KOREA ELECTRIC POWER CORP
Form 6-K
June 03, 2013
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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 2013

Commission File Number: 001-13372

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- .

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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.

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QUARTERLY BUSINESS REPORT

(For the period from January 1, 2013 to March 31, 2013)

THIS IS A SUMMARY IN ENGLISH OF THE QUARTERLY BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE FINANCIAL SERVICES COMMISSION OF KOREA.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS. NON-MATERIAL OR PREVIOUSLY DISCLOSED INFORMATION IS OMITTED OR ABRIDGED.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED FOR USE IN KOREA, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

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I. Company Overview

1. Name of the company: Korea Electric Power Corporation (KEPCO)

2. Information of the company

(Address) 167, Samseong-dong, Gangnam-Gu, Seoul 135-791, Korea

(Phone number) 82-2-3456-4216

(Website) http://www.kepco.co.kr

3. Major Businesses

KEPCO, as the parent company, is engaged in the following activities:

- development of electric power resources;
- generation, transmission, transformation, distribution of electricity and other related business;
- research and technology development related to the businesses mentioned above;
- overseas business related to the businesses mentioned above;
- investment or contributions related to the businesses mentioned above;
- development and operation of real estate holdings; and
- other businesses entrusted by the government.

Businesses operated by KEPCO s major subsidiaries are as follows: nuclear power generation by Korea Hydro & Nuclear Power (KHNP), thermal power generation by Korea South-East Power (KOSEP), Korea Midland Power (KOMIPO), Korea Western Power (KOWEPO), Korea Southern Power (KOSPO) and Korea East-West Power (EWP), and other businesses including engineering service by KEPCO Engineering & Construction (KEPCO E&C), maintenance and repair of power plants by KEPCO Plant Service & Engineering (KEPCO KPS), nuclear fuel processing by KEPCO Nuclear Fuel (KEPCO NF), IT service by KEPCO KDN, and other businesses overseas and related investments.

4. Subsidiaries and affiliates of KEPCO (as of March 31, 2013)

Classification	Subsidiaries	Associates and joint ventures	Total
Domestic	16	44	60
Overseas	65	34	99
Total	**81**	**78**	**159**

5. Major changes in management

On February 6, 2013, Mr. Ryu, Chang-Moo resigned from his position as non-standing director of KEPCO.

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6. Changes in major shareholders

No changes in major shareholders for the past three years

7. Information regarding KEPCO shares

A. Issued share capital: Won 3.2 trillion (Authorized capital: Won 6 trillion)

B. Total number of issued shares: 641,964,077 (Total number of shares authorized for issuance: 1,200,000,000)

C. Dividend: No dividend payments in the past 3 years from 2010 to 2012

II. Business Overview

1. Segment Results

(In millions of Won, %)

	Jan. - Mar. 2013		Jan. - Mar. 2012	
	Sales	**Operating Income(Loss)**	**Sales**	**Operating Income(Loss)**
Electricity sales	13,632,974	-478,941	12,896,087	-2,129,137
Nuclear generation	2,011,717	553,932	1,936,556	482,400
Thermal generation	7,630,708	593,417	8,883,239	1,328,609
Others*	582,772	66,727	579,988	107,687
Sub Total	23,858,171	735,135	24,295,870	-210,441
Adjustment of related party transactions	-10,059,073	-77,366	-11,355,377	-31,333
Total	13,799,098	657,769	12,940,493	-241,774

* Others relate to 75 subsidiaries including KEPCO E&C, KEPCO KPS, KEPCO NF and KEPCO KDN.

ø Sales and operating income (loss) reflects amendments to Korean IFRS 1001 Presentation of Financial Statements and the reclassification of accounts receivable to non-current non-financial assets related to the fuel cost pass-through adjustment (FCPTA) system.

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2. Changes in unit prices of major products

(In Won per kWh)

Business Sector		Company	2013 Jan. - Mar.	2012 Jan. - Dec.
Electricity sold	Residential	KEPCO	129.75	123.69
	Commercial		122.47	112.50
	Educational		111.45	108.84
	Industrial		103.25	92.83
	Agricultural		44.46	42.90
	Street Lighting		101.68	98.89
	Overnight Usage		67.94	58.65
Electricity from nuclear generation	Nuclear Generation	KHNP	54.36	45.29
Electricity from thermal generation	Thermal Generation	KOSEP	75.33	75.43
		KOMIPO	104.84	108.16
		KOWEPO	105.18	109.69
		KOSPO	112.55	113.65
		EWP	100.06	106.38

3. Major contracts in 2013

(In millions of Won)

Party	Date of Contract	Nature of Contract	Contract Amount	Counterparty
KEPCO	2013.03.29	Maintenance of transmission lines	57,137	KEPCO KPS
KHNP	2013.02.25	Procurement of reactor vessel head for Kori Unit 2	54,406	Doosan Heavy Industries & Construction Co., Ltd
	2013.01.15	Maintenance of pumped-storage hydroelectric power units from 2013 to 2015	67,836	KEPCO KPS
KOSEP	2013.03.04	Procurement of electric precipitators for Yong Hung units 5,6	28,580	KC-Cottrell Co., Ltd
	2013.01.01	Operation of Yong Hung units 5,6 and Samchunpo fuel and refinery facilities	29,763	Korean Electronics Power Source Co., Ltd(KEPS)
KOMIPO	2013.02.25	Construction of Seoul combined cycle units 1,2	225,993	POSCO Engineering & Construction and others
	2013.01.30	Procurement of coal handling facilities for Shin-Boryeong units 1,2	183,327	Hyundai Rotem, Hyundai Emco Co., Ltd
KOWEPO	2013.03.04	Procurement of coal handling facilities for IGCC and Taean units 9,10	139,200	Hyundai Samho Heavy Industries Co., Ltd
EWP	2013.01.01	Maintenance of generation facilities for 2013	55,307	KEPCO KPS

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4. Intellectual property as of March 31, 2013

	Patents		Utility		Trademarks	
	Domestic	Overseas	model	Design	Domestic	Overseas
Number of registrations	4,111	410	834	136	349	53

III. Financial Information

1. Condensed consolidated financial results for the first three months of 2013

Consolidated Statements of Comprehensive Income (In billions of Won)				Consolidated Statements of Financial Position (In billions of Won)			
	2012 Jan. - Mar.	2013 Jan. - Mar.	Change (%)		As of Dec. 31, 2012	As of Mar. 31, 2013	Change (%)
Sales	12,941	13,799	6.6	Total Assets	146,153	149,322	2.2
Operating Income	-242	658	372.1	Total Liabilities	95,089	98,088	3.2
Net Income	-513	160	131.3	Total Equity	51,064	51,235	0.3

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2. Condensed separate financial results for the first three months of 2013

Separate Statements of Comprehensive Income
(In billions of Won)

	2012 Jan. - Mar.	2013 Jan. - Mar.	Change (%)
Sales	12,896	13,633	5.7
Operating Income	-2,129	-479	77.5
Net Income	-874	-17	98.1

Separate Statements of Financial Position
(In billions of Won)

	As of Dec. 31, 2012	As of Mar. 31, 2013	Change (%)
Assets	96,235	96,573	0.4
Liabilities	54,964	55,336	0.7
Equity	41,271	41,237	0.4

IV. Auditor s Opinion

1. Auditor s opinion on consolidated and separate financial statements for the first three months of 2013: **Unqualified**

- KPMG Samjong has been engaged as KEPCO s auditors for a term of three years from 2013 to 2015.

