amounts in millions		Contract Pay
			Pay	Receive	
The Sumitomo Bank Ltd.	1995	2005	US\$ 286	JPY27,000	7.6
The Fuji Bank Ltd.	1995	2005	US\$ 149	JPY14,500	Libor+
Canadian Imperial Bank of Commerce	1996	2006	US\$ 97	JPY10,000	Libor
J.P. Morgan Chase Bank	1996	2006	US\$ 200	JPY21,000	Libor
Deutsche Bank (formerly Bankers Trust Co.)	1998	2004	JPY 1,705 DEM 25 CHF 20 CAD 20	US\$ 55	6.4
Deutsche Bank (formerly Bankers Trust Co.)	1998	2004	JPY 2,945 DEM 43 CHF 35 CAD 34	US\$ 95	6.3
Union Bank of Switzerland	1998	2003	JPY12,150	US\$ 100	4.0
J.P. Morgan Chase Bank & Deutsche Bank(*)	2002	2007	JPY76,700	US\$ 650	1.1
Barclays Bank PLC, London	2002	2007	JPY30,400	US\$ 250	1.0

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

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(2) Interest rate swap contracts as of September 30, 2003 are as follows (foreign currency in millions):

	Notional amount in millions	Contract interest rate per annum	
		Pay (%)	Receive (%)
Lehman Brothers Special Financing Inc.	US\$ 150	Libor+0.25	6.375
Woori Bank (formerly Hanvit Bank)	US\$ 150	6.10	Libor+0.25
J.P. Morgan Securities Ltd.	US\$ 149	6.91	Libor+0.155
Korea Development Bank	US\$ 97	6.10	Libor+0.13
Barclays Bank PLC, London	US\$ 225	6M Libor-1	Libor+0.45
Shinhan Bank	US\$ 100	6.50	6.75

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Deutsche Bank (formerly Bankers Trust Co.)	US\$ 55	6.93	
	JPY1,705		6.41
	DEM 25		6.41
	CHF 20		6.41
	CAD 20		6.41
Deutsche Bank (formerly Bankers Trust Co.)	US\$ 95	6.87	
	JPY2,945		6.36
	DEM 43		6.36
	CHF 35		6.36
	CAD 34		6.36
Deutsche Bank (formerly Bankers Trust Co.)	US\$ 100	Max(6.074-Libor,0)	Max(Libor-6.074,0)
Deutsche Bank (formerly Bankers Trust Co.)	US\$ 100	Max(Libor-6.074,0)	Max(6.074-Libor,0)

(3) The gains and losses on swap transactions for the three-month and nine-month periods ended September 30, 2003 and 2002 are as follows (won in millions):

Other income (expense)	2003		2002	
	Three-month	Nine-month	Three-month	Nine-month
Currency swaps				
Gains	KRW 55,820	KRW 40,020	KRW 52,103	KRW89,859
Losses	(86,042)	(67,788)	(29,917)	(16,559)
Interest rate swaps				
Gains	10,844	16,055	561	6,666
Losses	(7,431)	(9,966)	(18,890)	(25,774)
	KRW(26,809)	KRW(21,679)	KRW 3,857	KRW54,192

14. POWER GENERATION, TRANSMISSION AND DISTRIBUTION EXPENSES:

Power generation, transmission and distribution expenses for the three-month and nine-month periods ended September 30, 2003 and 2002 are as follows (won in millions):

	2003		2002	
	Three-month	Nine-month	Three-month	Nine-month
Fuel	KRW 3,683	KRW 9,070	KRW 2,811	KRW 7,
Labor	138,170	385,314	164,013	386,
Employee benefits	16,701	52,472	12,186	36,
Taxes and dues	4,848	6,548	4,580	7,
Rent	4,605	17,512	3,593	16,
Depreciation and amortization	385,708	1,126,193	360,640	1,034,
Maintenance	204,625	544,439	180,731	488,
Commission and consultation fees	20,160	52,008	12,135	35,
Compensation expense	13,418	30,178	16,661	40,
Ordinary development expenses	32,464	65,995	34,498	63,

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Utility plant removal cost	53,960	144,850	42,921	128,
Others	16,769	49,625	21,234	50,
	-----	-----	-----	-----
	KRW895,111	KRW2,484,204	KRW856,003	KRW2,295,
	=====	=====	=====	=====

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15. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three-month and nine-month periods ended September 30, 2003 and 2002 are as follows (won in millions):

