

KOREA ELECTRIC POWER CORP

Form 6-K

June 08, 2005

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the Month of June 2005

KOREA ELECTRIC POWER CORPORATION

(Translation of registrant's name into English)

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

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

Form 20-F Form 40-F

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

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

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

Yes No

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

TABLE OF CONTENTS

SIGNATURES

Table of Contents

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).

Table of Contents

KOREA ELECTRIC POWER CORPORATION

Non-consolidated Financial Statements

(Unaudited)

As of March 31, 2005 and 2004

(With Independent Accountants' Review Report Thereon)

Table of Contents

Independent Accountants' Review Report

Based on a report originally issued in Korean

The Board of Directors and Stockholders
Korea Electric Power Corporation:

We have reviewed the accompanying non-consolidated balance sheet of Korea Electric Power Corporation (the Company) as of March 31, 2005 and the related non-consolidated statements of income and cash flows for the three-month periods ended March 31, 2005 and 2004. 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 did not review the financial statements of Korea Southern Power Co., Ltd., whose total assets constituted 3.6% of the total non-consolidated assets as of March 31, 2005, and whose total income constituted 4.3% of non-consolidated income before income tax for the three-month period then ended. Also, we did not review the financial statements of Korea Southern Power Co., Ltd., Korea Midland Power Co., Ltd. and Korea South-East Power Co., Ltd., whose total income constituted 15.7% of non-consolidated income before income tax for the three-month period ended March 31, 2005. These financial statements were reviewed by other accountants whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for Korea Southern Power Co., Ltd., in 2005 and Korea Southern Power Co., Ltd., Korea Midland Power Co., Ltd. and Korea South-East Power Co., Ltd., in 2004 is based solely on the reports of the other accountants.

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

Based on our reviews and the reports of the other accountants, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with the Korea Electric Power Corporation Act, the Accounting Regulations for Government Invested Enterprises and accounting principles generally accepted in the Republic of Korea.

The accompanying non-consolidated balance sheet of the Company as of December 31, 2004 and the related statements of income, changes in stockholders' equity and cash flows for the year then ended, which are not accompanying this report were audited by us and our report thereon, dated February 4, 2005, expressed an unqualified opinion. The accompanying non-consolidated balance sheet of the Company as of December 31, 2004, presented for comparative purposes is not different from that audited by us in all material respects.

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

Table of Contents

Without qualifying our opinion, we draw attention to the following:

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

As discussed in note 27 to the non-consolidated financial statements, sales and purchases with related parties, including the six power generation subsidiaries, amounted to ₩96,402 million and ₩4,481,189 million, respectively, for the three-month period ended March 31, 2005. Related receivables and payables amounted to ₩37,375 million and ₩1,287,085 million, respectively, as of March 31, 2005. In addition, the Company is providing debt guarantees to its foreign subsidiaries in amounts not exceeding US\$252 million including KEPCO Ilijan Co.

The Company and its six power generation companies including Korea Hydro & Nuclear Power Co., Ltd. are jointly and severally liable for outstanding debts assumed by each company at the time of spin-off on April 2, 2001 under the Commercial Code of the Republic of Korea. As of March 31, 2005, the Company is providing joint and several liability guarantee for debts of its six power generation companies amounting to ₩246,147 million and the six power generation companies are providing such a guarantee for debts of the Company amounting to ₩74,808 million. In addition, the Korea Development Bank, one of the Company's major shareholders, is providing guarantees for some of the Company's foreign currency debt.

As discussed in notes 1(f) and 1(v) to the non-consolidated financial statements, effective January 1, 2005, the Company adopted Statement of Korea Accounting Standards (SKAS) No. 15 *Equity Method Accounting* and No. 16 *Income Taxes* . As allowed by these standards, prior year balances were not reclassified to conform with the current year presentation.

KPMG Samjong Accounting Corp.
Seoul, Korea
May 4, 2005

This report is effective as of May 4, 2005, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Table of Contents

Korea Electric Power Corporation

Non-consolidated Balance Sheets

March 31, 2005 and December 31, 2004

(Unaudited)

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

	Won		U.S. dollars (note 2)	
	2005	2004	2005	2004
Assets				
Property, plant and equipment (notes 1, 3, 5 and 17):	₩ 40,853,302	40,125,462	\$ 39,884,119	39,173,545
Less: accumulated depreciation	(9,550,124)	(9,107,944)	(9,323,560)	(8,891,872)
Less: construction grants	(3,261,114)	(3,182,366)	(3,183,749)	(3,106,869)
	28,042,064	27,835,152	27,376,810	27,174,804
Construction in-progress	2,330,748	2,110,396	2,275,454	2,060,330
	30,372,812	29,945,548	29,652,264	29,235,134
Investments and other assets:				
Investment securities (note 6)	25,662,541	25,462,887	25,053,735	24,858,818
Long-term loans (note 7)	175,863	163,525	171,691	159,646
Long-term other accounts receivable	88	88	86	86
Currency and interest rate swaps (note 22)	386,547	312,611	377,377	305,195
Intangible assets (note 4)	229,174	233,016	223,737	227,488
Other non-current assets (notes 8 and 18)	150,616	148,070	147,043	144,557
	26,604,829	26,320,197	25,973,669	25,695,790
Current assets:				
Cash and cash equivalents (notes 9 and 18)	443,197	445,863	432,683	435,286
Trade receivables, less allowance for doubtful accounts of ₩ 34,474 in 2005 and ₩ 33,810 in 2004 (note 27)	1,639,546	1,576,542	1,600,650	1,539,141
Other accounts receivable, less allowance for doubtful accounts of ₩19,818 in 2005 and ₩19,944 in 2004 and present value discount of ₩10,375 in 2005 and ₩14,125 in 2004 (notes 18, 20 and 27)	1,112,837	465,821	1,086,437	454,770
Short-term financial instruments (note 10)	46,000	46,000	44,909	44,909
Inventories (note 11)	68,026	70,484	66,412	68,812
Deferred income tax assets (note 25)	164,542		160,638	