Jan. 1, 2013 - Mar. 31, 2013	Jan. 1, 2012 - Dec. 31, 2012	Jan. 1, 2011 - Dec. 31, 2011
KPMG Samjong Accounting Corp.	Deloitte Anjin LLC	Deloitte Anjin LLC

V. Board of Directors

1. Composition of board of directors: not more than 15 directors (with standing directors comprising less than the majority of the directors)

- The Audit committee consists of one standing director and two non-standing directors

2. Board meetings and agenda

Number of meetings	Number of agendas	Classification: Resolutions	Status	Reports	Status
4	10	7	Approved as proposed	3	Accepted as reported

- Audit Committee: 4 meetings held where 14 agendas were discussed (of which, six were resolved as proposed and eight were approved as reported).

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3. Major activities of the Board of Directors

Date	Agenda	Status	Type
2013.1.8	Amendments to the Regulation for Electricity Service related to electricity tariff adjustments	Approved as proposed	Resolution
2013.1.17	Plans to establish ICT Center in Naju	Approved as proposed	Resolution
	Investment plans for the Bylong coal mine in 2013	Approved as proposed	Resolution
2013.2.21	Contributions to AESIEAP	Approved as proposed	Resolution
	Approval of aggregate ceiling on remuneration for directors in 2013	Approved as proposed	Resolution
	Auditor s report to the Board of Directors for fiscal year 2012	Accepted as reported	Report
2013.3.14	Approval of consolidated and separate financial statements for fiscal year 2012	Approved as proposed	Resolution
	Approval to call for the 52nd annual general meeting of shareholders	Approved as proposed	Resolution
	Annual report on internal control over financial reporting for fiscal year 2012	Accepted as reported	Report
	Annual evaluation report on internal control over financial reporting for fiscal year 2012	Accepted as reported	Report

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4. Major activities of the Audit Committee

Date	Agenda	Status	Type
2013.1.8	Selection of independent auditors for fiscal years 2013 to 2015	Approved as proposed	Resolution
	Audit plans for fiscal year 2013	Approved as proposed	Resolution
	Education plans for auditors for 2013	Accepted as reported	Report
	Auditor s report for fiscal year 2012	Accepted as reported	Report
2013.2.4	Joint selection of independent auditors for KEPCO, KHNP, and KOSPO for the 2013 to 2015	Approved as proposed	Resolution
	Power of attorney of the standing director and controller & auditor general	Accepted as reported	Report
2013.3.11	Auditor s report on the agendas for the annual general meeting of shareholders	Approved as proposed	Resolution
	Auditor s report on the auditing results for the consolidated and separate financial statements for fiscal year 2012	Accepted as reported	Report
	Annual report on internal control over financial reporting for fiscal year 2012	Accepted as reported	Report
	Annual evaluation report on internal control over financial reporting for fiscal year 2012	Accepted as reported	Report
	Results of joint selection of independent auditors for KEPCO, KHNP, and KOSPO for fiscal years 2013 to 2015	Accepted as reported	Report
2013.3.27	Approval of selection of independent auditors and auditing fees for fiscal years 2013 to 2015	Approved as proposed	Resolution
	Approval of selection of independent auditors of subsidiaries	Approved as proposed	Resolution
	Auditor s report for the auditing results of consolidated and separate Financial Statements for fiscal year 2012	Accepted as reported	Report

ø An audit team organized under the supervision of the audit committee conducts internal audit with respect to the entire company in accordance and takes administrative measures as appropriate in accordance with relevant internal regulations. KEPCO s District Divisions and branch offices also have separate audit teams which conduct internal inspection with respect to the relevant division or office.

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VI. Shareholders

1. List of shareholders as of December 31, 2012

		Number of shareholders	Shares Owned	Percentage
Korean Government		1	135,917,118	21.17%
Korea Finance Corporation		1	192,159,940	29.94%
Subtotal		2	328,077,058	51.11%
National Pension Service		1	22,972,988	3.58%
KEPCO (held in the form of treasury stock)*		1	18,929,995	2.95%
Korea Resolution & Collection Corporation		1	8,710,933	1.36%
Public (non-Koreans)	Common shares	891	122,074,158	19.01%
	American depositary shares	1	39,641,050	6.17%
	Subtotal	892	161,715,208	25.18%
Public (Koreans)	Corporate	1,266	57,969,152	9.03%
	Individual	417,553	43,588,743	6.79%
Total		419,716	641,964,077	100.0%

* Treasury stocks do not have voting rights. Number of shares with voting rights: 623,034,082

VII. Directors and Employees

1. Remuneration for directors

A. Aggregate ceiling on remuneration for directors approved by shareholders: Won 2,083,394 thousand

B. Actual amount paid to directors

Type	Number of directors	Total remuneration (Jan. 1, 2013 - Mar. 31, 2013)
Total	15	Won 242 million

C. Stock option: None

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2. Employees as of March 31, 2013

	Employees			Average years of employment	Total remuneration
Gender	**Regular**	**Contract**	**Total**		**(Jan. 1, 2013 - Mar. 31, 2013)**
Total	19,359	283	19,642	18.6	Won 405 billion

VIII. Other information relating to the protection of investors

1. Pending legal proceedings

Type	Number of cases	Litigation value
Cases where KEPCO and its subsidiaries and affiliates are acting as defendants	602	Won 426 billion
Cases where KEPCO and its subsidiaries and affiliates are acting as plaintiffs	124	Won 111 billion

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Financial Statements

March 31, 2013

(Unaudited)

(With Independent Auditors   Review Report Thereon)

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Independent Auditors Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders

Korea Electric Power Corporation

Reviewed financial statements

We have reviewed the accompanying consolidated interim financial statements of Korea Electric Power Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of March 31, 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management s responsibility

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) No.1034 Interim Financial Reporting , and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors review responsibility

Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034, Interim Financial Reporting .