	2003		2002	
	Three-month	Nine-month	Three-month	Nine-month
	-----	-----	-----	-----
Labor	KRW87,970	KRW244,175	KRW107,275	
Employee benefits	11,530	36,364	8,587	
Taxes and dues	2,841	4,652	2,736	
Rent	2,838	11,120	4,148	
Depreciation and amortization	10,109	30,197	11,650	
Maintenance	3,910	9,369	3,557	
Commission and consultation fees	16,430	55,729	21,799	
Ordinary development expenses	4,005	10,294	4,062	
Collection expense	82,645	203,146	69,124	
Promotion	4,816	13,452	4,734	
Bad debts	4,243	9,964	3,271	
Communication	6,598	18,751	6,305	
Insurance	1,662	6,124	1,022	
Rewards	169	465	3,494	
Others	11,939	35,591	12,328	
	-----	-----	-----	-----
	KRW251,705	KRW689,393	KRW264,092	
	=====	=====	=====	=====

16. INCOME TAX EXPENSE:

(1) Income tax expense and effective tax rate for the three-month and nine-month periods ended September 30, 2003 and 2002 are as follows (won in millions):

	2003		2002	
	Three-month	Nine-month	Three-month	Nine-month
	-----	-----	-----	-----
Income tax currently payable	KRW359,510	KRW668,677	KRW298,326	KRW
Changes in deferred income taxes	133,262	295,414	87,744	
	-----	-----	-----	-----
Income tax expense	KRW492,772	KRW964,091	KRW386,070	KRW1
	=====	=====	=====	=====
Effective tax rate	32.8%	28.3%	29.6%	

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(2) Deferred income tax liabilities as of September 30, 2003 and December 31, 2002 are as follows (won in millions).

	September 30, 2003 -----	December 31, 2002 -----
Accumulated temporary differences	KRW(5,507,273)	KRW(4,559,354)
Tax rate (%)	29.7	29.7
	-----	-----
Deferred income tax liabilities	KRW(1,635,660) =====	KRW(1,354,128) =====

Accumulated temporary differences and deferred income tax liabilities as of December 31, 2002 were adjusted by KRW46,742 million and KRW13,882 million, respectively, based on the 2002 income tax return.

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17. RELATED PARTY TRANSACTIONS:

(1) Transactions with related parties for the three-month and nine-month periods ended September 30, 2003 and 2002 are as follows (won in millions):

Related party -----	Transaction -----	2003 -----	
		Three-month -----	Nine-month -----
Sales and other income:			
Korea Hydro & Nuclear Power Co., Ltd.	Sales of electricity and others	KRW 30,957	KRW 81,8
Korea South-East Power Co., Ltd.	"	11,795	28,9
Korea Midland Power Co., Ltd.	"	6,660	20,0
Korea Western Power Co., Ltd.	"	8,481	25,7
Korea Southern Power Co., Ltd.	"	5,784	14,3
Korea East-West Power Co., Ltd.	"	10,388	29,6
Others	"	23,456	62,9
		----- KRW 97,521 =====	----- KRW 263,5 =====
Purchases and others:			
Korea Hydro & Nuclear Power Co., Ltd.	Purchase of electricity and others	KRW1,308,735	KRW 3,725,8
Korea South-East Power Co., Ltd.	"	331,404	1,066,9
Korea Midland Power Co., Ltd.	"	373,132	1,341,9
Korea Western Power Co., Ltd.	"	494,295	1,547,0
Korea Southern Power Co., Ltd.	"	515,520	1,515,5
Korea East-West Power Co., Ltd.	"	392,413	1,402,6
Korea Power Engineering Co., Inc.	Designing of the power plant and others	46,983	125,9
Korea Plant Service & Engineering Co., Ltd.	Utility plant maintenance	9,838	30,4
Korea Electric Power Data Network Co., Ltd.	Maintenance of	42,026	140,1

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	computer system Commissions for service and others	31,119	117,6
Others		----- KRW3,545,465 =====	----- KRW11,013,9 =====

(2) Receivables arising from related parties transactions as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