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Other current assets (notes 7 and 12)	70,554	46,869	68,879	45,756
	3,544,702	2,651,579	3,460,608	2,588,674
Total assets	₩ 60,522,343	58,917,324	\$ 59,086,541	57,519,598

See accompanying notes to non-consolidated financial statements.

Table of Contents

Korea Electric Power Corporation

Non-consolidated Balance Sheets, Continued

March 31, 2005 and December 31, 2004

(Unaudited)

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

	Won		U.S. dollars (note 2)	
	2005	2004	2005	2004
Liabilities and Shareholders' Equity				
Stockholders' equity:				
Common stock of ₩ 5,000 par value Authorized - 1,200,000,000 shares Issued and outstanding - 640,748,573 shares in 2005 and 2004 (note 13)	₩ 3,203,743	3,203,743	\$ 3,127,739	3,127,739
Capital surplus (notes 3 and 13)	14,362,464	14,372,895	14,021,736	14,031,919
Retained earnings:				
Appropriated (note 14)	22,209,291	19,554,340	21,682,408	19,090,442
Unappropriated	1,126,499	3,379,107	1,099,774	3,298,943
Capital adjustments (note 15)	(210,376)	(233,151)	(205,385)	(227,620)
Total shareholders' equity	40,691,621	40,276,934	39,726,272	39,321,423
Long-term liabilities:				
Long-term borrowings (notes 17 and 27)	10,454,425	10,118,184	10,206,409	9,878,145
Accrual for retirement and severance benefits, net (note 19)	424,989	439,701	414,907	429,270
Reserve for self insurance	92,912	93,352	90,708	91,137
Currency and interest rate swaps (note 22)	144,862	158,060	141,425	154,310
Deferred income tax liabilities (note 25)	2,040,749	1,822,513	1,992,335	1,779,277
Other long-term liabilities	381,741	381,942	372,687	372,881
	13,539,678	13,013,752	13,218,471	12,705,020
Current liabilities:				
Trade payables (note 27)	1,347,323	1,377,976	1,315,360	1,345,286
Other accounts payable (notes 18 and 27)	385,368	506,049	376,226	494,044
Short-term borrowings (note 16)	487,729	200,172	476,158	195,423
Current portion of long-term borrowings (note 17)	2,154,440	2,198,443	2,103,329	2,146,288
Income tax payable	552,060	677,599	538,963	661,524
Accrued interest expense	97,305	95,858	94,997	93,584
Dividends payable	726,631	2,501	709,393	2,442
Other current liabilities (note 21)	540,188	568,040	527,372	554,564

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	6,291,044	5,626,638	6,141,798	5,493,155
Total liabilities	19,830,722	18,640,390	19,360,269	18,198,175
Commitments and contingencies (note 28)				
Total shareholders' equity and liabilities	₩ 60,522,343	58,917,324	\$ 59,086,541	57,519,598

See accompanying notes to non-consolidated financial statements.

Table of Contents

Korea Electric Power Corporation

Non-consolidated Statements of Income

For the three-month periods ended March 31, 2005 and 2004

(Unaudited)

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

	Won		U.S. dollars (note 2)	
	2005	2004	2005	2004
Operating revenues:				
Sale of electricity (note 27)	₩ 6,170,622	5,853,050	\$ 6,024,233	5,714,195
Other operating revenues (note 27)	26,912	13,149	26,274	12,837
	6,197,534	5,866,199	6,050,507	5,727,032
Operating expenses (notes 23, 24 and 27):				
Power generation, transmission and distribution costs	809,201	718,646	790,004	701,597
Purchased power	4,706,734	4,219,580	4,595,074	4,119,477
Other operating costs	27,335	11,952	26,687	11,668
Selling and administrative expenses	229,714	221,923	224,264	216,658
	5,772,984	5,172,101	5,636,029	5,049,400
Operating income	424,550	694,098	414,478	677,632
Other income (expense):				
Interest income	6,078	9,944	5,934	9,708
Interest expense	(121,786)	(152,256)	(118,897)	(148,644)
Gain on foreign currency transactions and translation, net	130,661	188,010	127,561	183,550
Donations (note 29)	(4,389)	(5,871)	(4,285)	(5,732)
Rental income	32,625	32,070	31,851	31,309
Equity income of affiliates, net (note 6)	822,000	703,449	802,499	686,761
Reversal of accrual for retirement and severance benefits	14,458		14,115	
Gain on disposal of investments		7,472		7,295
Gain on disposal of property, plant and equipment, net	5,003	490	4,884	478
Valuation gain on currency and interest rate swaps, net (note 22)	13,245	13,202	12,931	12,889
Refund (additional payment) of prior year's income tax, net	13,361	(21,353)	13,044	(20,847)
Other, net	14,402	15,202	14,060	14,842