Highlights

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

As discussed in note 2(6) to the consolidated interim financial statements, the Group applied the amendments to K-IFRS No.1001, Presentation of Financial Statements from the annual period for the year ended December 31, 2012. The amendments require operating profit (loss), which is calculated by revenue less: 1) cost of goods sold, and 2) selling, general and administrative expenses, to be separately presented on the consolidated statements of comprehensive income. The Group applied this change in accounting policies retrospectively, and accordingly restated the comparative information of the consolidated statement of comprehensive income for the three-month period ended March 31, 2012.

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Other matters

The procedures and practices utilized in the Republic of Korea to review such consolidated interim financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

The consolidated statement of financial position of the Group as of December 31, 2012, and the related consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by other auditors whose report thereon, dated March 21, 2013, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Group as of December 31, 2012, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

The consolidated statements of comprehensive loss, changes in equity and cash flows for the three-month period ended March 31, 2012 were reviewed by other auditors whose report thereon, dated May 25, 2012, expressed that nothing came to their attention that caused them to believe that the consolidated interim financial statements referred to above were not presented fairly, in all material respects, in accordance with K-IFRS No.1034, Interim Financial Reporting . The Group restated the consolidated statement of comprehensive loss for the three-month period ended March 31, 2012, in accordance with certain items as described in note 2(6) to the consolidated interim financial statements.

We were not engaged to audit, review or apply any procedures to the consolidated statement of financial position of the Group as of December 31, 2012 and the consolidated statements of comprehensive loss for the three-month period ended March 31, 2012 including changes in accounting policies described in note 2(6).

KPMG Samjong Accounting Corp.

Seoul, Korea

May 13, 2013

This report is effective as of May 13, 2013, 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 consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position

As of March 31, 2013 and December 31, 2012

(Unaudited)

In millions of won	*Note*	**March 31, 2013**	**December 31, 2012**
Assets			
Current assets :			
Cash and cash equivalents	5,6,7,41	3,638,968	1,954,949
Current financial assets	5,10,11,12,41	687,579	656,217
Trade and other receivables	5,8,14,20,41,43	6,244,260	7,184,625
Inventories	13	3,706,969	3,440,341
Income tax receivables	38	9,449	30,476
Current non-financial assets	15	604,125	664,047
Non-current assets held for sale			2,828
		14,891,350	13,933,483
Non-current assets :			
Non-current financial assets	5,6,9,10,11,12,41	2,056,173	1,873,676
Non-current trade and other receivables	5,8,14,41,43	1,353,861	1,254,330
Property, plant and equipment	18,46	123,993,082	122,376,140
Investment properties	19	550,572	590,223
Intangible assets	21	907,177	883,814
Investments in joint ventures	4,17	989,615	908,593
Investments in associates	4,17	4,069,920	3,982,340
Deferred tax assets	38	348,569	209,783
Non-current non-financial assets	15	162,039	140,438
		134,431,008	132,219,337
Total assets	4	149,322,358	146,152,820
Liabilities			
Current liabilities :			
Trade and other payables	5,22,24,41,43	6,302,088	6,418,464
Short-term borrowings	5,23,41	1,132,513	689,310
Current financial liabilities	5,11,23,41,43	7,362,509	7,099,509
Income tax payables	38	581,571	334,053
Current non-financial liabilities	20,27,28	4,231,716	4,117,440
Current provisions	26,41	189,360	158,303
		19,799,757	18,817,079
Non-current liabilities :			
Non-current trade and other payables	5,22,24,41,43	4,161,910	4,173,691
Non-current financial liabilities	5,11,23,41,43	47,746,102	46,050,766
Non-current non-financial liabilities	27,28	6,447,793	6,298,650
Employee benefits obligations	25,41	2,388,395	2,144,334

Deferred tax liabilities	38	5,227,770	5,433,292
Non-current provisions	26,41	12,316,083	12,170,806
		78,288,053	76,271,539
Total liabilities	4	98,087,810	95,088,618

See accompanying notes to the consolidated interim financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position, Continued

As of March 31, 2013 and December 31, 2012

(Unaudited)

In millions of won	*Note*	**March 31, 2013**	**December 31, 2012**
Equity			
Contributed capital :	1,29,41		
Share capital		3,209,820	3,209,820
Share premium		843,758	843,758
		4,053,578	4,053,578
Retained earnings :	30		
Legal reserves		1,603,919	1,603,919
Voluntary reserves		22,753,160	25,961,315
Retained earnings before appropriations		8,245,674	4,999,049
		32,602,753	32,564,283
Other components of equity :	31		
Other capital surpluses		705,448	705,448
Accumulated other comprehensive income		141,485	11,957
Treasury stocks		(741,489)	(741,489)
Other equity		13,294,990	13,294,990
		13,400,434	13,270,906
Equity attributable to owners of the Company		50,056,765	49,888,767
Non-controlling interests	16	1,177,783	1,175,435
Total equity		51,234,548	51,064,202
Total liabilities and equity		149,322,358	146,152,820

See accompanying notes to the consolidated interim financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Comprehensive Income (Loss)

For the three-month periods ended March 31, 2013 and 2012

(Unaudited)

In millions of won	*Note*	2013	2012
Sales	2,4,32,41,43		
Sales of goods		13,234,359	12,283,553
Sales of construction services	20	405,780	503,222
Sales of service		80,372	79,530
Revenue related to transfer of assets from customers		78,587	74,188
		13,799,098	12,940,493
Cost of sales	2,13,25,39,43		
Cost of sales of goods		(12,264,769)	(12,283,520)
Cost of sales of construction services		(363,614)	(422,057)
Cost of sales of service		(71,302)	(75,544)
		(12,699,685)	(12,781,121)
Gross profit		1,099,413	159,372
Selling and administrative expenses	25,33,39,43	(441,644)	(401,146)
Operating income (loss)	2,4,48	657,769	(241,774)
Other income	34	88,059	101,170
Other expenses	34	(17,213)	(21,937)
Other profit	35	31,004	57,185
Finance income	5,11,36	436,728	224,473
Finance costs	5,11,37	(1,059,543)	(652,049)
Equity method income (loss) of associates and joint ventures			
Share in income of associates and joint ventures	17	99,760	132,901
Share in loss of associates and joint ventures	17	(28,519)	(46,476)
		71,241	86,425
Profit (loss) before income tax		208,045	(446,507)
Income tax expense	38	(47,620)	(66,350)
Profit (loss) for the period		160,425	(512,857)

See accompanying notes to the consolidated interim financial statements

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Comprehensive Income (Loss), Continued

For the three-month periods ended March 31, 2013 and 2012

(Unaudited)