Related party	September 30, 2003			December 31, 2002
	Trade receivables	Other account receivables and other	Total	Total
Korea Hydro & Nuclear Power Co., Ltd.	KRW -	KRW 270	KRW 270	KRW 8,000
Korea South-East Power Co., Ltd.	891	332	1,223	3,000
Korea Midland Power Co., Ltd.	1,261	556	1,817	3,000
Korea Western Power Co., Ltd.	2,699	165	2,864	3,000
Korea Southern Power Co., Ltd.	1,219	280	1,499	1,000
Korea East-West Power Co., Ltd.	3,043	232	3,275	4,000
Others	-	3,158	3,158	10,000
	----- KRW9,113 =====	----- KRW4,993 =====	----- KRW14,106 =====	----- KRW31,000 =====

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(3) Payables arising from related parties transactions as of September 30, 2003 and December 31, 2002 are as follows (won in millions):

Related party	September 30, 2003		
	Trade payables	Other account payables and other	Total
Korea Hydro & Nuclear Power Co., Ltd.	KRW341,593	KRW -	KRW341,593
Korea South-East Power Co., Ltd.	92,415	111	92,526
Korea Midland Power Co., Ltd.	98,471	179	98,650
Korea Western Power Co., Ltd.	123,376	58	123,434
Korea Southern Power Co., Ltd.	142,118	57	142,175
Korea East-West Power Co., Ltd.	118,657	282	118,939
Korea Power Engineering Co., Inc.	-	7,720	7,720
Korea Plant Service & Engineering Co., Ltd.	-	5,779	5,779
Korea Electric Power Data Network Co., Ltd.	-	24,561	24,561
Others	2	11,086	11,088
	----- KRW916,632 =====	----- KRW49,833 =====	----- KRW966,465 =====

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18. ADDITIONAL PAYMENT OF INCOME TAX:

National Tax Service Seoul office has performed regular tax audit on the Company's tax filings for 1998 and 1999 fiscal year from June 16, 2003 through October 13, 2003. As a result, the Company is advised to pay 158,900 million won as additional income tax. The Company accounts for this amount in other expenses.

19. CONTINGENT LIABILITIES:

- (1) The Company is engaged in 208 lawsuits as a defendant and 42 lawsuits as a plaintiff. The total amount claimed from the Company is KRW83,061 million and the total amount claimed by the Company is KRW107,394 million as of September 30, 2003. 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 liabilities of KRW17,646,157 million, including borrowings of KRW13,825,884 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. The balance of borrowings subject to those collective responsibilities as of September 30, 2003 is KRW4,843,700 million (including the Company's borrowings of KRW1,151,655 million).
- (3) The Company has provided debt repayment guarantees for its related parties in connection with the related parties' borrowings as of September 30, 2003 as follows:

Loan type	Guaranteed company	Financial institutions	
Foreign currency loan	KEPCO International Hong Kong Ltd.	Nippon Life Insurance	US\$ 8
	"	Norinchukin Bank	3
	"	Korea Development Bank	1
	KEPCO Philippines Co.	Korea Development Bank	5
			US\$18
			=====

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- (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\$ 412,196,437 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 those borrowings.
- (5) Korea Development Bank has provided the repayment guarantees of US\$228,044,114 for the Company's commercial borrowings. In addition, Korea

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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 September 30, 2003, instead of the collective responsibilities of the power generation subsidiaries to facilitate the Restructuring Plan. Guarantee amounts by currency are as follows.

	USD -----	JPY -----	EUR -----	GBP -----
Guaranteed amounts	2,258,120,252	44,432,400,000	26,634,989	32,785,780

- (6) Five banks including the National Agricultural Cooperative Federation has provided the Company a credit (overdraft) line amounting to KRW245,000 million as of September 30, 2003.
- (7) The Company entered into a turnkey contract with the Korea Peninsula Energy Development Organization (KEDO) on December 15, 1999, to construct two 1,000,000 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.
- (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 KRW849,595 million for the nine-month period ended September 30, 2003.

20. STATEMENT OF CASH FLOWS:

Cash flows from operating activities were presented using the indirect method. Transactions not involving cash flows for the three-month and nine-month periods ended September 30, 2003 are as follows (won in millions):

	2003 -----	
	Three-month -----	Nine-month -----
Reclassification of long term loans to short-term loans	KRW 3,042	KRW 6,995
Reclassification of construction in-progress to utility plant	593,835	1,730,432
Reclassification of debentures to current portion	938,988	2,415,420
Reclassification of long-term borrowings to current portion	193,136	634,228

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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.

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KOREA ELECTRIC POWER CORPORATION

By: /s/ Myung-Whan Kim

Name: Myung-Whan Kim

Title: General Manager

Date: November 19, 2003