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	925,658	790,359	903,697	771,609
Ordinary income	1,350,208	1,484,457	1,318,175	1,449,241
Income taxes (note 25)	(236,131)	(436,527)	(230,529)	(426,171)
Net income	₩ 1,114,077	1,047,930	\$ 1,087,646	1,023,070
Ordinary and basic earnings per share (note 26)	₩ 1,769	1,664	\$ 1.73	1.63
Diluted earnings per share (note 26)	₩ 1,743	1,639	\$ 1.70	1.60

See accompanying notes to non-consolidated financial statements.

Table of Contents

Korea Electric Power Corporation

Non-consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2005 and 2004

(Unaudited)

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

	Won		U.S. dollars (note 2)	
	2005	2004	2005	2004
Cash flows from operating activities:				
Net income	₩ 1,114,077	1,047,930	\$ 1,087,646	1,023,070
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	447,710	401,619	437,089	392,091
Property, plant and equipment removal cost	31,142	24,149	30,403	23,576
Provision for severance and retirement benefits		12,460		12,164
Reversal of accrual for severance and retirement benefits	(14,458)		(14,115)	
Bad debt expense	3,747	5,245	3,658	5,121
Interest income	(3,750)	(5,357)	(3,661)	(5,230)
Interest expense	3,503	4,381	3,420	4,277
Gain on foreign currency translation, net	(117,595)	(188,252)	(114,805)	(183,786)
Equity income of affiliates, net	(822,000)	(703,449)	(802,499)	(686,761)
Gain on disposal of investments		(7,472)		(7,295)
Gain on disposal of property, plant and equipment, net	(5,003)	(490)	(4,884)	(478)
Deferred income tax expense	63,726	186,437	62,214	182,014
Valuation gain on currency and interest rate swaps	(13,245)	(13,202)	(12,931)	(12,889)
Changes in assets and liabilities:				
Trade receivables	(66,751)	(4,461)	(65,167)	(4,355)
Other accounts receivable	1,314	31,782	1,283	31,028
Inventories	14,777	5,769	14,426	5,632
Other current assets	(109,237)	(30,341)	(106,646)	(29,620)
Trade payables	(30,654)	(34,647)	(29,927)	(33,825)
Other accounts payable	(120,682)	(247,970)	(117,819)	(242,087)
Income tax payable	(126,294)	191,455	(123,298)	186,913
Accrued interest expense	(7,624)	(4,865)	(7,443)	(4,750)
Other current liabilities	72,451	34,111	70,732	33,303
Other long-term liabilities	(200)	(25,301)	(195)	(24,701)
Payment of severance and retirement benefits	(254)	(1,932)	(248)	(1,886)
Payment of self-insurance	(440)	(180)	(430)	(176)
Other, net	(12,743)	(15,216)	(12,441)	(14,857)
Net cash provided by operating activities	₩ 301,517	662,203	\$ 294,362	646,493

See accompanying notes to non-consolidated financial statements.

Table of Contents

Korea Electric Power Corporation

Non-consolidated Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2005 and 2004

(Unaudited)

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

	Won		U.S. dollars (note 2)	
	2005	2004	2005	2004
Cash flows from investing activities:				
Proceeds from disposal of property, plant and equipment	₩ 12,417	1,036	\$ 12,122	1,011
Additions to property, plant and equipment	(1,048,119)	(554,880)	(1,023,254)	(541,716)
Receipt of construction grants	127,415	117,493	124,392	114,706
Proceeds from disposal of investment securities	5,526	5,214	5,395	5,090
Acquisition of investment securities	(2,783)	(23)	(2,717)	(22)
Collection of long-term loans	1,026	965	1,002	942
Increase in long-term loans	(15,935)	(12,843)	(15,557)	(12,538)
Acquisition of intangible assets	(1,208)	(172)	(1,179)	(168)
Collection of short-term loans	2,506	2,309	2,447	2,254
Decrease (increase) in other non-current assets	(2,555)	8,154	(2,494)	7,960
Net cash used in investing activities	(921,710)	(432,747)	(899,843)	(422,481)
Cash flows from financing activities:				
Proceeds from (repayment of) short-term borrowings, net	280,237	(16,245)	273,589	(15,860)
Proceeds from long-term debt	1,148,595	370,181	1,121,346	361,399
Repayment of long-term debt	(735,289)	(181,431)	(717,845)	(177,127)
Dividends paid	(26)	(13)	(25)	(13)
Payments under currency and interest rate swap contracts, net	(75,990)	(81,394)	(74,187)	(79,462)
Net cash provided by financing activities				