In millions of won, except per share information	***Note***	**2013**	**2012**
Other comprehensive income	5,11,25,31		
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial losses, net of tax	25,30	(98,217)	(15,983)
Share in other comprehensive income of associates and joint ventures, net of tax	30	585	524
Items that may be reclassified subsequently to profit or loss:			
Net change in the unrealized fair value of available-for-sale financial assets, net of tax	31	28,620	2,372
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	5,11,31	(1,369)	11,168
Foreign currency translation of foreign operations, net of tax	31	59,673	5,304
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	31	57,203	(15,183)
Other comprehensive income (loss), net of tax		46,495	(11,798)
Total comprehensive income (loss) for the period		206,920	(524,655)
Profit (loss) attributable to:			
Owners of the Company	40	133,300	(538,130)
Non-controlling interests		27,125	25,273
		160,425	(512,857)
Total comprehensive Income (loss) attributable to:			
Owners of the Company		167,998	(549,893)
Non-controlling interests		38,922	25,238
		206,920	(524,655)
Earnings per share	40		
Basic and diluted earnings (loss) per share		214	(864)

See accompanying notes to the consolidated interim financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Changes in Equity

For the three-month period ended March 31, 2012

(Unaudited)

In millions of won	Equity attributable to owners of the Company				Non-	
	Contributed Capital	Retained earnings	Other components of equity	Subtotal	controlling interests	Total equity
Balance at January 1, 2012	4,053,578	35,769,094	13,447,624	53,270,296	533,654	53,803,950
Total comprehensive income for the period:						
Profit (loss) for the period		(538,130)		(538,130)	25,273	(512,857)
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial losses, net of tax		(15,686)		(15,686)	(297)	(15,983)
Share in other comprehensive income of associates and joint ventures, net of tax		524		524		524
Items that may be reclassified subsequently to profit or loss:						
Net changes in the unrealized fair value of available-for-sale financial assets, net of tax			2,372	2,372		2,372
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			11,168	11,168		11,168
Foreign currency translation of foreign operations, net of tax			5,088	5,088	216	5,304
Share in other comprehensive income (loss) of associates and joint ventures, net of tax			(15,229)	(15,229)	46	(15,183)
Transactions with owners of the Company, recognized directly in equity:						
Dividends paid					(39,253)	(39,253)
Issuance of share capital					45,677	45,677
Changes in consolidation scope					4,676	4,676
Others					1,668	1,668
Balance at March 31, 2012	4,053,578	35,215,802	13,451,023	52,720,403	571,660	53,292,063

See accompanying notes to the consolidated interim financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Changes in Equity, Continued

For the three-month period ended March 31, 2013

(Unaudited)

In millions of won	**Equity attributable to owners of the Company**				**Non-controlling Interests**	**Total equity**
	Contributed Capital	**Retained earnings**	**Other components of equity**	**Subtotal**		
Balance at January 1, 2013	4,053,578	32,564,283	13,270,906	49,888,767	1,175,435	51,064,202
Total comprehensive income for the period:						
Profit (loss) for the period		133,300		133,300	27,125	160,425
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plan actuarial losses, net of tax		(95,415)		(95,415)	(2,802)	(98,217)
Share in other comprehensive income of associates and joint ventures, net of tax		585		585		585
Items that may be reclassified subsequently to profit or loss:						
Net changes in the unrealized fair value of available-for-sale financial assets, net of tax			28,694	28,694	(74)	28,620
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			(1,467)	(1,467)	98	(1,369)
Foreign currency translation of foreign operations, net of tax			45,236	45,236	14,437	59,673
Share in other comprehensive income of associates and joint ventures, net of tax			57,065	57,065	138	57,203
Transactions with owners of the Company, recognized directly in equity:						
Dividends paid					(39,936)	(39,936)
Issuance of share capital					7,920	7,920
Dividends paid (hybrid securities)					(4,558)	(4,558)
Balance at March 31, 2013	4,053,578	32,602,753	13,400,434	50,056,765	1,177,783	51,234,548

See accompanying notes to the consolidated interim financial statements

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Cash Flows

For the three-month periods ended March 31, 2013 and 2012

(Unaudited)

In millions of won	**2013**	**2012**
Cash flows from operating activities		
Profit (loss) for the period	160,425	(512,857)
Adjustments for:		
Income tax expense	47,620	66,350
Depreciation	1,812,745	1,733,301
Amortization	22,082	23,241
Employee benefit expense, net	93,484	84,372
Bad debt expense	3,492	1,543
Interest expense	595,282	561,304
Losses on disposal of property, plant and equipment	11,222	4,561
Losses on abandonment of property, plant, and equipment	66,300	60,707
Impairment losses on property, plant and equipment	1,161	
Impairment losses on intangible assets	2	
Accretion expense to provisions, net	119,879	29,154
Losses (gains) on foreign currency translation, net	386,022	(117,077)
Valuation and transaction losses (gains) on derivative instruments, net	(303,796)	48,578
Share in income of associates and joint ventures, net	(71,241)	(86,425)
Gain on sale of financial assets		(189)
Gain on sale of property, plant and equipment	(12,746)	(9,143)
Interest income	(50,662)	(41,383)
Dividends income	(11,239)	(6,561)
Others, net	19,822	2,080
	2,729,429	2,354,413
Changes in:		
Trade receivables	862,995	(34,873)
Other receivables	229,816	(98,112)
Accrued income	64,196	(9,294)
Other receivables	1,091	9,192
Other current assets	61,363	(119,914)
Inventories	(341,324)	(162,200)
Other non-current assets	15,266	149,108
Trade payables	(236,141)	244,293
Other payables	(98,465)	136,817
Accrued expenses	(77,971)	(42,631)
Other payables		(11,880)
Other current liabilities	6,714	246,522
Other non-current liabilities	264,591	128,321
Disposal of investments in associates and joint ventures		11,866
Provisions	(21,841)	(17,825)
Payments of employee benefit obligations	(8,052)	(58,054)
Plan assets	(105)	(2,089)

	722,133	369,247

See accompanying notes to the consolidated interim financial statements

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2013 and 2102

(Unaudited)

In millions of won	**2013**	**2012**
Cash generated from operating activities		
Dividends received	6,651	6
Interest paid	(610,364)	(559,896)
Interest received	35,046	23,800
Income taxes paid	(35,654)	(54,140)
Net cash from operating activities	3,007,666	1,620,573
Cash flows investing activities		
Acquisition of subsidiaries, associates and joint ventures	(59,994)	(90,452)
Proceeds from disposals of property, plant and equipment	28,088	3,239
Acquisition of property, plant and equipment	(3,251,880)	(2,848,474)
Proceeds from disposals of intangible assets		1,403
Acquisition of intangible assets	(19,410)	(8,037)
Proceeds from disposals of Financial assets	79,592	159,796
Acquisition of Financial assets	(137,781)	(251,256)
Increase in loans, net	(112,285)	(13,056)
Increase in deposits, net	(5,815)	(14,778)
Increase of government grants	5,393	8,414
Business acquisition, net of cash acquired		3,214
Others, net	(31,991)	(99,729)
Net cash used in investing activities	(3,506,083)	(3,149,716)
Cash flows from financing activities		
Proceeds from short-term borrowings, net	420,504	509,007
Proceeds from long-term borrowings and debt securities	3,303,949	3,797,020
Repayment of long-term borrowings and debt securities	(1,538,034)	(1,541,392)
Payment of finance lease liabilities	(30,244)	(31,580)
Settlement of derivative instruments, net	24,808	(3,524)
Cash inflow of capital transaction in Group, net	11,107	45,900
Dividends paid (hybrid securities)	(5,427)	
Dividends paid	(1)	(2)
Others, net	5,101	(1,419)
Net cash from financing activities	2,191,763	2,774,010
Net increase in cash and cash equivalents before effect of exchange rate fluctuations	1,693,346	1,244,867
Effect of exchange rate fluctuations on cash held	(9,327)	4,483
Net increase in cash and cash equivalents	1,684,019	1,249,350

Cash and cash equivalents at January 1	1,954,949	1,387,921
Cash and cash equivalents at March 31	3,638,968	2,637,271

See accompanying notes to the consolidated interim financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statement

March 31, 2013

(Unaudited)

1. Reporting Entity (Description of the controlling company)

Korea Electric Power Corporation (the Company), controlling company as defined in Korean International Financial Reporting Standards (K-IFRS) No. 1110 Consolidated Financial Statements , was incorporated on January 1, 1982 in accordance with the Korea Electric Power Corporation Act (the KEPCO Act) to engage in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. The Company also provides power plant construction services. The Company s stock was listed on the Korea Stock Exchange on August 10, 1989 and the Company listed its Depository Receipts (DR) on the New York Stock Exchange on October 27, 1994.

As of March 31, 2013, the Company s share capital amounts to 3,209,820 million and the Company s shareholders :

	Number of shares	Percentage of ownership
Government of the Republic of Korea	135,917,118	21.17%
Korea Finance Corporation	192,159,940	29.94%
Foreign investors	161,715,208	25.19%
Other	152,171,811	23.70%
	641,964,077	100.00%

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

2. Basis of Preparation

(1) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with K-IFRS, as prescribed in *the Act on External Audits of Corporations in the Republic of Korea*.

These consolidated interim financial statements were prepared in accordance with K-IFRS No. 1034, Interim Financial Reporting as part of the period covered by the Group s K-IFRS annual financial statements. The notes are included to explain events and transactions to give the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2012.

(2) Basis of measurement

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

- derivative financial instruments are measured at fair value
- available-for-sale financial assets are measured at fair value
- liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

(3) Functional and presentation currency

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

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2. Basis of Preparation, Continued

(4) Use of estimates and judgments

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

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

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

(i) Continued operation of Wolseong #1 nuclear power plant

The Group owns Wolseong #1 nuclear power plant, which started its operation on November 21, 1982, and completed its operation on November 20, 2012, maxing out the permitted operation period of 30 years. As of December 31, 2012, the Group is in the process of obtaining safety assessments to obtain an approval from the Nuclear Safety and Security Commission for resuming the plant s operating for the 2nd operation term. The Group has prepared the accompanying financial statements assuming that the plant will operate for the next 10 years.

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

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

The Group records the fair value of estimated decommissioning costs as a liability in the period in which the Group incurs a legal obligation associated with the retirement of long-lived assets that result from acquisition, construction, development and/or normal use of the assets. Under the Korean Electricity Business Act (EBA) Article 94, the Group is required to record a liability for the dismantling (demolition) of nuclear power plants and disposal of spent fuel and low and intermediate radioactive wastes.

(iii) Deferred tax

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

(iv) Valuations of financial instruments at fair values

As described in Note 41, the Group uses inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 41 explains the assumptions used for valuations of financial instruments and sensitivity analysis of these assumptions.

(v) Employee benefit costs

The Group offers its employees defined benefit plans. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. For actuarial valuations, certain inputs such as discount rates and future salary increases are estimated.

(vi) Unbilled revenue

Energy delivered but not yet metered, and the quantities of energy delivered but not yet measured and not billed are calculated at the reporting date based on consumption statistics and selling price estimates. Determination of the unbilled revenues at the end of the reporting period is sensitive to the estimated assumptions and prices based on statistics. Unbilled revenue recognized as of March 31, 2013 and 2012 is 1,226,542 million and 1,310,284 million, respectively.

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2. Basis of Preparation, Continued

(5) Changes in accounting policies

(i) K-IFRS No. 1110, Consolidated Financial Statements

The Group adopted K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. As a result, the Group changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. K-IFRS No. 1110 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of de facto circumstances.

The standard includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor s return.

Management believes that the impact of adoption of the standard on the Group s consolidated financial statements is not significant.

(ii) K-IFRS No. 1111, Joint Arrangements

The Group adopted K-IFRS No. 1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements into two types joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant K-IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method.

The Group classified ownership of joint arrangements into two types joint operations and joint ventures according to rights to the assets and obligations for the liabilities, relating to the arrangement. Management believes that there are no impacts of the adoption of the standard on the Group s consolidated financial statements since all arrangements are considered as joint ventures and equity method accounting was applied in prior years.

(iii) K-IFRS No. 1112, Disclosure of Interests in Other Entities

The Group adopted K-IFRS No. 1112, Disclosure of Interests in Other Entities since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity s interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

(iv) Amendments to K-IFRS No. 1019, Employee Benefits

The Group has applied the amendments to K-IFRS No. 1019, Employee Benefits since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

(v) K-IFRS No. 1113, Fair Value Measurement

The Group adopted K-IFRS No. 1113, Fair Value Measurement since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

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2. Basis of Preparation, Continued

(6) Impact of change in accounting policy

The accompanying consolidated statement of comprehensive loss for the three-month period ended March 31, 2012 has been restated for the following changes:

(i) Presentation of financial statements

The Group has adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements from the annual period ended December 31, 2012. The Group s operating profit (loss) is calculated as revenue less: (1) cost of goods sold, and (2) selling, general and administrative expenses, and is presented separately in the consolidated statement of comprehensive income.

The Group restated the accompanying consolidated statement of comprehensive loss for the quarter ended March 31, 2012, as follows:

In millions of won	**2012**
Operating loss before adoption of the amendment	(105,356)
Differences	
Other income	
Reversal of other provisions	(10,040)
Gains on assets contributed	(23)
Gains on liabilities exempted	(8)
Compensation and reparations revenue	(28,239)
Gains on electricity infrastructure development fund	(8,292)
Revenue from research contracts	(1,519)
Rental income	(45,346)
Others	(7,703)
Other expense	
Accretion expenses of other provisions	39
Depreciation expenses on investment properties	231
Depreciation expenses on idle assets	1,652
Donations	13,599
Others	6,416
Other Profit (Loss)	
Gains on disposal of property, plant and equipment	(9,143)
Gains on disposal of other non-current assets	(584)
Reversal of impairment loss on intangible assets	(2)
Gains on foreign currency translation	(386)
Gains on foreign currency transaction	(26,193)
Gains on insurance	(5,375)
Other profits	(46,874)
Losses on disposal of property, plant and equipment	4,561
Losses on disposal of intangible assets	3
Losses on foreign currency translation	6,485
Losses on foreign currency transaction	8,919
Other losses	11,404
Operating loss after adoption of the amendment	(241,774)

2. Basis of Preparation, Continued

(6) Change in the statement of comprehensive income, continued

(ii) Reclassification of other comprehensive income

The Group early adopted K-IFRS No. 1001 Presentation of financial statement , which requires items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The Group applied this change in accounting policies retrospectively, and accordingly restated the comparative information of the consolidated statement of comprehensive income for the three-month period ended March 31, 2012.

(iii) Fuel cost adjustment

As of July 1, 2011, the Korean government approved a fuel cost pass-through adjustment (FCPTA), allowing the Group to ultimately pass-through increase in fuel costs to customer. Currently, the Korean government has issued a temporary hold-order on the Group in collecting on the pass-through of fuel cost from customers, as a means to stabilizing inflation in Korea. The Group recorded unbilled FCPTA amounts as a deduction of the relevant cost and recognized them as a related non-current non-financial asset, and restated consolidated statement of comprehensive income for the three-month period ended March 31, 2012 to improve comparability. The impact of the restatement was a decrease in sales and cost of sales by 436,725 million.

(iv) Revenue related to transfer of assets from customers

As noted above, the amendments to K-IFRS No. 1001 Presentation of financial statements requires operating profit (loss) to be calculated by revenue less: 1) cost of goods sold, and 2) selling, general and administrative expenses. However, according to accounting guidelines for public enterprises and quasi-government agencies prepared and distributed by the Ministry of Strategy and Finance in November 2012, the revenue related to transfer of assets from customers which was classified as an other income, but since it is not included in the items to be excluded from operating income, thus it is reclassified as sales. Financial statement for the three-month period ended March 31, 2012 has been restated to improve comparability. The impact of the restatement was an increase in sales to 74,188 million and a decrease in other income by 74,188 million.

The Group applied these changes in accounting policies retrospectively, and accordingly restated the comparative information of the consolidated statement of comprehensive income for the three-month periods ended March 31, 2012. The impact of reclassification of FCPTA and customer s donation is as below:

In millions of won	**Before**	**After**	**Difference**
Sales	13,303,030	12,940,493	(362,537)
Cost of sales	13,217,846	12,781,121	436,725
Other income	175,358	101,170	(74,188)

(7) New standards and interpretations not yet adopted

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group for annual period beginning after January 1, 2013, and the Group has not early adopted them.

Amendments to K-IFRS No. 1032 Financial Instruments: Disclosures

The amendments to K-IFRS No. 1032 will require changes to the presentation of offsetting financial assets and financial liabilities. The amendments to K-IFRS No. 1032 are effective for annual periods beginning on or after January 1, 2014. The Group is in the process of evaluating the impact on the consolidated financial statements upon the adoption of amendments.

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3. Significant Accounting Policies

(1) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including special purpose entities) controlled by the Group (or its subsidiary). The Group applied control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of de facto circumstances.

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

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

Transactions between the Company and its subsidiaries are eliminated during the consolidation and will not be shown in notes.

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

When the Group loses control of a subsidiary, the income or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to income or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS No. 1039 Financial Instruments : Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(2) Business combinations

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

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

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

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

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

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3. Significant Accounting Policies, Continued

(2) Business combinations, continued

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer s previously held interest in the acquiree (if any), the excess is recognized immediately in income or loss as a bargain purchase gain.

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with K-IFRS No. 1039, Financial Instruments: Recognition and Measurement , or with K-IFRS No. 1037, Provisions , Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in income or loss.

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

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

(3) Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. If the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS No. 1105 Non-current Assets Held for Sale , any retained portion of an investment in associates that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

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3. Significant Accounting Policies, Continued

(3) Investments in associates, continued

After the disposal takes place, the Group shall account for any retained interest in associates in accordance with K-IFRS No. 1039 Financial Instruments: Recognition and Measurement unless the retained interest continues to be an associates, in which case the entity uses the equity method.

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

Any excess of the cost of acquisition over the Group s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in income or loss. The requirements of K-IFRS No. 1039, Financial Instruments: Recognition and Measurement , are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group s investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS No. 1036 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS No. 1036 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS No. 1036. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to income or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to income or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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

(4) Joint arrangements

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

If the Group is a joint operator, the Group is to recognizes and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. If the Group is joint ventures, the Group is to account for that investment using the equity method accounting (see note 3 (3)), except when the Group is applicable to the K-IFRS No. 1105 Non-current Assets Held for Sale .

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3. Significant Accounting Policies, Continued

(5) Non-current assets held for sale

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

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

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

(6) Revenue

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

(i) Sales of Goods

The Korean government approves the rates the Group charges to the customers, for the Group s power transmission and distribution division. The Group s utility rates are designed to recover the Groups reasonable costs plus a fair investment return. The Group s power generation rates are determined in the market.

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

(ii) Sales of Service

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed or services performed to date as a percentage of total services to be performed or the proportion that costs incurred to date bear to the estimated total costs of the transaction or other methods that measures reliably the services performed. Refer to note 2 (4) below for Construction contract related revenue recognition.

(iii) Dividend income and interest income

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

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

(iv) Rental income

The Group s policy for recognition of revenue from operating leases is described in note 3 (8) below.

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3. Significant Accounting Policies, Continued

(6) Revenue, continued

(v) Deferral of revenue Transfer of assets from customers

The Group recovers a substantial amount of the cost related to its electric power distribution facilities from customers through transfer of assets, while the remaining portion is recovered through electricity sales from such customers in the future. As such, the Group believes there exists a continued service obligation to the customers in accordance with K-IFRS 2118, Transfer of assets from customers when the Group receives an item of property, equipment, or cash for constructing or acquiring an item of property or equipment, in exchange for supplying electricity to customers. The Group defers the amounts received, which are then recognized as revenue over the transferred asset s useful life.

(7) Construction service revenue

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

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

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

When contract costs incurred to date plus recognized income less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized income less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position as accounts and other receivables.

3. Significant Accounting Policies, Continued

(8) Leases

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

(i) The Group as lessor

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

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

(ii) The Group as lessee

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

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

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

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

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

(9) Foreign currencies

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

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

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

exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

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3. Significant Accounting Policies, Continued

(9) Foreign currencies, continued

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

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

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

(10) Borrowing costs

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

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

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

(11) Government grants

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

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

(i) If the Group received grants related to assets

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

(ii) If the Group received grants related to income

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

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3. Significant Accounting Policies, Continued

(12) Employee benefits

(i) Retirement benefits: defined contribution plans

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

(ii) Retirement benefits: defined benefit plans

For defined benefit pension plans and other post-employment benefits, the net periodic pension expense is actuarially determined by Pension Actuarial system developed by independent actuaries using the projected unit credit method.

The asset or liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized immediately in retained earnings and included in the statement of comprehensive income.

For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actual results will differ from results which are estimated based on assumptions. Past service cost is recognized as an expense at the earlier of the following dates: (a) when the plan amendment or curtailment occurs; (b) when the company recognizes related restructuring costs or termination benefits.

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

3. Significant Accounting Policies, Continued

(13) Income taxes

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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3. Significant Accounting Policies, Continued

(13) Income taxes, continued

(iii) Current and deferred tax for the year

Current and deferred tax are recognized in income or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(14) Property, plant and equipment

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

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

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

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

	Useful lives (years)
Buildings	8 ~ 40
Structures	8 ~ 50
Machinery	6 ~ 32
Vehicles	4
Loaded heavy water	30
Asset retirement costs	18, 30, 40
Finance lease assets	20
Ships	9
Others	4 ~ 9

A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate.

Property, plant and equipment are derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of a property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in income or loss when the asset is derecognized.

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3. Significant Accounting Policies, Continued

(15) Investment property

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

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

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

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

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

(16) Intangible assets

(i) Intangible assets acquired separately

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

(ii) Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

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

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

the ability to use or sell the intangible asset;

how the intangible asset will generate probable future economic benefits;

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

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

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

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

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3. Significant Accounting Policies, Continued

(16) Intangible assets, continued

The estimated useful lives and amortization methods of the Group s intangible assets with indefinite useful lives are as follows:

	Useful lives (years)	Amortization methods
Usage rights for donated assets	4 ~ 30	Straight
Software	4, 5	Straight
Industrial rights	5, 10	Straight
Development expenses	5	Straight
Dam usage right	50	Straight
Mining right		Unit of production
Others	4 ~ 20, 50	Straight

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

(iii) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in income or loss when the asset is derecognized.

(17) Impairment of non-financial assets

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

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

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

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3. Significant Accounting Policies, Continued

(17) Impairment of non-financial assets, continued

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

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

(18) Inventories

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

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

(19) Provisions

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

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

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

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

(i) Provision for Polychlorinated Biphenyls (PCB)

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

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3. Significant Accounting Policies, Continued

(19) Provisions, continued

(ii) Provision for decommissioning costs of nuclear power plants

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

(iii) Provision for disposal of spent nuclear fuel

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

(iv) Provision for low and intermediate radioactive wastes

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

(v) Provisions for power plant regional support program

In accordance with regulations on nuclear and hydro-electric power plants social responsibility to support the surrounding communities of the power plants sites; KHNP, the Group s nuclear generation subsidiary, accrues 0.25won per KWH of KHNP s generation volume as a provision for power plant regional support program. Power plant regional support programs consist of scholarship programs to local students, local economy support programs, local culture support programs, environment development programs, and local welfare programs.

(20) Non-derivative financial assets

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

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

(i) Effective interest method

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

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3. Significant Accounting Policies, Continued

(20) Non-derivative financial assets, continued

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

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short term profit taking; or
- It is derivative, including an embedded derivative that is not designated and effective as a hedging instrument.

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Group s documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- It forms a part of a contract containing one or more embedded derivatives, and with K-IFRS No. 1039, Financial Instruments; Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at financial assets at fair value through profit or loss.

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

(iii) Held-to-maturity investments

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

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3. Significant Accounting Policies, Continued

(20) Non-derivative financial assets, continued

(iv) Available-for-sale financial assets

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

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

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

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

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

(v) Loans and receivables

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

(vi) Impairment of financial assets

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

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

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

- Significant financial difficulty of the issuer or counterparty; or

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

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

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

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

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3. Significant Accounting Policies, Continued

(20) Non-derivative financial assets, continued

For financial assets recorded at amortized cost, the amount of the impairment loss recognized is the difference between the asset s carrying amount and the present value of estimated future cash flows, discounted at the financial asset s original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in income or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to income or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in income or loss are not reversed through income or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through income or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(vii) De-recognition of financial assets

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

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

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

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3. Significant Accounting Policies, Continued

(21) Non-derivative financial liabilities and equity instruments issued by the Group

(i) Classification as debt or equity

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

(ii) Equity instruments

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

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

(iii) Financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the issue of financial liabilities are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

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

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

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group s documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or

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

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

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3. Significant Accounting Policies, Continued

(21) Non-derivative financial liabilities and equity instruments issued by the Group, continued

(v) Other financial liabilities

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

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

(vi) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: (a) the amount of the obligation under the contract, as determined in accordance with K-IFRS No. 1037, Provisions , Contingent Liabilities and Contingent Assets; or (b) the amount initially recognized less, cumulative amortization recognized in accordance with K-IFRS No. 1018, Revenue .

(vii) De-recognition of financial liabilities

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

(22) Derivative financial instruments, including hedge accounting

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

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

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

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

(i) Separable embedded derivatives

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

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

3. Significant Accounting Policies, Continued

(22) Derivative financial instruments, including hedge accounting, continued

(ii) Hedge accounting

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

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

(iii) Fair value hedges

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

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

(iv) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of reverse for gains (loss) on valuation of derivatives. The gain or loss relating to the ineffective portion is recognized immediately in income or loss, and is included in the finance income and expense .

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

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

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4. Segment Information

(1) Assets, liabilities, revenue and expenses

The Group s segments are classified at the business unit level, at which the Group generates separately identifiable revenue and costs, and the related information is reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The Group s reporting segments, in accordance with K-IFRS No. 1108, are Electric power generation (Nuclear) , Electric power generation (Non-nuclear) , Transmission and distribution, and Others ; others mainly represents the business unit that manages the Group s foreign operations.

Transactions that occur between each segment are based on arms-length transactions priced at market prices that would be applicable to an independent third-party. The accounting policies of the reportable segments are the same as the Group s accounting policies described in note 3.

(i) Sales, income and profit (loss) of the segments for the three-month periods ended March 31, 2013 and 2012 are as follows:

In millions of won

	2013				
Segment	**Total segment revenue**	**Intersegment revenue**	**Revenue from external customers**	**Operating income (loss)**	**Depreciation and amortization**
Electric power generation (Nuclear)	2,011,717	1,983,604	28,113	553,932	694,463
Electric power generation (Non-nuclear)	7,630,708	7,474,032	156,676	593,417	472,950
Transmission and distribution	13,632,974	207,370	13,425,604	(478,941)	653,948
Others	582,772	394,067	188,705	66,727	20,891
Consolidation adjustments	(10,059,073)	(10,059,073)		(77,366)	(7,425)
	13,799,098		13,799,098	657,769	1,834,827

In millions of won

	2012				
Segment	**Total segment revenue**	**Intersegment revenue**	**Revenue from external customers**	**Operating income (loss)**	**Depreciation and amortization**
Electric power generation (Nuclear)	1,936,556	1,933,786	2,770	482,400	631,328
Electric power generation (Non-nuclear)	8,883,239	8,749,919	133,320	1,328,609	459,033
Transmission and distribution(*)	12,896,087	248,083	12,648,004	(2,129,137)	652,581
Others	579,988	423,589	156,399	107,687	18,538
Consolidation adjustments	(11,355,377)	(11,355,377)		(31,333)	(4,938)
	12,940,493		12,940,493	(241,774)	1,756,542

(*) Revenue and operating loss has been restated, see note 2(6).

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4. Segment Information, Continued

(1) Assets, liabilities, revenue and expenses, continued

(ii) Total assets and liabilities of the segments as of March 31, 2013 and December 31, 2012 are as follows:

In millions of won

	March 31, 2013			
Segment	**Segment assets**	**Investments in associates and joint ventures**	**Acquisition of non-current assets**	**Segment liabilities**
Electric power generation (Nuclear)	46,099,477		679,559	25,497,932
Electric power generation (Non-nuclear)	33,198,694	1,044,068	1,025,636	16,618,343
Transmission and distribution	96,572,976	3,976,728	1,286,981	55,335,664
Others	8,202,041	38,739	161,834	3,057,328
Consolidation adjustment	(34,750,830)		117,280	(2,421,457)
	149,322,358	5,059,535	3,271,290	98,087,810

In millions of won

	December 31, 2012			
Segment	**Segment assets**	**Investments in associates and joint ventures**	**Acquisition of non-current assets**	**Segment liabilities**
Electric power generation (Nuclear)	45,061,851		2,928,345	24,638,944
Electric power generation (Non-nuclear)	31,214,058	986,343	3,735,111	14,640,938
Transmission and distribution	96,234,698	3,865,492	4,368,190	54,963,618
Others	7,655,810	39,098	718,966	2,637,369
Consolidation adjustment	(34,013,597)		(236,063)	(1,792,251)
	146,152,820	4,890,933	11,514,549	95,088,618

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4. Segment Information, Continued

(2) Geographic information

The Group is engaged in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. Geographical information on revenue from external customers for the three-month periods ended March 31, 2013 and 2012 and non-current assets as of March 31, 2013 and December 31, 2012 are as follows:

In millions of won

	Revenue from external customers		Non-current assets (*2)	
Geographical unit	**2013**	**2012**	**March 31, 2013**	**December 31, 2012**
Domestic	13,329,168	12,366,300	129,632,873	124,433,063
Overseas (*1)	469,930	574,193	4,104,192	4,448,484
	13,799,098	12,940,493	133,737,065	128,881,547

(*1) Middle East and Asia make up the majority of overseas revenue and non-current assets.
(*2) Amount excludes financial assets and deferred tax assets.

(3) Information on key clients

There is no individual client comprising more than 10% of the Group s revenue for three-month periods ended March 31, 2013 and 2012.

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5. Classification of Financial Instruments

(1) Classification of financial assets as of March 31, 2013 and December 31, 2012 are as follows:

In millions of won	March 31, 2013					
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Derivative assets (using hedge accounting)	Total
Current Assets :						
Cash and cash equivalents		3,638,968				3,638,968
Current financial assets						
Held-to-maturity investments				228		228
Derivative assets	68,705				37,279	105,984
Other financial assets		581,367				581,367
Trade and other receivables		6,244,260				6,244,260
	68,705	10,464,595		228	37,279	10,570,807
Non-current Assets :						
Non-current financial assets						
Available-for-sale financial assets			1,175,336			1,175,336
Held-to-maturity investments				2,002		2,002
Derivative assets	108,463				80,930	189,393
Other financial assets		689,442				689,442
Trade and other receivables		1,353,861				1,353,861
	108,463	2,043,303	1,175,336	2,002	80,930	3,410,034
	177,168	12,507,898	1,175,336	2,230	118,209	13,980,841

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5. Classification of Financial Instruments, Continued

(1) Classification of financial assets as of March 31, 2013 and December 31, 2012 are as follows, continued:

In millions of won	December 31, 2012					
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Derivative assets (using hedge accounting)	Total
Current Assets :						
Cash and cash equivalents		1,954,949				1,954,949
Current financial assets						
Held-to-maturity investments				196		196
Derivative assets	52,061				63,945	116,006
Other financial assets		540,015				540,015
Trade and other receivables		7,184,625				7,184,625
	52,061	9,679,589		196	63,945	9,795,791
Non-current Assets :						
Non-current financial assets						
Available-for-sale financial assets			1,141,194			1,141,194
Held-to-maturity investments				2,020		2,020
Derivative assets	3,830				123,866	127,696
Other financial assets		602,766				602,766
Trade and other receivables		1,254,330				1,254,330
	3,830	1,857,096	1,141,194	2,020	123,866	3,128,006
	55,891	11,536,685	1,141,194	2,216	187,811	12,923,797

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5. Classification of Financial Instruments, Continued

(2) Classification of financial liabilities as of March 31, 2013 and December 31, 2012 are as follows:

In millions of won	March 31, 2013			
	Financial liabilities at fair value through profit or loss	**Financial liabilities recognized at amortized cost**	**Derivative liabilities (using hedge accounting)**	**Total**
Current Liabilities :				
Borrowings		2,627,117		2,627,117
Debt securities		5,822,525		5,822,525
Derivative liabilities	12,002		33,378	45,380
Trade and other payables		6,302,088		6,302,088
	12,002	14,751,730	33,378	14,797,110
Non-current Liabilities :				
Borrowings		4,715,945		4,715,945
Debt securities		42,676,519		42,676,519
Derivative liabilities	206,136		147,502	353,638
Trade and other payables		4,161,910		4,161,910
	206,136	51,554,374	147,502	51,908,012
	218,138	66,306,104	180,880	66,705,122

In millions of won **December 31, 2012**